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COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34;

AND IN THE MATTER OF the proposed acquisition by Rogers Communications Inc. of Shaw Communications Inc.;

AND IN THE MATTER OF the application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*.

B E T W E E N:

THE COMMISSIONER OF COMPETITION

Applicant

-and-

ROGERS COMMUNICATIONS INC. AND SHAW COMMUNICATIONS INC.

Respondents

-and-

ATTORNEY GENERAL OF ALBERTA AND VIDEOTRON LTD.

Intervenors

WITNESS STATEMENT OF JEAN-FRANÇOIS LESCADRES

I, Jean-François Lescadres, of the Town of Mount Royal, in the Province of Quebec, state as follows:

OVERVIEW

1. Videotron Ltd. (**Videotron**) has agreed to purchase Freedom Mobile Inc. (the **Divestiture**) and become Canada's fourth national wireless company.

2. This witness statement describes Videotron's business, the events leading up to the Divestiture, and Videotron's plans to operate Freedom post-Divestiture to bring lower prices to Canadian wireless customers.
3. Videotron is a leading Quebec-based telecommunications company. It began offering wireless services to Quebec residents in 2006. Since then, it has invested billions of dollars and countless hours of management time and resources into its wireless business. It bought spectrum, then built and launched its own facilities-based wireless network in 2010.
4. Videotron has successfully launched a 5G network in Montreal and Quebec City. It is in the middle of a multi-year, multi-billion dollar plan to rollout 5G across its wireless footprint in Quebec and Eastern Ontario.
5. Today, Videotron estimates its share of wireless subscribers in its footprint to be approximately 22%, which is comparable to the shares of its major competitors Rogers, Bell and Telus (the **Big 3**), all of whom have operated wireless businesses for much longer than has Videotron. Videotron expects to overtake each of the Big 3 in total share as it estimates that it wins more new wireless customers than any other wireless operator in Quebec.
6. The growth of Videotron's wireless business has produced a sustainable revenue base of hundreds of millions of dollars from which Videotron can fund its 5G rollout in Quebec. It has also produced significantly lower prices for Quebec wireless customers than customers in other Canadian provinces. In some cases, prices in Quebec are 40% lower than in other provinces owing to what is described as the "Videotron Effect" – meaning the effect that Videotron's competition has had in reducing wireless prices for Quebec wireless customers.

9. Videotron does not need to provide wireline services to succeed as a wireless services provider across the Freedom footprint. However, it nevertheless plans to offer wireline services alongside wireless services and to bundle them together. Videotron does not need to own wires to do so. In the two years since it began offering wireline services in Quebec's Abitibi region, Videotron has grown its market share for wireline internet services from zero to █% as of September 1, 2022. It has done so by buying access to Bell's wireline network at regulated wholesale prices and selling retail wireline services at significantly lower prices than Bell offers.

10. Videotron has no concerns about its ongoing contractual agreements with Rogers under the Divestiture. Videotron negotiated specific protections for itself and its customers. Should Rogers breach the agreements, Videotron has the resources to hold Rogers accountable through negotiated arbitration provisions, the courts, or in front of the Canadian Radio-television and Telecommunications Commission (**CRTC**). Videotron and Rogers have other unrelated agreements, including operating a joint network in Quebec, and those agreements have never stopped Videotron from competing aggressively against Rogers.

11. Videotron is eager to complete the Divestiture as soon as possible so that it can transform its business from a regional to a national wireless operator in direct competition with the Big 3 and so that customers in the rest of Canada can benefit from lower prices as customers in Quebec currently do.

VIDEOTRON'S BUSINESS

My Role at Videotron

12. I am the Vice-President of Finance at Videotron. I have held this position since December 2021. In this role, I oversee all aspects of Videotron's financial planning and provide

financial analysis and support for strategic decisions made by Videotron's CEO, Pierre-Karl Péladeau, and other members of Videotron's senior management team.

13. I oversee the team responsible for the financial planning related to the Divestiture, including integration plans, capital and operational spending projections, growth estimates, cost savings, and investment decisions.

14. I have held various positions with Videotron since first joining in 2003, including a number of management positions in the Business and Finance groups. Most recently, I held the position of General Manager of Corporate Development for two years. In this role, I was responsible for making and executing decisions to grow and restructure the business, including responsibility for establishing strategic partnerships.

15. I have led many projects at Videotron, including being involved in its launch of wireless services. I was responsible for overseeing its network rollout and played a key role in setting up the retail network to support the growth of wireless services. I was responsible for the strategic planning of 3G rollout in 2010 and led the teams responsible for strategic partnerships and ensuring the financial viability for our expansion outside Quebec.

16. I hold a bachelor degree in Business Administration and a graduate diploma in Accounting from HEC Montréal.

Videotron's Telecommunications Business

17. Videotron was established in 1964 as a cable television network in Quebec. Since then, Videotron has grown to become an integrated telecommunications company offering a suite of products and services in Quebec and the Greater Ottawa Area.

18. Videotron is a direct wholly owned subsidiary of Quebecor Media Inc. ("**QMI**"), which is in turn a direct wholly owned subsidiary of Quebecor Inc. ("**Quebecor**").

19. Quebecor is publicly traded and reports Videotron's financial results in its own financial reports. Attached as **Exhibit "1"** is Quebecor's Annual Information Form for the financial year ended December 31, 2021. Attached as **Exhibits "2"** and **"3"** are Quebecor's most recent quarterly Management Discussion & Analysis and Consolidated Financial Statements as supplemented by the Supplementary Disclosure.

20. In 2021, Videotron generated revenues of \$3.7 billion, approximately 19% of which was generated from its wireless services. As described in Quebecor's financial reports, today, Videotron offers residential wireline services, wireless services, over the top (**OTT**) video services, and business telecommunications services.

21. **Wireline Services:** As of December 31, 2021, Videotron's cable network consisted of fibre-optic cable and coaxial cable covering approximately 3.6 million households and serving approximately 2.6 million customers in Quebec. Its network is the largest broadband network in Quebec covering approximately 81% of premises. Videotron estimates that it is the largest internet access services provider in its wireline footprint, with an estimated market share of 51.3% as of December 31, 2021. Attached as **Exhibit "4"** is a map showing Videotron's cable network.

22. As described in Videotron's 2021 AIF, 88% of its wireline network in Quebec has been upgraded to a bandwidth of 1002 MHz, while the rest is at 750 MHz. Videotron's strategy of maintaining a leadership position and launching new products and services requires ongoing investments in its network, but its current network and level of investment have it well

positioned to compete against its major wireline competitors in Quebec, such as Bell and Cogeco.

23. On July 30, 2020, Videotron began offering wireline services in Abitibi as a reseller under the CRTC's third party internet access (**TPIA**) framework. In 2022, Videotron acquired VMedia Inc. (**VMedia**) another TPIA reseller. I describe these events in more detail later in this witness statement.

24. **Wireless Services:** Videotron offers mobile wireless services to customers in Quebec and the Greater Ottawa Area under its Videotron and Fizz brands. As of June 30, 2022, the Videotron and Fizz brands had a combined 1,661,000 prepaid and postpaid customers of wireless services. Videotron offers all of the latest and most desirable handsets through agreements with major handset manufacturers such as Apple and Samsung. It has offered the iPhone to customers since March 2014. Attached as **Exhibit "5"** is a map showing the coverage of Videotron's wireless network.

25. **OTT Video Services:** Videotron offers two subscription based OTT entertainment services, Club Illico and VRAI, which provide on-demand French language content. Through Club Illico, Videotron funds the production of new, original content for its customers. As of December 31, 2021, Club Illico and VRAI together had 503,400 subscribers.

26. **Business Telecommunications Services:** Videotron provides telecommunications services, such as mobile telephony, internet access, telephony and television solutions, fibre connectivity, private network connectivity, managed services and security solutions to small, medium, and large business.

27. On January 7, 2016, Videotron announced its acquisition of Fibrenoire, a company that provides businesses with fibre-optic connectivity services. Today, Videotron operates Fibrenoire as a business telecommunications services brand.

28. In British Columbia and Alberta, Fibrenoire installed telecommunications equipment in points of presences (PoPs) and sells services to clients via leased local fibre loops connected to pan-Canadian transport networks.

29. In Ontario, Fibrenoire owns fibre and leases other fibre from partners. In building its network in Toronto, Kingston, Ottawa and Rockland, Fibrenoire had to interact with local authorities, federal infrastructure managers, interprovincial corridor managers, and infrastructure owners and managers. It found this process similar to the process it is familiar with in Quebec.

30. Attached as **Exhibit "6"** are maps showing the Videotron/Fibrenoire fibre optic network generally, its network assets in Ontario and its PoPs in British Columbia and Alberta.

Videotron's Wireline Footprint in Quebec and its Relationship to Wireless Services

31. When Videotron launched its wireless services as a MVNO on the Rogers' network in 2006, the customer base it wanted to attract in Quebec's major urban centres overlapped significantly with the urban centres served by Videotron's wireline network.

32. Videotron's wireless business grew both because of the existing customer relationships Videotron had in its wireline footprint, but also because Videotron focused its marketing and retail sales efforts in Quebec's major urban centres where such spending could be spread over the maximum number of potential customers. Those efforts have produced strong growth in wireless subscriber totals in Videotron's wireline footprint, but that growth has lagged in the more rural

areas of Quebec where Videotron does not have wireline assets and where it has not to date devoted marketing and retail sales efforts.

33. To address that growth discrepancy, Videotron, among other things, introduced Fizz in 2018 and began offering wireline services as a reseller in Abitibi in 2020.

34. *Fizz*: Videotron intended Fizz to attract new customers both inside and outside of Videotron's wireline footprint. As a digital brand, Fizz is accessible to customers everywhere and does not rely on sales through brick-and-mortar stores. Fizz customers can sign up for service and vary elements of their plan online without every stepping into a brick-and-mortar store. The process is the same whether the customer is in Montreal or Chicoutimi.

35. Fizz has attracted new customers – especially those who did not already purchase a Videotron service. Approximately █% of Fizz customers purchase only one product from Videotron (█% purchase only wireless and █% purchase only internet).

36. *Abitibi*: Videotron offers wireless services in Abitibi but does not have a wireline network there. The region is approximately 600 kilometres from Montreal and is home to about 148,000 people. Its major urban centres are Rouyn-Noranda, Val-d'Or, and Abitibi.

37. On April 30, 2001, Bell acquired Cablevision du Nord de Québec Inc. (**Cablevision**), which is Abitibi's incumbent cable company. By virtue of that acquisition, today Bell is both the incumbent telephone and cable company in Abitibi. Attached as **Exhibit "7"** is Bell's announcement of its acquisition of Cablevision.

38. As Videotron's telecommunications business has matured, it has looked for ways to grow its sales to the approximately 300,000 Quebec households not covered by its wireline network,

such as those in Abitibi. To do so, Videotron decided to operate under the CRTC's TPIA framework. Under that framework, owners of wireline assets, such as Videotron, must sell wholesale access to resellers who then sell the internet-based wireline services, such as internet, IPTV, home phone, and home security services. TPIA resellers provide services to approximately [REDACTED] customers using Videotron's wireline network. These resellers pay Videotron a wholesale price for access to its network and a wholesale price for the quantity of data used. The CRTC approves the wholesale prices charged by owners, such as Videotron, to resellers. Attached as **Exhibit "8"** is a copy of the Competition Bureau's report titled *Delivering Choice: A Study of Competition in Canada's Broadband Industry* which, among other things, describes the wholesale access regime that I describe.

39. Videotron decided to test its ability to offer wireline services under the TPIA framework in Abitibi.

40. In mid-2020, Videotron launched its TPIA wireline service offerings to 37,000 households in Abitibi. Videotron pays Cablevision a wholesale price of approximately \$ [REDACTED] per customer. That price is significantly higher than the wholesale rates Videotron charges for the same service, which averaged approximately \$ [REDACTED] per TPIA customer in August 2022. This is in part because Videotron's customers in Abitibi use more data than some other customers and because of Cablevision's high prices. Attached as **Exhibit "9"** is a spreadsheet setting out Videotron's ARPU for its different customer segments. The TPIA ARPU reflects the wholesale prices Videotron charges to TPIA resellers.

41. Nevertheless, Videotron's success as a reseller of wireline services in Abitibi have exceeded our expectations. To make a strong first impression, we priced our services

47. As also described by Mr. Péladeau, Videotron had periodically considered expanding its wireless services into the Rest of Canada (**ROC**) beyond its current wireless footprint in Quebec and the Greater Ottawa Area.

48. By early 2021, Videotron was discussing internally whether such expansion could occur as a mobile virtual network operator (**MVNO**). The CRTC was poised to announce a new framework under which mobile network operators (**MNOs**) would be required to provide network access to third parties on a wholesale basis. These MVNOs would pay regulated wholesale prices to the MNOs and then sell retail wireless services to customers.

49. Based on the submissions made to the CRTC, Videotron identified that the CRTC could establish a framework that would require prospective MVNO operators to own spectrum in specific geographies and to build their own physical networks in those geographies by certain deadlines.

50. Videotron owned spectrum only in Quebec and Eastern Ontario having divested some spectrum holdings in the ROC as described in Mr. Péladeau's affidavit. Accordingly, if the CRTC required prospective MVNO operators to own spectrum, Videotron might require spectrum in the ROC that it did not have. It began considering how to acquire spectrum, including in the next spectrum auction scheduled to be held by Innovation Science and Economic Development Canada (**ISED**) in July 2021 (**July 2021 Auction**).

51. The July 2021 Auction related to spectrum in the 3500 MHz band. Such spectrum is used to deploy 5G technologies. As Mr. Drif describes in his statement, it will facilitate the introduction of 5G mobile broadband services by significantly reducing latency and, combined with new radio access technologies, will significantly increase signal quality.

52. Videotron intended to participate in the July 2021 Auction to acquire 3500 MHz spectrum in Quebec and Eastern Ontario. Videotron's management also discussed whether to bid on spectrum in the ROC to permit expansion as a MVNO.

53. Videotron had not made a decision about whether to bid on spectrum in the ROC by March 15, 2021 when Rogers and Shaw announced their proposed transaction.

EVENTS LEADING TO THE DIVESTITURE

Rogers and Shaw Announce their Proposed Transaction

54. On March 15, 2021, Rogers and Shaw announced their agreement pursuant to which Rogers would acquire Shaw (**Rogers/Shaw Transaction**). Attached as **Exhibit "12"** is a copy of their joint press release dated March 15, 2021.

55. Upon learning of the proposed Rogers/Shaw Transaction, Videotron formed the view that that Rogers would likely have to divest some or all of Shaw's wireless assets to satisfy government agencies, including the Commissioner of Competition, who might otherwise be concerned that the Rogers/Shaw Transaction would remove the fourth wireless operator from British Columbia, Alberta and southern Ontario. Reports and articles from media and industry analysts at the time suggested that Videotron appeared to be the natural choice to acquire Shaw's wireless business in the event of a divestiture. Attached as **Exhibit "13"** are examples of such reports and articles from March and April 2021.

56. Given Videotron's long-standing interest in expanding its business outside of Quebec, Videotron viewed a divestiture of Shaw's wireless assets as an opportunity to expand and to become Canada's fourth national wireless carrier.

57. Mr. Péladeau and Videotron's then CEO, Jean-Francois Pruneau, instructed me and my team to evaluate a potential acquisition of Shaw's wireless assets should Rogers divest them. We began our evaluation and obtained input from Videotron's marketing and engineering teams.

58. While our evaluation was ongoing, on April 15, 2021, the CRTC issued its decision on MVNO access services. As Videotron had predicted might occur, the CRTC permitted MVNO access to the networks of Bell, Telus, Rogers and Sasktel but required prospective MVNOs to hold spectrum and to build their own wireless networks within seven years. Attached as **Exhibit "14"** is the CRTC's April 15, 2021 decision.

59. My team and I produced our final evaluation regarding the purchase of Shaw's wireless assets in a presentation dated April 23, 2021 and provided it to senior management. Our presentation titled *Reste du Canada Freedom: Opportunité d'acquisition* is attached as **Exhibit "15" (April 2021 Presentation)**.

60. The April 2021 Presentation covered several topics relevant to the potential acquisition of Shaw's wireless assets, including: what assets Videotron needed to acquire to operate a successful and competitive wireless business; the overall business case for purchasing Shaw's wireless assets; whether Videotron should bid on 3500 MHz spectrum outside of Quebec in the July 2021 Auction; and the anticipated synergies resulting from the combination of the Shaw and Videotron wireless businesses.

61. **Required Assets:** [REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

62. *The business case:* [REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

([REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

63. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

64. *3500 MHz auction:* [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

65. *Synergies:* [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] I describe our current synergies estimates later in this statement.

66. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

67. [REDACTED]

The July 2021 Auction and the Telus/Bell Application for Judicial Review

68. [REDACTED] Videotron decided to bid on 3500 MHz spectrum in British Columbia, Alberta, and southern Ontario. It determined [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

69. Videotron also believed that [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED] As such, it remained possible that multiple bidders would drive up the price of the set aside spectrum that Videotron wished to acquire in the ROC.

70. In the result, Videotron successfully acquired 294 blocks of spectrum in the 3500 MHz band across the country for nearly \$830 million, more than half of which is in southern and eastern Ontario, Manitoba, Alberta and British Columbia. Attached as **Exhibit "17"** is a spreadsheet downloaded from ISED's website showing the results of the 3500 MHz auction.

71. On August 26, 2021, Telus applied for judicial review of ISED's decision to qualify Videotron for bidding on set-aside spectrum in Western Canada. Bell also applied for judicial review but later abandoned its application. Attached as **Exhibits "18"** and **"19"** are the Telus and Bell notices of application for judicial review.

72. On September 20, 2021, Telus moved for an interlocutory injunction to prevent ISED from issuing the disputed spectrum licences pending a decision on Telus' application for judicial review. Attached as **Exhibit "20"** is Telus' notice of motion.

73. Videotron believed that Telus' application and motion were efforts to deny Videotron access to the spectrum it required to compete effectively in Western Canada. In fact, in its materials filed in support of its application for judicial review, Telus' witness specifically commented on Videotron's strength as a potential competitor, testifying during cross-examination that: "when there's market entry it does create disruption. I think Videotron is certainly a little bit different than other competitors that may enter [...] Videotron would be a formidable competitor [...] So they are a little bit different in terms of overall profile than of plain vanilla market entrant". Mr. Edora also testified that Telus expected Videotron to offer

lower prices than Freedom or Xplornet saying, "If [Freedom] had gotten the set-aside spectrum, then they probably would just continue their business plan. They wouldn't necessarily come in with lower prices that are already in the market. And so it's that type of dynamic. In Manitoba, Xplornet is already a competitor. If they had acquired the set-aside spectrum, the Manitoba pricing dynamics might not be as dramatically changed, for example, as Vidéotron's entry."

Attached as **Exhibit "21"** is a transcript of the cross-examination of Eric Edora, Telus' Director of Regulatory Affairs.

74. On October 22, 2021, the Federal Court dismissed Telus' motion for an interlocutory injunction. Attached as **Exhibit "22"** are Justice Grammond's Order and Reasons.

75. On May 17, 2022, the Federal Court dismissed Telus' application for judicial review. Attached as **Exhibit "23"** are Justice Diner's Judgement and Reasons.

Internal Deliberations about Deploying the 3500 MHz Spectrum

76. Having successfully bid on 3500 MHz spectrum in the ROC but [REDACTED], we needed to consider whether and how to deploy our 3500 MHz spectrum and what options for expansion into the ROC remained available to Videotron.

77. During late 2021 and early 2022, Videotron's management and other departmental teams considered different ways that Videotron could deploy and commercialize the 3500 MHz spectrum it had acquired in the ROC. For example, [REDACTED]

[REDACTED] Attached as **Exhibit "24"** is a copy of this presentation.

78. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

79. During this period, Videotron also looked more closely at telecommunication services in the ROC, prevailing prices, and customer preferences to better understand the value proposition that Videotron could offer customers in the ROC. [REDACTED]

[REDACTED]

[REDACTED]

80. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "26"** is the presentation dated November 25, 2021.

81. As part of evaluating potential expansion into the ROC [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit**

"27" is the presentation dated September 20, 2021.

82. During this period, Videotron remained committed to expanding its services outside of Quebec. It did not need to make any decisions regarding the possibilities considered as it began negotiations with Rogers regarding the Divestiture in May 2022.

Engagement with the Competition Bureau

83. Shortly after the announcement of the Rogers/Shaw Transaction [REDACTED]

[REDACTED] Quebecor and

Videotron began discussions with the Competition Bureau concerning the Rogers/Shaw Transaction and Videotron's interest in potentially acquiring Shaw's wireless assets.

84. On April 9, 2021, John Rook, counsel for Quebecor and Videotron, wrote to the Commissioner of Competition and expressed Videotron's interest in purchasing Shaw's wireless business in the event of a divestiture. In the letter, Mr. Rook [REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "28"** is Mr. Rook's

letter.

85. In the following months, Videotron and its counsel continued to engage with the Competition Bureau about [REDACTED]

[REDACTED]

[REDACTED]

86. Videotron made numerous submissions to the Commissioner, had several meetings with the Competition Bureau case team (**Case Team**) reviewing the Rogers/Shaw Transaction, responded to several requests for information, and responded to an order under section 11 of the *Competition Act*. Many of these meetings, submissions and information requests related [REDACTED]

[REDACTED]

87. On December 17, 2021, Mr. Rook wrote again to the Commissioner. His letter set out

[REDACTED]

[REDACTED] Attached as **Exhibit "29"** is Mr. Rook's December 17, 2021 letter.

88. The Case Team had several questions arising from Mr. Rook's letter. On January 12, 2022, Mr. Rook provided partial written responses to the Case Team's questions. Attached as **Exhibit "30"** is Mr. Rook's January 12, 2022 letter.

89. On January 13, 2022, [REDACTED]

[REDACTED] The Case Team asked various questions, including: [REDACTED]

[REDACTED]

90. On February 8, 2022, Mr. Rook provided written answers to the Case Team's questions that had not been fully addressed at the January 13, 2022 meeting. Mr. Rook's letter addressed questions covering topics such as [REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "31"** is Mr. Rook's February 8, 2022 letter.

91. Mr. Rook's February 8, 2022 letter clarified that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

92. On March 11, 2022, Mr. Rook wrote to the Commissioner regarding [REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "32"** is Mr. Rook's March 11, 2022 letter.

93. Four days later on March 15, 2022, Mr. Rook wrote to the Commissioner [REDACTED]

[REDACTED]

[REDACTED]

Attached as **Exhibit "33"** is Mr. Rook's March 15, 2022 letter.

94. On April 7, 2022, Mr. Rook wrote to the Commissioner [REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "34"** is Mr. Rook's April 7, 2022 letter.

95. On April 15, 2022, Mr. Rook wrote to the Commissioner [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "35"** is Mr. Rook's April 15, 2022 letter.

96. On April 27, 2022, Ms. Laura Sonley replied to Mr. Rook's April 15, 2022 letter [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Attached as **Exhibit "36"** is Ms. Sonley's April 27, 2022 email.

Initial Negotiations with Rogers

97. As described in Mr. Péladeau's witness statement and earlier in this statement, [REDACTED]

[REDACTED]

98. On March 13, 2022, Videotron learned through a Globe and Mail report that Rogers had entered into non-disclosure agreements with several other parties relating to the divestiture of Shaw's wireless business. Attached as **Exhibit "37"** is the article dated March 13, 2022.

99. Rogers had not invited Videotron to this sale process despite [REDACTED] [REDACTED] several public statements in which Mr. Péladeau had expressed Videotron's interest in purchasing Shaw's wireless assets. Attached as **Exhibit "38"** are a few examples of such public statements discussing Videotron's interest in purchasing Shaw's wireless assets.

100. On April 5, 2022, Mr. Péladeau emailed Anthony Staffieri, Rogers' new CEO following their phone conversation on April 1, 2022. Mr. Péladeau reiterated Videotron's interest in acquiring Shaw's wireless assets. Attached as **Exhibit "39"** is Mr. Péladeau's April 5, 2022 email.

101. On April 6, 2022, management delivered a presentation to Quebecor's board of directors regarding a potential acquisition of Shaw's wireless assets. Management wanted to secure board approval to make a proposal. Attached as **Exhibit "40"** is a copy of the presentation regarding a potential Freedom acquisition.

102. That same day, management also presented on the potential acquisition of VMedia, which Videotron believed would complement the acquisition of Shaw's wireless assets by enabling Videotron to provide both wireless and wireline services to customers in British Columbia, Alberta, and Ontario. Attached as **Exhibit "41"** is a copy of the presentation regarding VMedia.

103. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]. Attached as **Exhibit "42"** is Mr. Péladeau's April 7, 2022 email and attachments.

104. On April 13, 2022, Mr. Péladeau emailed Mr. Staffieri further to their phone conversation on April 11, 2022. [REDACTED]

[REDACTED] Attached as **Exhibit "43"** is Mr. Péladeau's April 13, 2022 email.

105. In the last weekend of April 2022, Rogers informed Videotron that Rogers' period of exclusivity with another buyer had ended and that Rogers was prepared to enter into discussions with Videotron.

106. On May 13, 2022, Videotron, Rogers and Shaw entered into a Nondisclosure Agreement to give Videotron access to the data room that had been assembled for potential buyers to complete necessary due diligence on the business and assets to be acquired.

Videotron's Diligence and Its Decision to Exclude Shaw Mobile Customers from the Divestiture

107. With access to the data room, Videotron's teams began due diligence of Shaw's wireless assets and business. This process produced diligence reports, including one from each of the marketing, finance, and information technology departments. Their respective reports are attached as **Exhibit "44"**, **"45"**, and **"46"**.

108. The marketing and finance diligence reports each identified [REDACTED]

[REDACTED]

[REDACTED]

109. The finance report noted that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

110. The marketing report noted that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

113. Attached as **Exhibit "48"** are two slides [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In our experience

in Quebec, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

114. As shown on the chart on slide 2 of **Exhibit "48"**, we plan to offer bundled prices between [REDACTED] % lower than Shaw Mobile customers currently pay. We believe that many customers will find this offer very attractive.

115. We intend to offer such aggressive prices because we want to win market share and grow our customer base. We do not have to worry about re-pricing our installed base of existing customers. In contrast, with so many wireline customers, Shaw would have had to worry about lowering its wireline prices to some customers and effectively re-pricing its entire installed base.

That may be why [REDACTED]
[REDACTED] We will not be constrained as Shaw was. We have no installed base to protect and every incentive to grow our market share.

116. At the same time, we need to manage our own expectations. Although we have grown our market share significantly as a TPIA in Abitibi, our planning model for Freedom (**Exhibit "66"**) conservatively forecasts that [REDACTED]

117. As we gain TPIA wireline customers, [REDACTED]

Negotiating the Critical Assets and Contracts Videotron Required to Compete

118. Having determined that [REDACTED], we nevertheless had to negotiate an acceptable agreement with Rogers to acquire assets that we considered necessary to operate the Freedom business successfully.

119. Although almost a year had passed, our list of required assets remained essentially unchanged from our earliest assessments in April 2021: [REDACTED]

[REDACTED]. Ultimately, these assets are what we agreed to acquire, but as is typical in

negotiations, we asked for more, in part, so that we had room to negotiate towards what we required.

120. One of our initial "over" asks was with respect to fibre ownership. In some early discussions with Rogers in May before we had completed due diligence, we explored the potential for Videotron to acquire fibre assets rather than just transport rights. Rogers raised issues regarding [REDACTED] – a position that our engineering teams agreed with following due diligence. We ultimately determined that [REDACTED] [REDACTED] In contrast, a long term transport agreement with necessary protections and favourable pricing provided the data transport we needed for the wireless network but without [REDACTED] [REDACTED] Ultimately, we secured the transport agreement that we wanted and had identified as necessary as early as April 2021.

121. On June 2, 2022, Videotron delivered a proposed Term Sheet, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Attached as **Exhibit "50"** is a copy of the June 2 Term Sheet.

122. On June 4, 2022, Mr. Staffieri emailed Rogers' position in response to Videotron's June 2 Term Sheet. Attached as **Exhibit "51"** is a copy of Mr. Staffieri's email and attachment.

123. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

124. On June 10, 2022, Rogers delivered a new proposal [REDACTED]

[REDACTED]

[REDACTED]

125. Videotron provided a counterproposal on June 11, 2022 and Rogers responded with another proposal that same day. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

126. By Monday June 13, 2022, Videotron [REDACTED]

127. Overnight between June 14 and 15, 2022, Rogers made another proposal which [REDACTED]

[REDACTED]

128. On June 15, 2022, I and other Videotron executives, including Mr. Péladeau and Mr. Simard, met virtually with the Case Team to discuss the status of Videotron's negotiations with Rogers and to determine whether the framework of the proposed transaction would be acceptable to the Case Team or whether certain provisions and not others were important to securing regulatory approval. We described the additional terms that Videotron continued to seek in negotiations, but received no feedback from the Case Team about whether a transaction along the lines described or any particular terms would be acceptable. Attached as **Exhibit "52"** is a copy of the June 15, 2022 presentation.

129. Without specific direction from the Case Team, Videotron determined to continue to negotiate with Rogers and attempt to achieve terms that Videotron believed would enable it to successfully operate Freedom post-divestiture and compete aggressively with the Big 3 in British Columbia, Alberta, and Ontario.

130. On June 15, 2022, Videotron developed and sent a proposal that followed the framework Rogers had proposed, but [REDACTED]
Attached as **Exhibit "53"** is a copy of the proposed changes Mr. Péladeau sent to Rogers.

131. On June 16, 2022, Rogers accepted Videotron's proposals from the day before.

132. With an agreement with Rogers in hand, on the evening of June 16, 2022, Mr. Péladeau and I, along with the assistance of a few other colleagues, presented the key terms of the Divestiture to Quebecor's Board to obtain its approval to enter into an agreement based on the terms negotiated. Attached as **Exhibit "54"** is a copy of the presentation I delivered (dated June 17 although it was delivered on the evening of June 16). The Board authorized management to execute an agreement as described.

The Letter Agreement and Term Sheet

133. On June 17, 2022 Rogers, Shaw, Shaw Telecom Inc., and Quebecor entered into a Letter Agreement and Term Sheet for Videotron to acquire all of the issued and outstanding shares of Freedom, along with certain complementary assets for \$2.85 billion. Attached as **Exhibit "55"** are the Letter Agreement and Term Sheet.

134. The Letter Agreement and Term Sheet provide for (i) Videotron's acquisition of Freedom's wireless assets; (ii) certain ancillary supply agreements between Rogers and Videotron; and (iii) certain transitional services.

135. ***Freedom Assets.*** Videotron secured the wireless assets needed for it to operate the Freedom wireless business. These assets include Freedom's: mobile wireless services subscribers; wireless spectrum licenses, subject to an agreement between Rogers and Freedom to swap certain equivalent blocks of spectrum in Toronto and rural British Columbia; core network equipment and related wireless core network assets; OEM inventory; mobile network codes; radio access network equipment; cell sites; all backhaul microwave systems and contracts for backhaul with third parties at Freedom cell sites; intellectual property; IT systems; domestic and international roaming agreements; wireless teams; and leases.

136. ***Ancillary Supply Agreements:***

- (a) ***Roaming Agreement:*** Videotron obtained an acceptable roaming agreement with attractive rates and seamless handoff (meaning that customers can transfer seamlessly to Rogers' network when they roam outside of Freedom's network).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- (b) ***Transport Agreement:*** Videotron obtained a transport agreement to secure the fibre optic links connecting the elements of its current wireless network, as well as new additions to that network. Rogers agreed to provide [REDACTED]

[REDACTED] This arrangement provides significant value to Videotron by securing favourable and

[REDACTED]

([REDACTED]
[REDACTED]
[REDACTED]

- (d) *Go Wifi Agreement*: Rogers agreed to permit Videotron's customers to authenticate automatically on Shaw's public/business "Go Wi-Fi" hotspots [REDACTED]
[REDACTED] As described in Mr. Drif's statement, Videotron does not consider such access to be necessary or valuable but does not see any harm in the service being available to its customers.

137. ***Transitional Services***: As is typical in complex commercial agreements, the parties agreed to provide certain transitional services (*e.g.*, corporate and human resources services) to each other for a short period to enable both businesses to operate without disruption.

138. The assets and arrangements provided for in the Letter Agreement and Term Sheet enable Videotron to meet its financial projections as set out in its Financial Plan attached as **Exhibit "66"**.

Engagement with the Competition Bureau and ISED Following the Execution of the Letter Agreement and Term Sheet

139. On June 17, 2022, Mr. Smith, counsel for Rogers, emailed a copy of the Letter Agreement and Term Sheet to the Case Team. Attached as **Exhibit "56"** is Mr. Smith's email.

140. On June 24, 2022, Mr. Rook wrote to the Commissioner to request an advanced ruling certificate. Attached as **Exhibit "57"** is Mr. Rook's letter.

141. Also on June 24, 2022, Mr. Rosner, counsel for Rogers, wrote to the Commissioner to state its position that the proposed Divestiture to Videotron eliminated any substantial lessening or prevention of competition that might arise owing to the Rogers/Shaw Transaction. Attached as **Exhibit "58"** is Mr. Rosner's letter.

142. On June 27, 2022, Videotron and Shaw wrote to ISED requesting that ISED approve the proposed transfer of Shaw's spectrum to Videotron. Attached as **Exhibit "59"** is a copy of the letter to ISED.

143. On June 30, 2022, I and other members of Videotron and Quebecor's senior management (Mr. Péladeau, Mr. Simard, Mr. Drif, Mr. Dery, and Mr. Hickey) met virtually with the Case Team and our counsel to discuss the proposed Divestiture and Videotron's plans with respect to the operation of the Freedom business. Attached as **Exhibit "47"** is a copy of the presentation we delivered.

144. As set out in the June 30 Presentation, we described the Divestiture as a once-in-a-generation opportunity to create a fourth national facilities-based wireless carrier with the scale, resources and ambition to compete vigorously nationally. We also described in detail:

- (a) The benefits of the agreements that had been negotiated with Rogers and how they supported Videotron's ability to operate effectively (*e.g.*, slides 10-12, 17);
- (b) The \$█ billion Videotron projected to invest in delivering 5G across the Freedom network and the timeline for that investment (slide 16);

- (c) Why Videotron did not require [REDACTED] as part of the Divestiture given that it had previously studied and rejected them as a solution in its Quebec network (slide 19);
- (d) Videotron's marketing plan [REDACTED], including that Videotron planned to launch bundled offerings [REDACTED] % lower than Telus, Bell and Rogers within [REDACTED] of completing the Divestiture (slide 21);
- (e) How Videotron planned to price its TPIA wireline services in British Columbia, Alberta, and Ontario at least [REDACTED] % below comparable wireline services offered by Telus, Bell and Rogers (slide 23);
- (f) How Videotron's plan was sustainable and fully priced up to 2032 based on a detailed pro forma financial model (slide 25); and
- (g) Why Videotron did not wish to acquire [REDACTED] and how it planned to compete [REDACTED] by offering lower prices than the [REDACTED] [REDACTED] (slide 26).

145. As described in our June 30 presentation, we plan to price our TPIA wireline services in British Columbia, Alberta and Ontario at least [REDACTED] % below comparable wireline services offered by the Big 3 within two years. The Financial Plan attached as **Exhibit "66"** projects an average ARPU of approximately [REDACTED] CRTC data on industry broadband reveals that Canada-wide ARPUs for Q1 2022 were \$70.26, which is [REDACTED] than our planned ARPU. Attached as **Exhibit "60"** is the CRTC data.

146. Our projected ARPU is [REDACTED] than the industry average because we are

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

147. On July 28, 2022, Mr. Rook wrote to the Case Team to respond to the few outstanding questions from the June 30, 2022 meeting. Attached as **Exhibit "61"** is a copy of Mr. Rook's July 28, 2022 letter and attachments. The attachments included Videotron's margin analysis showing that its proposed TPIA pricing was sustainable.

Negotiating the Definitive Agreement

148. The Letter Agreement and Term Sheet provided that the parties would negotiate a definitive agreement. As the parties were negotiating, Videotron came to believe that one reason that the Commissioner was not prepared to accept the Divestiture was because the Divestiture did not involve the acquisition of wireline assets, only contractual rights of access and use. Videotron began considering whether to propose changes to the Divestiture designed to satisfy the Commissioner's perceived concern and hopefully accelerate closing of the Divestiture.

149. Videotron wished to close the Divestiture as soon as possible in order to begin competing as a fourth national wireless carrier and implement its low pricing plans before the end of 2022. The Commissioner's refusal to approve the Divestiture threatened (and now has) delayed Videotron's plans – to the significant benefit of Bell and Telus who have benefited from not facing the competition that Videotron plans to bring.

150. In July 2022, Videotron proposed that it and Rogers agree to adjust elements of the Divestiture to hopefully end the regulatory review process that was delaying closing.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "62"** are emails between Mr. Simard and Mr. Wickramasinghe reflecting these discussions.

151. However, as no one knew whether these changes would satisfy the Commissioner, the parties could not come to any agreement on potential adjustments.

152. During the same period, we wanted to ensure that the terms of our TPIA arrangements with Rogers would enable Videotron to compete effectively. [REDACTED]

[REDACTED]

[REDACTED] Attached as **Exhibit "63"** are my email exchanges with Mr. Burger.

153. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] We secured the protection that we needed.

154. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

155. Rogers, Shaw and Quebecor entered into a definitive agreement for the sale of Freedom to Videotron on August 11, 2022 (the "**Definitive Agreement**"). Attached as **Exhibit "64"** is the Definitive Agreement.

156. The Definitive Agreement includes final Term Sheets for the various Ancillary Agreements. While the Definitive Agreement contemplates that the parties will enter into further long-form agreements for the Ancillary Agreements, the Term Sheets attached to the Definitive Agreement are complete, final and enforceable upon closing the Definitive Agreement.

157. Videotron would not have entered into the Ancillary Agreements if it had any concerns that the Ancillary Agreements made Videotron dependent on Rogers or would limit Videotron's ability to compete vigorously against Rogers, or anyone else.

- (a) With respect to *roaming*, domestic roaming is regulated by the CRTC. Videotron and Freedom already rely on Rogers, Bell and Telus when roaming outside of their network footprint at regulated rates and Videotron still competes vigorously with them. [REDACTED]
- [REDACTED]
- (b) With respect to *TPIA*, like roaming, the CRTC regulates TPIA access and prices. [REDACTED]
- [REDACTED] It has also negotiated other contractual protections, some of which can be enforced through private arbitration and others before the courts. Like all regulated services, Videotron can also raise issues with the CRTC should Rogers violate the TPIA regime.
- (c) With respect to *transport*, as described in Mr. Drif's statement, Freedom already rents transport from several different providers because renting data transport capacity is common in Canada. Freedom can replace the transport from Rogers with these other providers across Freedom's network if necessary. Especially in urban areas, which is where Freedom's network is located, fibre connections are available to rent at reasonable cost. Videotron can also [REDACTED]
- [REDACTED]
- (d) With respect to *Go Wifi*, Videotron does not consider such access to be necessary or valuable but does not see any harm in the service being available to its customers. It would hardly adjust its competitive behaviour vis-à-vis Rogers to maintain a service that it does not significantly value.

158. Should Rogers breach the Ancillary Agreements, Videotron will enforce its rights through arbitration, the courts or in front of the CRTC. Videotron is already enforcing its rights against Rogers with respect to their shared LTE network in Quebec. In 2021, Videotron filed a claim for damages in the Quebec Superior Court alleging that Rogers had breached the terms of the parties' Network Operating Agreement with respect to the shared network. Attached as **Exhibit "65"** is a copy of Videotron's claim.

159. Despite the litigation between them, Videotron and Rogers continue to operate the shared network, which is a much more complicated arrangement than any of the Ancillary Agreements.

160. Videotron is hopeful that it can resolve the issues giving rise to the claim. It filed the claim in 2021 because of an approaching prescription (*i.e.*, limitation) period.

161. Operating the shared network with Rogers has never stopped Videotron from competing as aggressively as possible against Rogers or anyone else. From 2006 to 2010, Videotron successfully operated as a MVNO on the Rogers network and competed vigorously against Rogers.

VIDEOTRON'S PLANS FOR FREEDOM POST-DIVESTITURE

162. In evaluating the Divestiture, and with the assistance of National Bank, Videotron prepared a detailed financial planning model to project the revenues, costs, etc. of the Freedom business post-Divestiture. My team and I have updated the plan periodically, most recently on June 30, 2022 (**Financial Plan**). Attached as **Exhibit "66"** is a copy of Videotron's Financial Plan.

[REDACTED]

164. Given the detail and complexity, I will describe only parts of the Financial Plan and how the Financial Plan aligns and was informed by Videotron's plans to operate Freedom post-Divestiture.

Financing the Divestiture and Future Network Investments

165. The *Transaction Overview Sheet* sets out Videotron's financing for the Divestiture and the expected debt ratios of Quebecor and Videotron post-Divestiture. Because of Quebecor's strong balance sheet, Quebecor and Videotron have secured debt financing from RBC and National Bank to fund the Divestiture purchase price.

166. The additional debt will not significantly change Quebecor's ratio of debt to its earnings before interest, taxes, depreciation, and amortization (**EBITDA**), which is an industry standard measure of a company's ability to repay its debt. A higher ratio means that a company's debt is many times larger than its EBITDA and thus many times larger than the money it has available to pay interest and to eventually repay its debt. Conversely, a low ratio, such as Quebecor's, demonstrates a strong ability to pay interest and to repay the principal.

- (a) The *Pro Forma Leverage – Quebecor* calculations show that Quebecor's total debt will rise from approximately \$ [REDACTED] billion to \$ [REDACTED] billion after the Divestiture. Its debt to EBITDA ratio will rise marginally from approximately

■■■■ its current EBITDA to ■■■■ the projected EBITDA of the combined business. The *Pro Forma Leverage – Videotron* calculations that follow do not show additional debt. They show that portion of Quebecor's total debt attributable to Videotron's business.

- (b) The *Free Cash Flow & Deleveraging Profile* calculations show the combined entity's expected EBITDA less interest payments, taxes, capital expenditures¹ (including those budgeted for building out the 5G network in Quebec and the Freedom footprint), lease payments, and dividend payments to shareholders. Even after all those expenses, Quebecor projects annual free cash flows of between \$■■■ million and \$■■■ million with which to repay its debt. The result is that Quebecor's net debt to EBITDA ratio is projected to fall from ■■■■ EBITDA in 2023 to ■■■■ EBITDA by 2027.

167. Had Videotron had to borrow more money to fund the Divestiture or secured less favourable terms related to TPIA, roaming and transport in the Definitive Agreement, it would have had less free cash flow. As such, Videotron worked hard to negotiate the lowest possible purchase price and the most favourable terms possible to secure its financial position, its ability to invest in 5G deployment, and, ultimately, its ability to compete aggressively over the long term.

Projections for the Freedom Wireless and Wireline Business

168. Videotron's projections regarding its operation of the wireless portion of the Freedom business post-Divestiture are summarized on the Consolidated Summary Sheet. Projections

¹ Operating expenses are subtracted when calculating EBITDA.

regarding the TPIA internet offering appear on the Wireline Sheet. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

169. As described, along with National Bank, my team and I developed the Financial Plan. Doing so required information and input from different teams within Videotron, such as the marketing and engineering teams. The Financial Plan incorporates estimates based on plans prepared by these teams as described further below.

Marketing and Pricing

170. As described to the Case Team on June 30, 2022, Videotron plans to aggressively market [REDACTED] and to price its services between [REDACTED] % lower than current prices in British Columbia, Alberta and Ontario. This strategy is described in a presentation titled [REDACTED] and dated June 1, 2022 (**June 1 Presentation**). [REDACTED]. Attached as **Exhibit "67"** is a copy of the June 1 Presentation.

171. **Brands:** Rogers, Telus, and Bell brand their most expensive plans under their corporate names. They all have flanker brands, Fido, Koodoo, and Virgin, respectively, which offer lesser services (*e.g.*, less data, slower data quality, etc.) at slightly lower prices than the wireless plans offered under their respective premium brands. They also all have "fighter" brands (Chatr, Lucky Mobile, and Public Mobile) which offer lower priced pre-paid services.

172. Since introducing Fizz in 2018, Videotron has adopted this same premium/flanker strategy with Videotron as our premium brand and Fizz as our flanker brand. Having said that, Fizz is not a traditional flanker brand. It is an all-digital brand, heavily customizable from the customer's computer or phone, and its wireless offering can be bundled with internet service.

173. [REDACTED]

174. As set out on slide 3 of the June 1 Presentation, Videotron projects [REDACTED]

175. **Pricing:** Videotron recognizes that it has one chance to make a strong first impression with customers after the Divestiture. It plans to offer prices at least [REDACTED]% below existing prices for Freedom branded wireless and wireline services offered on a standalone basis and [REDACTED]% when bundled (see slide 6 of the June 1 Presentation). [REDACTED]

[REDACTED] These planned prices are not promotional only; they generally align with Videotron's prices in Quebec, although we expect to offer promotions as well especially with [REDACTED] to build brand awareness and a subscriber base.

176. Videotron's Financial Plan assumes prices as set out in the June 1 Presentation and still projects sustainable ARPUs [REDACTED]

[REDACTED] on the *Consolidated Summary Sheet*. [REDACTED]

[REDACTED]
[REDACTED] After these
additional costs end, we project [REDACTED]

177. [REDACTED], the *Consolidated Summary Sheet* projects annual
subscriber growth of [REDACTED]

[REDACTED] This will deliver total subscribers of approximately [REDACTED] in ten
years, approximately [REDACTED] Freedom's current subscriber totals. Our subscriber growth
estimates are intentionally conservative to ensure that the Divestiture is financially viable even at
intentionally conservative subscriber growth totals. We are confident subscriber growth will
exceed the conservative projections in the Financial Plan based on our experience [REDACTED]

178. We recognize and expect that our lower prices will put pressure on Bell, Rogers, and
Telus to respond. We have accounted for that in our conservative subscriber growth projections.
If our competitors fail to respond, I expect our subscriber growth to dramatically exceed our
projections. I recognize that Rogers, Bell and Telus may be reluctant initially to match our low
because of their large installed base of wireless subscribers. By dramatically reducing their own
prices, they risk re-pricing their existing installed base to a much lower level. For example, I
believe that is why Bell has not responded with lower prices to Videotron's dramatically lower
prices for wireline services in Abitibi.

179. Videotron's national footprint will also enable it to compete in a way that it cannot currently for national wireless accounts. It intends to [REDACTED] [REDACTED]. By leveraging a national facilities-based network and a more attractive roaming rate, Videotron expects to be more competitive for businesses with facilities across the country, such as the Federal Government.

Bundling Wireless and Wireline Services

180. Videotron successfully offers wireless services to customers who do not buy other services from Videotron. However, bundling wireless and wireline can increase total revenue earned per customer and slightly reduces customer loss. Videotron calculated that in the month of July 2022, it lost approximately [REDACTED]% of customers who purchased only one product, [REDACTED]% of those who purchased two, [REDACTED]% of those who purchased three and [REDACTED]% of those who purchased four. Attached as **Exhibit "68"** is a spreadsheet containing the calculations.

181. For these reasons, as described in the June 1 Presentation, Videotron plans to offer wireline internet and television services across Canada under [REDACTED]. To do so, it plans to operate as a reseller of wireline services, as it does today with great success in Abitibi. As noted above, Videotron plans to offer these services at prices lower than those offered today on a standalone and bundled basis.

182. To support its ability to immediately provide wireline services outside of Quebec, Videotron acquired VMedia on July 20, 2022 for \$ [REDACTED] million. VMedia is a reseller of wireline services such as internet, TV, home phone and home security. It offers services in every province and territory. It has approximately [REDACTED] internet subscribers; [REDACTED] TV subscribers; [REDACTED] home phone subscribers; [REDACTED] home security subscribers; and [REDACTED] RiverTV subscribers.

VMedia's business and the opportunities associated with its acquisition are described in the board presentation attached earlier as **Exhibit "41"**.

183. Since acquiring VMedia, Videotron has lowered prices by launching an everyday low price strategy in Manitoba. Competitors have responded with promotional pricing of their own. For example, VMedia is offering 75 Mbps service for \$39.95 per month. Bell regularly charges \$97.95 for the same service but drops its price on a promotional basis to \$70 – significantly lower than its regular price, but still significantly higher than VMedia's everyday low price. Similarly, VMedia is offering 1 Gbps service for \$99.95 per month, while Bell's regular price is \$128.95 and its promotional price is \$110.

184. Videotron acquired VMedia specifically because of the opportunity to acquire Freedom and Videotron's desire to offer both wireline and wireless services to Freedom's existing customer base and new potential customers.

185. By acquiring VMedia, Videotron will benefit from the skills and expertise of its employees and leadership in providing services as a TPIA outside of Quebec. Videotron retained all of VMedia's leadership and 200 employees as part of the transaction. Videotron will also benefit from VMedia's existing TPIA arrangements with all major Canadian facilities-based network operators. VMedia has agreements with Bell, Rogers, Videotron, Shaw, Telus, Cogeco, Eastlink, and Bell Aliant. Through these agreements, VMedia has access to over 10 million Canadian homes in Canada. VMedia allows Videotron to begin offering bundled products within [REDACTED] of closing the Divestiture.

186. Videotron's Financial Plan projects providing internet to approximately [REDACTED] households by 2032. That would imply a market share of approximately [REDACTED] % in the Freedom

footprint. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

187. As Videotron wins more customers as a TPIA provider, [REDACTED]
[REDACTED]

[REDACTED] As set out in my December 2021 email attached as
Exhibit "10", [REDACTED]
[REDACTED]

[REDACTED] In contrast, buying wholesale access is much more cost
effective when building costs cannot be spread over as many customers and when the cost of
wholesale access compares favourably to the cost of building. In those circumstances, the cost of
building wires past every household – not just the households of your customers – cannot be
justified.

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

189. Whether Videotron's TPIA operations in the ROC will create a dense enough customer
base in a specific geography to justify building [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

190. That it is often more cost-effective to "rent" space on an existing network is likely one reason why we have not seen smaller TPIA resellers start to build their own networks. Their customer bases are too small or too diffuse to justify building a wireline network to serve them. In addition, and unlike Videotron, these resellers cannot pair wireless services to increase the revenue available from each customer.

Investing in 5G

191. The Financial Plan projects investing nearly \$ [REDACTED] billion in network improvements and spectrum over the first ten years. My team and I developed these projections with Videotron's information technology department led by Mohamed Drif. Mr. Drif describes the technology budget in his witness statement. In discussions with him and his team, we determined that some elements of his May 25, 2022 budget could be allocated to different years, so minor adjustments were made between the May 25 budget and the Capex amounts shown on the *Consolidated Summary Sheet*.

192. Rolling out 5G as soon as possible across the Freedom footprint is important from a marketing and business perspective. [REDACTED]

[REDACTED] To consumers today, that means offering a 5G network. Part of making a good first impression with customers requires us to begin offering 5G service as soon as possible and continuing to improve the quality of the network to deliver the full promise of 5G.

193. Fortunately, we are well positioned to do that. We already have experience building a 5G network in Quebec. We plan to deploy Freedom's 600 MHz spectrum and offer 5G within [REDACTED] [REDACTED] We then plan to deploy our 3500 MHz spectrum (spectrum that Shaw does not have) to improve the quality of the 5G experience. [REDACTED]

[REDACTED] Attached as **Exhibit "69"** is a copy of a presentation titled *Cadre de l'enchère 3 800 MHz* dated July 13, 2022 describing Videotron's plans regarding the 3800 MHz auction.

194. However, to complete final preparations for the 3800 MHz spectrum auction, Videotron needs to know whether or not the Divestiture will [REDACTED]

Combining Freedom's Expertise with Videotron's

195. Following the Divestiture, Videotron plans to have both Videotron's senior leadership and members from Freedom's current management team manage the Freedom business. In addition to me, the Videotron senior leadership team consists of:

- Mr. Péladeau, the CEO, who oversaw Quebecor's acquisition of Videotron in 2000 and has been with Quebecor and its subsidiary companies for about 37 years except for the brief period between 2013 and early 2017 when he was involved in Quebec's provincial politics;
- Mr. Simard, Quebecor's CFO who also supports Videotron, spent 1998 to 2017 in a series of key positions with various Quebecor subsidiaries, including Senior Vice-President and CFO of Videotron from 2014 to 2017, Senior Vice-President, Development & Strategy of Quebecor Media, and Vice-President, Finance and CFO of Sun Media Corporation from

2007 to 2014. Between June 2017 and his return to Quebecor in 2019, Mr. Simard was Executive Vice-President and CFO of Indigo Books & Music Inc. in Toronto.

- Sylvain Brosseau, the Senior VP of Operations and Customer Service, who has been with Videotron for about 26 years, first in the role of Director of Internet Technical Director and then later as Senior Director of Technical Support followed by the positions of Senior Director of Customer Service, Vice President of Customer Service for the Consumer Division and then Senior Vice President of Operations and Customer Service;
- Mohamed Drif, the Senior Vice-President and Chief Technology Officer, who has been with Videotron for 23 years in various roles and has been involved in key strategic projects such as modernizing the Greater Montreal network and creating a network development strategy;
- France-Eliane Nolet, the Vice-President of Business Revenues and Retail Network, who joined Videotron in 2018 as Vice-President of Sales and then later was promoted to Vice President of Sales of the Videotron Business and Fibrenoire followed by her current role.
- Frédéric Dery, the Vice-President of Sales and Marketing for the Consumer Market, who has been with Videotron for approximately 15 years.
- Véronique Mercier, the Vice-President of Communications of Quebecor and its subsidiaries, who has been involved with the Quebecor group of companies since 2010.

196. In addition to Videotron's decades of experience managing a telecommunications company, Freedom will also continue to benefit from the experience of its existing leadership team. As part of the Divestiture, Videotron will retain a large number of Freedom's current

management team as it will require their skills, institutional expertise relating to the Freedom business and their experience in operating a wireless company in the ROC. Videotron anticipates that combining the expertise of Videotron and Freedom's management will help Freedom compete more effectively post-Divestiture.

197. Videotron has not yet made decisions relating to which specific Freedom employees it will retain as part of the Divestiture. Videotron's senior management will need to meet with Freedom's management to determine precisely which employees it will retain. During this meetings, Videotron's senior management will consider the skills and expertise it requires to operate its business nationally and to grow the Freedom business in the ROC. [REDACTED]

[REDACTED] See attached as **Exhibit "70"** a spreadsheet titled "HR – Staffing analysis w salaries" setting out Videotron's staffing analysis for Freedom.

Combining the Freedom and Videotron Networks in Ottawa and Eastern Ontario

198. Although Videotron holds spectrum, has three retail locations in Ottawa, and otherwise offers wireless services in the Greater Ottawa Area, those services are a small part of its overall wireless business with only about [REDACTED] % of its total subscribers residing in Ottawa. Videotron's primary strategic rationale for offering wireless services in the Ottawa region is [REDACTED]

[REDACTED] Videotron's relatively small spectrum holdings in Eastern Ontario reflect this strategic rationale.

199. As described in Mr. Drif's statement, the combination of the Freedom and Videotron networks in Ottawa and Eastern Ontario will produce a higher quality network at lower total cost because of the parties' complementary spectrum assets.

200. Videotron expects that a more efficient and higher quality network will enable it to win more customers in the Ottawa area from Rogers, Bell and Telus than either Freedom or Videotron could have separately.

Integrating Freedom to Realize Synergies and Lower Costs

201. Videotron considered potential synergies associated with the combination of the Videotron and Freedom businesses as early as our April 2021 Presentation but these were very rough estimates, not informed by any due diligence and were not a principal rationale of the Divestiture from Videotron's perspective. Videotron's rationale remains the transformational nature of the Divestiture and the once-in-a-generation opportunity for Videotron to emerge as a fourth national wireless carrier.

202. We have more recently explored areas of potential synergies and cost savings and have identified the following categories of savings. These will enable the combined business to operate more efficiently and at a lower cost increasing its ability to offer lower priced services to customers. Attached as **Exhibit "71"** is my team's Synergies and Marginal Cost Savings analysis, which has since been adjusted and more precisely described in some of the category-specific exhibits mentioned in the paragraphs that follow.

203. **IT Systems Savings:** Videotron expects to achieve cost savings of approximately \$ [REDACTED] million by the third year after closing, and ramping up thereafter to \$ [REDACTED] million annually in recurring capital expenditures. These savings will derive from migrating Freedom Mobile's IT systems to Videotron's available Fizz stack, the decommissioning of several duplicate or depreciated IT software and applications, [REDACTED] [REDACTED] and savings related to increased purchasing power. With respect to the

latter, approximately █% are attributable to estimated purchasing power savings. This estimate is based on the proportion of costs devoted to savings derived from increased buying power on commercial applications versus internal rationalization costs. The costs to achieve these savings and achieve the systems integration are estimated to be \$█ million over the first two years (transition costs) and \$█ million in years 3 and 4 (transformation costs). See **Exhibit "72"** for details.

204. In addition, we expect to generate a one-time avoidance cost of approximately \$20 million for the Freedom business by providing it access to Videotron's Fizz stack. Based on my team's due diligence, █
█ See **Exhibit "73"** for details.

205. *Staffing Savings:* My team has analyzed Freedom's staff and executives and has identified █ likely redundant positions across six categories: █
█ Eliminating these █ positions (which is a █% reduction of total Freedom employees, and a █% reduction in payroll) is likely to result in annual cost savings of approximately \$█ million beginning in year two, net of severance costs associated with such staffing reductions. See **Exhibit "70"** for more details.

206. We will also achieve real estate cost savings through the reduction of these █ positions,
█
█ These staffing reductions will result in a corresponding reduction in office space costs, particularly since █
█

\$ [REDACTED] million over a five year time period. The cost to achieve these savings are as follows: (a) dismantling costs for these [REDACTED] sites are estimated to be \$ [REDACTED] per site, totaling \$ [REDACTED] million; and (b) approximately \$ [REDACTED] million in total integration costs to merge Freedom and Videotron's RANs, which utilize different equipment. The one-time cost savings are therefore approximately \$ [REDACTED] million to be realized over a five year time period.

211. In addition, we expect recurring operating cost savings of approximately \$ [REDACTED] million to result from dismantling these [REDACTED] sites. These savings will derive from annual rent/leasing costs related to these sites (approximately \$ [REDACTED] per site) and electricity and maintenance cost savings (approximately \$ [REDACTED] million in the aggregate). As such, Videotron will also achieve approximately \$ [REDACTED] million in recurring cost savings related to RAN in the Ottawa region. See **Exhibit "74"** for details.

212. *Customer Service/Sales Savings:* My team has determined that the Divestiture will generate significant cost savings for the combined entity's customer service call centres, approximately \$ [REDACTED] million annually. In Canada, Videotron will be able to deploy its English language customer service representatives to serve Canada-wide clients rather than a relatively small number of English speaking customers in Quebec, which will represent some portion of the total \$ [REDACTED] million in cost savings.

213. *Retail and Marketing Cost Savings* [REDACTED] My team has determined that we [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Videotron will also benefit from annual

marketing cost savings of \$ [REDACTED] million that is currently spent on marketing the Videotron brand in the Ottawa region. After closing, Videotron will offer [REDACTED]

[REDACTED] See

Exhibit "75" for details.

214. *Marginal Cost Savings*: In addition to the efficiencies described above, I expect we will be able to achieve significant marginal cost savings in a number of areas, as detailed in **Exhibit "71"**.

215. [REDACTED]

216. The Divestiture will create spectrum synergies through the addition of Videotron's 3500 MHz spectrum and spectrum holdings in Ottawa to Freedom Mobile's network. Combining Videotron and Freedom Mobile's spectrum will increase capacity on the Freedom Mobile network (allowing us to serve more customers) without any incremental cost. This will also lower Freedom Mobile's marginal costs under Videotron's ownership relative to the scenario where the spectrum is held separately.

217. We also expect to realize substantial marginal cost savings in connection with roaming. First, Videotron will realize significant savings from the costs of Videotron subscribers roaming

on the Freedom Mobile network. We estimate such savings to be \$ [REDACTED] million in 2023 and increasing year-over-year adjusted for expected growth in Videotron subscribers; increased consumption in data; and a decrease in roaming tariffs.

218. Second, we will realize significant savings from the costs of Freedom Mobile subscribers roaming on the Videotron network. We estimate such savings to be \$ [REDACTED] million in 2023, which is an annualized estimate for calendar year 2023 based on the actual amounts owed by Freedom Mobile to Videotron for roaming during the period of January 1, 2022 – June 30, 2022. We expect this figure to increase year-over-year adjusted for expected changes to data usage and roaming tariffs.

219. Third, per the terms of the Roaming Agreement, [REDACTED]
[REDACTED]
[REDACTED] less than the \$ [REDACTED] per GB, the approximate amount that Freedom Mobile currently pays for roaming traffic.

220. Finally, my team has analyzed the international roaming rates paid by each of Freedom Mobile and Videotron and has learned that [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

See **Exhibit "76"** for more details.

VIDEOTRON'S PLANS IF THERE IS NO DIVESTITURE

221. Videotron has been consistent and clear with respect to its intentions: it wants to expand outside of Quebec. [REDACTED]

222. [REDACTED]

[REDACTED] As described in a presentation made during a March 2022 conference, Videotron believes that it is in a “strong position to expand outside Quebec, either by acquiring Shaw’s wireless assets or on the basis of recent CRTC decisions”. Attached as **Exhibit "77"** is a copy of the March 2022 presentation.

223. Although Videotron expects a decision in the next several months, the CRTC has not issued a decision on final tariffs or conditions on which wholesale MVNO access will be available. As Mr. Péladeau stated during an August 4, 2022 during an investor call, Videotron is waiting "for a facility-based MVNO framework, defining pricing as well as other terms and conditions to be able to decide whether to launch such a service and create new competition, again, to the benefit of Canadians." Attached as **Exhibit "78"** is a transcript from Bloomberg of the August 4 earnings call. These comments are consistent with Videotron's prior statements to the market. Attached as **Exhibit "79"** and **"80"** are copies of a Quebecor presentation and conference call transcript from July 30, 2021 following the July 2021 Auction. Attached as **Exhibit "81"** is a copy of an earnings call transcript from November 4, 2021. Attached as **Exhibit "82"** is a copy of Mr. Péladeau's address from Quebecor's Annual Meeting of Shareholders held on May 12, 2022. Attached as **Exhibit "83"** is a copy of an earnings call transcript from May 16, 2022.

224. In the absence of the Divestiture, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A handwritten signature in cursive script, which appears to read "J. Lescadres", is written above a horizontal line.

Jean-François Lescadres

EXHIBIT 1



ANNUAL INFORMATION FORM

FINANCIAL YEAR ENDED DECEMBER 31, 2021

MARCH 31, 2022

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INTRODUCTORY NOTE

In this annual information form, unless the context otherwise requires, the terms, “**Quebecor**” and the “**Corporation**” refer to Quebecor Inc. on a consolidated basis, including its subsidiaries and divisions. Unless otherwise indicated (i) all references to “dollars” and “\$” refer to Canadian dollars, and (ii) the information presented in this annual information form is given as at December 31, 2021. In addition, the table below lists a number of defined terms that are used throughout this annual information form to refer to various companies within the Quebecor group.

| Entity | Defined Term |
|-------------------------------------|---------------------------|
| CEC Publishing Inc. | “CEC Publishing” |
| Event Management Gestev Inc. | “Gestev” |
| Incendo Media Inc. | “Incendo” |
| MediaQMI Inc. | “MediaQMI” |
| NumériQ Inc. | “NumériQ” |
| Quebecor Media Inc. | “Quebecor Media” |
| Quebecor Media Network Inc. | “Quebecor Media Network” |
| Quebecor Media Printing (2015) Inc. | “Quebecor Media Printing” |
| Select Music Inc. | “Select Music” |
| Sogides Group Inc. | “Sogides” |
| TVA Group Inc. | “TVA Group” |
| Videotron Ltd. | “Videotron” |

ITEM 1 — THE CORPORATION

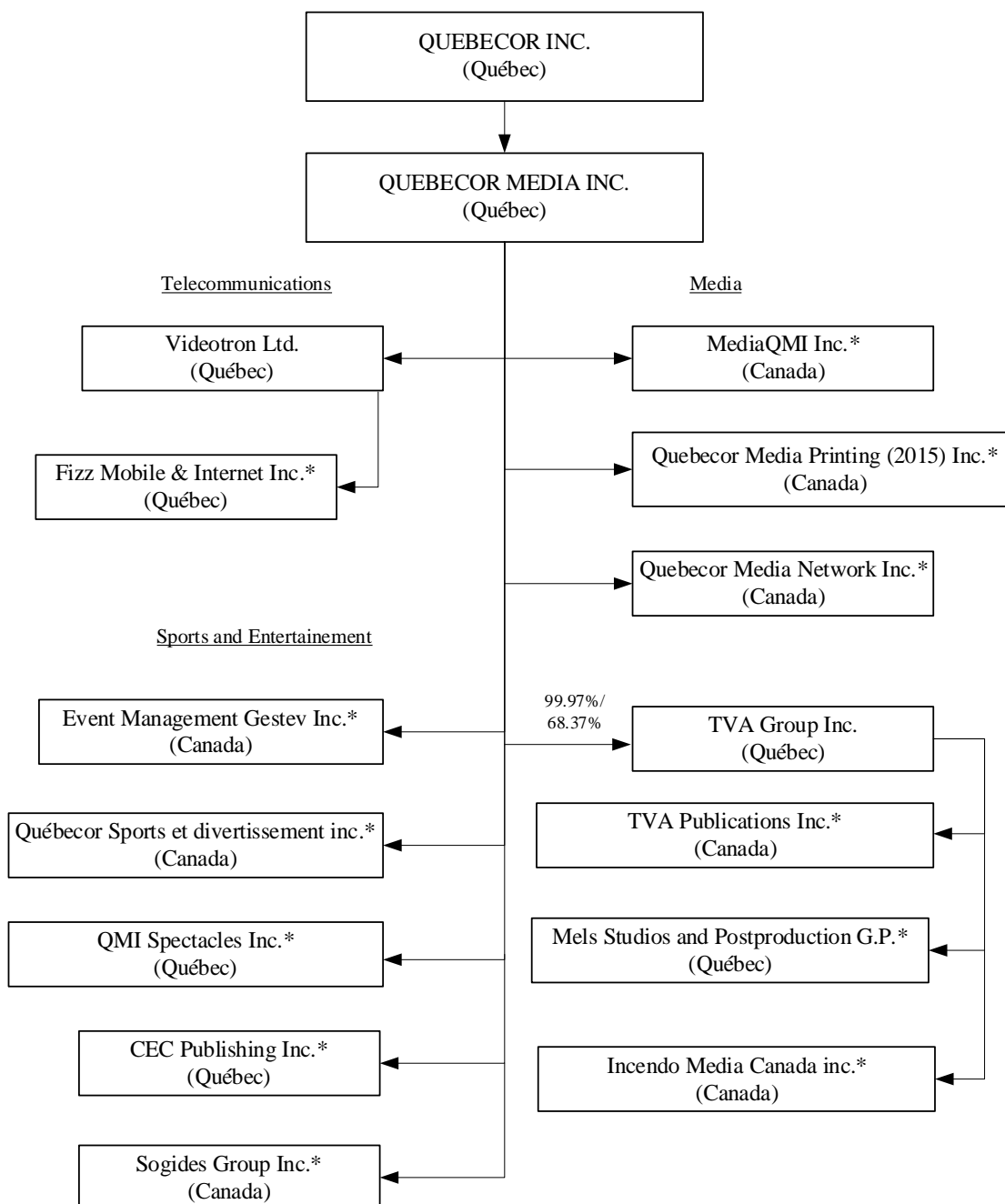
Quebecor was incorporated in accordance with the laws of Québec on January 8, 1965 and is governed by the *Business Corporations Act* (Québec).

The Corporation is a holding company with a 100% interest in Quebecor Media, one of Canada's leading telecommunications and media companies. Quebecor Media's subsidiaries operate in the following business segments: Telecommunications, Media, and Sports and Entertainment.

Quebecor's head office is located at 612 Saint-Jacques Street, Montréal, Québec, Canada H3C 4M8. Its telephone number is (514) 380-1999 and its website address is www.quebecor.com. Any information or documents on the Corporation's website are not, however, included in, nor shall any of such information or documents be deemed to be incorporated by reference into this annual information form.

1.1 THE SUBSIDIARIES

The following organizational chart shows Quebecor's principal subsidiaries as at December 31, 2021 by industry segment, jurisdiction of incorporation or continuation, and, if not wholly-owned, the percentage of equity owned and voting rights held directly or indirectly. Certain subsidiaries whose total assets did not represent more than 10% of Quebecor's consolidated assets or whose revenues did not represent more than 10% of its consolidated revenues as at December 31, 2021 have been omitted. The subsidiaries that have been omitted represented, as a group, less than 20% of Quebecor's consolidated assets and less than 20% of its consolidated revenues as at December 31, 2021. The subsidiaries identified with an asterisk (*) each represent 10% or less of its consolidated assets and 10% or less of its consolidated revenues as at December 31, 2021. They have been included to give a better understanding of Quebecor's overall corporate structure.



ITEM 2 — THE BUSINESS

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

The following table provides information on the Corporation’s revenues for each of its three operating segments during its two most recently completed financial years as well as head office and inter-segments revenues for such periods.

REVENUES BY OPERATING SEGMENT (in millions of dollars)

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|-------------------------------|---------------------------------|---------------------------------|
| Telecommunications | \$3,735.0 | \$3,622.6 |
| Media | \$776.0 | \$650.5 |
| Sports and Entertainment | \$167.0 | \$158.0 |
| Head Office and Inter-segment | (\$123.6) | (\$113.3) |
| TOTAL | \$4,554.4 | \$4,317.8 |

2.1 TELECOMMUNICATIONS

2.1.1 Business Overview

Through Videotron, the Corporation is 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. Videotron’s cable network is the largest broadband network in the Province of Québec covering approximately 81% of the Province of Québec’s estimated 3.8 million premises. The deployment of its LTE-Advanced (“LTE-A”) and 5G wireless networks and its enhanced offering of mobile communication services for residential and business customers will allow Videotron to further consolidate its position as a provider of integrated telecommunication services, as well as an entertainment and content leader. Videotron’s 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, Videotron's customers benefit from extensive coverage in Canada and throughout the world.

Through Quebecor Media, Quebecor owned, as at December 31, 2021, all of the equity and voting interests in Videotron.

2.1.2 Products and Services

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

2.1.2.1 Wireline Services

Videotron's 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 its customers have presented Videotron with significant opportunities to expand its sources of revenue. Videotron currently offers a variety of advanced products and services, including Internet access, digital multiplatform television, wireline telephony and selected interactive services.

- *Helix Services.* Videotron's 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. Videotron has also launched two mobile apps for its Helix customers: (i) the Helix Fi app, which lets customers control their home Wi-Fi network, set time restrictions for children's Internet use, quickly and easily disconnect a device from the network and 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 its advanced cable infrastructure, Videotron offers Internet access to its customers primarily via cable modems. It provides this service at download speeds of up to 400 Mbps to more than 96% of its homes passed. As of December 31, 2021, Videotron had 1,840,800 Internet access customers, representing 60.4% of its total homes passed. Based on internal estimates, Videotron is the largest provider of Internet access services in the areas it serves with an estimated market share of 47.2% as of December 31, 2021.
- *Television.* Videotron currently has 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 the Canadian Radio-television and Telecommunications Commission ("CRTC") regulations, Videotron offers a basic package including basic television channels, access to video-on-demand ("VOD") and an interactive programming guide. Furthermore, most of Videotron's custom packages include the basic package and audio channels providing digital-quality music. Videotron was the first to extend its 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, 2021, Videotron had 1,418,600, customers for its digital television service, representing 46.5% of its total homes passed.

- *Video-On-Demand.* VOD service enables Videotron's customers to rent content from a library of series, movies, documentaries and other programming through their digital gateway, computer, tablet or mobile phone. Videotron's 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, including Club illico and Vrai contents, as well as third party catalogs such as Netflix, YouTube and Amazon Prime (provided customers have a subscription with such service and depending on which application is used), 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 Videotron's customers to order live events, such as sports events, and comedy shows based on a pre-determined schedule. In addition, Videotron offers pay television channels on a subscription basis that allows its customers to access and watch movies available on the linear pay television channels.
- *Wireline Telephony.* Videotron offers wireline telephony service to its residential customers using VoIP technology. As of December 31, 2021, Videotron had 824,900 subscribers to its wireline telephony service, representing a penetration rate of 27.1% of its homes passed.

2.1.2.2 Club illico

Videotron's 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, etc.). In its efforts to offer original content to its customers, Club illico funds the production of series, movies and shows for which it holds first window rights prior to their linear broadcast. Club illico boasts over 674 million viewings since its launch in 2013, making it a key player in the Québec on-demand video entertainment landscape. Club illico is also accessible through a mobile application. As of December 31, 2021, the Club illico service had 460,600 subscribers.

2.1.2.3 Vrai

In August 2021, Videotron launched Vrai, its new subscription-based OTT entertainment service offering all-French, on-demand content, including lifestyle, comedy, reality, food, travel documentary and social issue programming, as well as more than 40 first-run exclusive original Québec productions. The content of Vrai is also available via the Helix and QUB apps. As of December 31, 2021, the new Vrai platform was accessed by 42,800 subscribers.

2.1.2.4 Mobile Services

Videotron is a key player in the Province of Québec in delivering a range of innovative wireless network technologies and services. Its 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, Videotron signed a 20-year agreement with Rogers (“**Rogers**”) for the cooperation and collaboration in the build-out and operation of a shared LTE wireless network in the Province of Québec and the Ottawa region (the “**Rogers LTE Agreement**”). In September 2014, Videotron launched its shared LTE wireless network, with Rogers. Videotron maintains its business independence throughout this agreement, including its product and service portfolios, billing systems and customer data.

Videotron has a total of 130 MHz of mobile spectrum in most regions of Québec and 90 MHz in the Ottawa area, spread across the AWS-1, AWS-3, 600 MHz, 700 MHz and 2500 MHz bands. In July 2021, Vidéotron acquired 294 blocks of spectrum in the 3500 MHz band across the country, more than half of which is concentrated in southern and eastern Ontario, Manitoba, Alberta and British Columbia. During 2020 and 2021, 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, 2021, most households and businesses within Videotron’s cable footprint had access to its advanced mobile services. As of December 31, 2021, there were 1,601,900 lines activated on its wireless network, representing a year-over-year increase of 120,800 lines (8.2%).

2.1.2.5 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, it has significantly grown its customer base and has 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 its service offering enables Videotron Business to meet the growing demand from business customers.

Videotron Business serves 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.

2.1.3 Customer Statistics Summary

The following table summarizes the customer statistics for Videotron's suite of advanced products and services:

| | As of December 31 | | | | |
|---|-----------------------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| | (in thousands of customers) | | | | |
| Revenue-generating units (RGUs) | 6,189.6 | 6,147.9 | 6,076.2 | 5,990.3 | 5,881.1 |
| Mobile Telephony | | | | | |
| Mobile telephony lines | 1,601.9 | 1,481.1 | 1,330.5 | 1,153.8 | 1,024.0 |
| Internet | | | | | |
| Internet customers..... | 1,840.8 | 1,796.8 | 1,727.3 | 1,704.5 | 1,666.5 |
| Penetration ⁽¹⁾ | 60.4% | 60.0% | 58.6% | 58.6% | 58.0% |
| Television | | | | | |
| Television customers..... | 1,418.6 | 1,475.6 | 1,531.8 | 1,597.3 | 1,640.5 |
| Penetration ⁽¹⁾ | 46.5% | 49.3% | 51.9% | 54.9% | 57.1% |
| Wireline Telephony | | | | | |
| Wireline telephony lines | 824.9 | 924.7 | 1,027.3 | 1,113.9 | 1,188.5 |
| Penetration ⁽¹⁾ | 27.1% | 30.9% | 34.8% | 38.3% | 41.4% |
| OTT | | | | | |
| Over-the-top video customers | 503.4 | 469.7 | 459.3 | 420.8 | 361.6 |
| Homes passed⁽²⁾ | 3048.8 | 2,994.7 | 2,950.1 | 2,907.9 | 2,873.7 |

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

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

2.1.4 Pricing of Products and Services

Videotron's revenues are mainly derived from the monthly fees its customers pay for television services, Internet access and mobile and wireline telephony services as well as OTT television services. The rates it charges vary based on the market served and the level of service selected. Rates are adjusted regularly. Videotron also offers discounts to its customers who subscribe to more than one of its services, when compared to the sum of the prices of the individual services provided to these customers. As of December 31, 2021, the average monthly invoice on recurring subscription fees per residential customer was \$111.48 (representing a 6.1% year-over-year decrease) and approximately 71% of its Videotron-branded residential 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 rental of equipment, such as gateways or Wi-Fi routers, can be charged depending on the promotional offer.

2.1.5 Network Technology

2.1.5.1 Wireline Services

As of December 31, 2021, Videotron's cable network consisted of fibre-optic cable and coaxial cable, covering approximately 3.0 million homes and serving approximately 2.6 million customers in the Province of Québec. Its network is the largest broadband network in the Province of Québec covering approximately 81% of premises. Its extensive network supports direct connectivity with networks in Ontario, the Maritimes and the United States.

Videotron's 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.

Videotron has adopted the hybrid fibre coaxial ("**HFC**") network architecture as the standard for its 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, Videotron delivers its 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. Videotron builds its network by implementing cells of 125 homes. As a result of the modernization of its network, its network design now provides for average cells of 159 homes throughout its 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 Videotron 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 Videotron to provide a great service offering of standard definition, HD and now UHD video, as well as complete voice and Internet services.

Videotron currently uses the latest CableLabs DOCSIS 3.1 standard on its network. DOCSIS 3.1 is a new generation technology developed by the CableLabs consortium, of which Videotron is a member. DOCSIS 3.1, uses Orthogonal Frequency-Division Multiplexing (OFDM) modulation and Low-Density Parity Check (LDPC) correction algorithm that provide better resiliency to RF interference and increase throughput for the same spectrum (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 6 Gbps for uploads.

Videotron's strategy of maintaining a leadership position in respect of the suite of products and services that it offers and launching new products and services requires investments in its network to support growth in its customer base and increases in bandwidth requirements. Eighty-eight% of its network in the Province of Québec has been upgraded to a bandwidth of 1002 MHz, the remaining of its 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 its network will be required.

Fibre-optic technology has been used extensively in Videotron's network as part of its HFC architecture. Videotron currently delivers its 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, Videotron is exploring a Fibre to the home ("**FTTH**") solution for its 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, Videotron is 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.

Videotron's 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.

2.1.5.2 Mobile Services

As of December 31, 2021, Videotron's shared LTE network reached 94% of the population of the Province of Québec and the Greater Ottawa Area, allowing the vast majority of its potential clients to have access to the latest mobile services. Almost all of its towers and transmission equipment are linked through its fibre-optic network using a multiple label switching – or MPLS – protocol. Videotron plans to continue developing and enhancing its mobile technological offering by

densifying network coverage and increasing download speeds. Its network is designed to support important customer growth in coming years as well as rapidly evolving mobile technologies.

Videotron's strategy in the coming years is to build on its position as a telecommunication leader with its 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, 5G and heterogeneous networks are being deployed.

On December 13, 2019, following an exhaustive request for proposal process, Videotron selected Samsung as its LTE-A and 5G network equipment provider. During 2020 and 2021, both LTE-A and 5G technologies have been deployed in selected areas and will continue to be deployed for the next few years.

In parallel, Videotron maintained its High Speed Packet Access+ ("HSPA+") network throughout the Province of Québec and over the Greater Ottawa Area. Its HSPA+ customers continue to migrate to next generation networks.

2.1.6 Marketing and Customer Care

Videotron's long term marketing objective is to increase its cash flow through deeper market penetration of its services, development of new services, and revenue and operating margin growth per customer. Videotron believes 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, Videotron is pursuing the following strategies:

- develop attractive bundle offers to encourage its 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 its services – mobile and wireline telephony, Internet access, television and OTT television – to maintain and increase its 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 its existing customer base and to maintain its ABPU;
- develop targeted marketing programs to attract former customers, households that have never subscribed to certain of its services and customers of alternative or competitive services as well as target specific market segments;
- enhance the relationship between customer service representatives and its customers by training and motivating customer service representatives to promote advanced products and services;
- leverage the retail presence of its Videotron-branded stores and kiosks, third-party commercial retailers, and authorized distributors;

- maintain and promote its leadership in content and entertainment by leveraging the wide variety of services offered within the Quebecor Media group to its existing and future customers;
- introduce new value added packages of products and services, which it believes will increase ABPU and improve customer retention;
- leverage its business market, using its network and expertise with its commercial customer base, to offer additional bundled services to its customers; and
- develop new products, services and digital platforms to respond to the technological needs and continuously evolving consumer behaviours.

Videotron continues 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 its customers, Videotron uses 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 Videotron's business strategy. In support of its commitment to customer satisfaction, Videotron continues to provide a 24-hour customer service hotline seven days a week, in addition to its web-based customer service capabilities. All of its customer service representatives and technical support staff are trained to assist customers with all of its products and services, which in turn allows its customers to be served more efficiently and seamlessly. Videotron's 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. Videotron utilizes surveys, focus groups and other research tools to assist in its marketing efforts and anticipate customer needs. To increase customer loyalty, Videotron also leverages strategic partnerships to offer exclusive promotions, privileges and contests which contribute in expanding its value proposition to its customers.

2.1.7 Programming

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

Videotron's 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 Videotron for a flat fee per customer. Videotron's 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.

2.1.8 Competition

Videotron operates in a competitive business environment in the areas of price, product and service offerings and service reliability. It competes 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 its 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, Videotron's subscription based OTT platform offering a rich and varied selection of unlimited on-demand content, allows Videotron to reduce the effect of competition from alternative delivery sources, as well as to reduce churn, and it is a market differentiating factor for customers seeking additional content and home entertainment. Vrai, Videotron's new platform offering unlimited access to lifestyle content, including a host of original French-language productions and exclusive series, will also help Videotron compete with other OTT content providers, as will QUB, where users can access all of Quebecor's entertainment content in one place, live or on demand.
- DSL.* Digital subscriber line technology ("**DSL**") provides customers with Internet access at data transmission speeds greater than that available over conventional telephone lines. DSL service provides access speeds that are comparable to low-to-medium speeds of cable-modem Internet access but that 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 its Internet access services, this model could adversely impact the demand for Videotron's television services.
- VDSL.* Video digital subscriber line ("**VDSL**") technology increases the available capacity of DSL lines, thereby allowing the distribution of digital video. Incumbent local exchange carriers ("**ILECs**") 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 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.

- *Direct Broadcast Satellite (“DBS”).* DBS is also a competitor to Videotron’s 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 Videotron’s 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 its mobile network, Videotron competes against a mix of participants, some of them being active in some or all the products it offers, while others only offer mobile services in its 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 multichannel multipoint distribution systems (“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 Videotron’s 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.* Videotron’s 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 (“ISPs”).* In the Internet access business, cable operators compete against third party ISPs offering residential and commercial Internet access, as well as VoIP and video distribution services. The CRTC requires the large Canadian incumbent cable operators to offer access to their high-speed Internet network to competitive Internet service providers at mandated rates.
- *Business Telecommunications Services.* Videotron Business competes against ILECs, resellers, OTT solution providers (mostly in VoIP solutions), managed service providers and IT solution providers.

2.2 MEDIA

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

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

2.2.1 Broadcasting

Through TVA Group, a subsidiary of Quebecor Media, the Corporation operates the largest French-language private television network in North America. TVA Group is the sole owner of 6 of the 10 television stations composing Réseau TVA (“**TVA Network**”) and a portfolio of specialty channels, namely LCN, TVA Sports, addikTV, Prise 2, YOOPA, CASA, MOI ET CIE, Évasion and Zeste. The specialty channels all have a digital presence, namely through www.qub.ca/TVAPLUS, www.tvanouvelles.ca and www.tvasports.ca which are the three most visited websites of TVA Group. TVA Group also holds interests in two TVA Network affiliates. In addition to linear television, the TVA Network and some specialty channels broadcast on-demand and stream content through their multiplatform applications. Through various subsidiaries and divisions, TVA Group also provides commercial production services.

A complete description of the Broadcasting activities as carried by TVA Group is set forth in its annual information form dated February 18, 2022, and relevant excerpts of such description are reproduced in Schedule A to this annual information form.

2.2.2 Film Production and Audiovisual Services

TVA Group owns MELS Studios and Postproduction G.P., a provider of soundstage, mobile and production equipment rental services, as well as dubbing and described video, postproduction, virtual production, and visual effects services to the film and television industries.

A complete description of Film Production and Audiovisual Services activities as carried by TVA Group is set forth in its annual information form dated February 18, 2022, and relevant excerpts of such description are reproduced in Schedule A to this annual information form.

2.2.3 Magazine Publishing

Through its subsidiary, TVA Publications Inc., TVA Group publishes more than 50 French and English-language titles in various fields including show business, television, fashion and beauty, food, travel and lifestyle. They also market digital products associated with the different magazine brands. It is the top French-language magazine publisher in Québec and a leader in the Canadian magazine publishing industry.

A complete description of Magazine Publishing activities as carried by TVA Group is set forth in its annual information form dated February 18, 2022, and relevant excerpts of such description are reproduced in Schedule A to this annual information form.

2.2.4 Production and Distribution

Through the companies in the Incendo group, TVA Group produces and distributes television shows, movies and television series for the world market.

A complete description of Production and Distribution activities as carried by TVA Group is set forth in its annual information form dated February 18, 2022, and relevant excerpts of such description are reproduced in Schedule A to this annual information form.

2.2.5 Newspaper Publishing

2.2.5.1 Newspaper Operations

Quebecor operates its newspaper business, namely *Le Journal de Montréal*, *Le Journal de Québec* and the *24 Heures* through MediaQMI. Its daily newspapers disseminate information in traditional printed ways and through daily urban newspaper websites, namely www.journaldemontreal.com and www.journaldequebec.com.

Paid daily newspapers

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

According to corporate figures, the aggregate circulation of the Media segment's paid and free newspapers as of December 31, 2021 was approximately 1.4 million copies per week in print and electronic formats.

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

The following table lists the respective average readership in 2021 for *Le Journal de Montréal* and *Le Journal de Québec* as well as their market position versus other paid daily newspapers by weekly readership during that period, according to the Vividata study:

| NEWSPAPER | 2021 AVERAGE READERSHIP | | | MARKET POSITION BY READERSHIP ⁽¹⁾ |
|---------------------------------------|-------------------------|------------------|------------------|--|
| | SATURDAY | SUNDAY | MON-FRI | |
| <i>Le Journal de Montréal</i> | 1,749,000 | 1,477,000 | 1,201,000 | 1 st |
| <i>Le Journal de Québec</i> | 979,000 | 764,000 | 593,000 | 1 st |
| Total Average Readership | 2,728,000 | 2,241,000 | 1,794,000 | |

(1) Based on the Vividata Study.

The following table lists the respective average daily paid circulation in 2021 for *Le Journal de Montréal* and *Le Journal de Québec*:

| | 2021 AVERAGE PAID CIRCULATION | | |
|---|-------------------------------|----------------|----------------|
| | SATURDAY | SUNDAY | MON-FRI |
| <i>Le Journal de Montréal</i> | 145,800 | 120,200 | 125,000 |
| <i>Le Journal de Québec</i> | 72,200 | 67,300 | 65,900 |
| Total Average Paid Circulation | 218,000 | 187,500 | 190,900 |

Source: Internal Statistics

Free daily newspaper

Quebecor has been publishing one free daily commuter publication in the Montréal urban market: the *24 Heures*. The editorial content of this free daily commuter publication has focused on the greater metropolitan area of Montréal.

On February 4, 2021, the Corporation announced a major repositioning, new editorial mission and new identity geared to younger readers of the *24 Heures*. The content has expanded to include topical new subject areas. It also announced a digital shift to www.24heures.ca. One weekly print edition will be published and will remain free.

2.2.5.2 Competition

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

2.2.5.3 Advertising, Circulation and Digital Revenues

Advertising revenue is the largest source of revenue for Quebecor's newspaper operations, representing 43.5% of its newspaper operations' total revenues in 2021. Advertising rates are based upon the size of the market in which each newspaper operates, circulation, readership, demographic composition of the market and the availability of alternative advertising media.

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

Circulation sales are its newspaper operations' second-largest source of revenue and represented 37.0% of total revenues of its newspaper operations in 2021.

Digital revenues represented 16% of total revenues for its newspaper operations in 2021. Digital revenues are generated from advertising on its websites and digital subscriptions to the e-editions of its newspapers. Revenues from digital products represent a potential growth opportunity for its newspaper operations.

2.2.5.4 Seasonality and Cyclicity

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

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

2.2.6 Other Operations

2.2.6.1 Commercial Printing

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

It also offers third party commercial printing services, which provides it with an additional source of revenue that leverages existing equipment with excess capacity. In its third party commercial printing operations, it competes with other newspaper publishing companies as well as commercial printers. Its competitive strengths in this area include its modern equipment, and its ability to price projects on a variable cost basis, as its core newspaper business covers overhead expenses.

2.2.6.2 Distribution of periodicals in Québec

Through Messageries Dynamiques, a division of Quebecor Media Network, Quebecor delivers magazines and newspapers to dealers through a network that serves nearly 6,500 points of sale. Its home delivery service brings many Québec and Canadian dailies, including *Le Journal de Montréal* and *Le Journal de Québec*, to more than 172,700 homes every day.

2.2.6.3 Out-of-Home Advertising

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

2.2.6.4 Production of Digital Content

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

NumériQ also operates a number of other digital brands, including *Le Guide de l'auto*, *Le sac de chips*, *Pèse sur Start*, *Silo 57* and *24 Heures.ca*. Moreover, QUB radio, an online and mobile audio platform with a live radio stream and a library of podcasts, was launched by NumériQ in October 2018.

NumériQ designs, develops and operates the apps and websites of the Media segment. Quebecor's apps and websites reach 6.8 million unique visitors per month in Canada.

On May 4, 2020, Quebecor launched QUB musique, the first streaming platform designed and produced in Québec. Accessible via a mobile application and on the web, QUB musique offers a catalogue of over 75 million songs available on demand, as well as hundreds of playlists created by local curators.

Competition in the music streaming industry is fierce as there are many international players available in the Canadian market for consumers to choose from. QUB musique differentiates itself by offering a unique showcase for Québec talent.

All of Quebecor's digital content is now available on QUB, its new platform launched on September 15, 2021. QUB offers users all of its news and entertainment brand content together in one place. Available on the web or a mobile app, QUB hosts Quebecor's news, video, music and radio content in a feed customizable according to user interest, and generates personalized suggestions of articles, video and audio clips, music playlists and podcast from more than 50 Quebecor sources and media outlets.

2.3 SPORTS AND ENTERTAINMENT

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

2.3.1 Videotron Centre

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

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

On September 12, 2021, the Videotron Centre completed its sixth full year of operation. During the year 2021, the Videotron Centre was forced to cease its activities due to the COVID-19 pandemic and restrictions imposed by the Québec government to limit the spread of the virus. Due to COVID-19 restrictions in effect most of the calendar year 2021, very few events took place.

On July 2, 2021 the Videotron Centre was allowed by public health guidelines to re-open, albeit not at full capacity, to broadcast live games of the 2021 Stanley Cup final to up to 3,500 spectators. As

of October 8, 2021, following the Québec government's relaxation of health rules for certain activities, the Videotron Centre was able to welcome spectators at full capacity so long as they were adequately vaccinated, seated for the event, and wearing a mask. On December 17, 2021, the Quebec government announced temporary closure of all venues throughout Quebec, in effect until late January 2022.

2.3.2 Théâtre Le Capitole de Québec

In 2020, the Sports and Entertainment segment announced the acquisition of the Théâtre Capitole in the heart of Québec City's entertainment district. The theater is well known in Québec and is one of the busiest in the region with over 175 events per year. Due to COVID-19 restrictions, the Corporation was not able to start operations in 2020 as planned. Quebecor was however able to operate with certain restrictions a large portion of 2021, until it was again shutdown on December 17, 2021.

2.3.3 Cabaret du Casino de Montréal

On October 6, 2021, Quebecor announced that GesteV, a subsidiary of Quebecor Sports and Entertainment Group, was becoming the new manager of the multipurpose hall Cabaret du Casino de Montréal, located in the Québec pavilion. It is the largest casino in Canada and the first venue in Québec to be equipped with 3D audio, creating an unforgettable surround sound experience. GesteV plans to position the venue as one of the city's premier performance spaces. Shows began on October 27, 2021. However, it was shut down temporarily on December 17, 2021 due to COVID-19 restrictions.

2.3.4 QMJHL Hockey Teams

Quebecor owns two QMJHL franchises, namely the *Armada de Blainville-Boisbriand* (73.3%) and *Les Remparts de Québec* (100%).

2.3.5 Event Production and Management and live-event production

Through GesteV, a sports and cultural events manager, site manager and producer with activities in the Province of Québec and the cities of Ottawa, Toronto and Edmonton, Quebecor produces or has produced numerous high-profile events such as the Red Bull Crashed Ice (urban extreme ice skating race), Vélirium (International Mountain Bike Festival and UCI World Cup), the Transat Québec Saint-Malo (transatlantic sailing race), Ski Tour (FIS Cross-Country World Cup), the Jamboree (including the FIS Snowboard and Freestyle Skiing World Cups), PBR Major Event (Professional Bull Rider event), FIVB Beach Volley World Finals and the Marathon de Québec (a 3-day running event). Quebecor also produces, on an annual basis, approximately 200 corporate, private and public events. Quebecor also manages the site of the Baie de Beauport, a beach in Québec City. Many scheduled events were cancelled due to COVID-19 restrictions, including the 2020 and 2021 Québec City Marathons.

2.3.6 Book Distribution and Publishing

Quebecor is also involved in book publishing and distribution through academic publisher CEC Publishing, 18 general literature publishers under the Sogides umbrella, and Messageries A.D.P. Inc. ("**Messageries ADP**"). Through Sogides and the academic publisher CEC Publishing, Quebecor is involved in French-language book publishing and it forms one of the Province of Québec's largest book publishing groups. In 2021, Quebecor published or reissued a total of 302 titles in paper format and 306 titles in digital format.

As of December 31, 2021, through Messageries ADP, its book distribution company, Quebecor is the exclusive distributor for more than 260 Québec and European French-language publishers. It distributes French-language books to approximately 2,500 retail outlets in Canada. In addition, Messageries ADP distributes approximately 11,000 digital books. It is Canada's largest distributor of French books with more than 61,000 titles available for sale.

2.3.7 Music

With its three labels (Musicor, Ste4 and MP3), Quebecor produces audio and video recordings as well as shows through its "Musicor Spectacles" division. On February 10, 2021 Quebecor announced the acquisition of Les Disques Audiogramme inc. ("**Audiogram**"), a record company that is one of Canada's best-known French-language labels. Although they are mostly French-speaking, its artists shine not only in Québec but also internationally. With the addition of Audiogram, Quebecor is well positioned to showcase the next generation of talented local artists.

Through certain divisions and subsidiaries of Select Music, Quebecor offers services in the following areas: music recording, video production and creative licensing, including music for films, advertising and television shows.

During calendar year 2021, Quebecor announced and proceeded with the closure of its distribution branches (Distribution Select and Trans Canada).

2.3.8 Competition

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

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

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

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

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

2.4 INTELLECTUAL PROPERTY

The Corporation uses a number of trademarks for its products and services. Many of these trademarks are registered by the Corporation in the appropriate jurisdictions. In addition, it has legal rights in the unregistered marks arising from their use. The Corporation has taken affirmative legal steps to protect its trademarks and it believes its trademarks are adequately protected.

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

The Corporation has registered a number of domain names under which it operates websites associated with its television, publishing and Internet operations. As every Internet domain name is unique, its domain names cannot be registered by other entities as long as its registrations are valid.

2.5 INSURANCE

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

2.6 EMPLOYEES

As of December 31, 2021, the Corporation had 9,172 employees on a consolidated basis. As of December 31, 2020, and 2019, it had 9,787 and 10,038 employees on a consolidated basis, respectively. A number of its employees work part-time. The following table sets forth certain information relating to the Corporation's employees in each of its operating segments as of December 31, 2021:

| Business segments | Total number of employees | Number of employees under collective bargaining agreements | Number of collective bargaining agreements |
|---------------------------------------|---------------------------|--|--|
| Telecommunications | 5,841 | 3,511 | 5 |
| Videotron..... | 5,795 | 3,473 | 4 |
| Other | 46 | 38 | 1 |
| Media | 2,703 | 1,150 | 20 |
| MediaQMI | 250 | 127 | 6 |
| TVA Group | 1,815 | 864 | 9 |
| Other | 638 | 159 | 5 |
| Sports and Entertainment | 458 | 105 | 2 |
| Corporate | 170 | - | - |
| Total | 9,172 | 4,766 | 27 |

As of December 31, 2021, 52% of its employees were represented by collective bargaining agreements. Through its subsidiaries, the Corporation is party to a total of 27 collective bargaining agreements:

- Videotron is party to four collective bargaining agreements, representing 3,473 unionized employees. The collective bargaining agreement covering 2,542 unionized employees in the Montréal region was renewed on June 21, 2021 and is valid until December 31, 2025. There are also two collective bargaining agreements covering unionized employees in the Québec City (467 unionized employees) and Saguenay regions (223 unionized employees), which expired on December 31, 2021, and for which negotiations are in progress. The collective bargaining agreement covering 241 unionized employees in the Gatineau region expired on August 31, 2021. Negotiations are in progress for this agreement.
- One other collective bargaining agreement covering 38 unionized employees of SETTE inc., a subsidiary of Videotron, expired on December 31, 2018. The negotiation phase is currently underway.
- MediaQMI is party to six collective bargaining agreements, representing 127 unionized employees. Of these six collective bargaining agreements, one is valid until December 31, 2024, one is valid until June 30, 2023, and another is valid until June 30, 2022. Two will expire in December 2022, and another one will expire in April 2023.
- TVA Group is party to nine collective bargaining agreements, representing 864 unionized employees. Of these nine collective bargaining agreements, one is valid until December 31, 2024. Five agreements are expired, with one of these currently in the negotiation phase. Two other agreements will expire on December 2022, and another agreement will expire on December 31, 2023.
- Other subsidiaries of the Media segment are party to various collective agreements, representing 159 unionized employees:

| Entities | Employees | Terms | Comments |
|-------------------------------------|-----------|------------|--------------------------|
| RéseauQMI Mirabel – Office | 43 | 12/31/2021 | Negotiations in progress |
| Mirabel – Expedition | 47 | 12/31/2022 | None |
| RéseauQMI Québec – Warehouse/Office | 14 | 09/30/2024 | None |
| Mirabel – Printing / Maintenance | 30 | 05/30/2026 | None |
| RéseauQMI Mirabel – Warehouse | 25 | 12/31/2022 | None |

- Our Sports and Entertainment segment is party to two collective bargaining agreements, representing 108 unionized employees:

| Entities | Employees | Terms | Comments |
|---------------|-----------|------------|------------------------------|
| Édition CEC | 28 | 12/31/2022 | None |
| ADP - Sogides | 77 | 12/31/2021 | Negotiations are in progress |

The Corporation currently has no labour disputes, nor does it currently anticipate any such labour dispute in the near future.

The Corporation can neither predict the outcome of current or future negotiations relating to labour disputes, if any, union representation or renewal of collective bargaining agreements, nor guarantee that it will not experience work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations.

If its unionized workers engage in a strike or any other form of work stoppage, the Corporation could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could adversely affect its business, assets, financial position, results of operations and reputation. Even if the Corporation does not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect its business and results of operations. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, the Corporation's ability to make short-term adjustments to control compensation and benefits costs is limited by the terms of its collective bargaining agreements.

2.7 ENVIRONMENT

Some of the Corporation's 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 its operations.

Compliance with these laws has not had, and management does not expect it to have, a material effect upon its 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. The Corporation has monitored the changes closely and has modified its practices where necessary or appropriate.

The Corporation's 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 its properties and require further study or remedial measures. As part of its Film Production and Audiovisual Services Business, Quebecor owns certain studios and vacant lots, some of which are located on a former landfill, which produces landfill gas. Where applicable, the landfill gas is managed in accordance with provincial regulations.

The Corporation is not currently conducting or planning any material study or remedial measure. Furthermore, the Corporation cannot provide assurance that all environmental liabilities have been determined, that any prior owner of its properties did not create a material environmental condition not known to it, 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.

The Corporation is 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 its operations, notably by damaging its infrastructure and increasing the stress on its telecommunications network. The Corporation is increasing the resiliency of its 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 3 — HIGHLIGHTS

The three-year highlight information for the Corporation's Broadcasting, Film Production and Audiovisual Services, Magazine Publishing and Production and Distribution activities carried on by TVA Group is contained in its annual information form dated February 18, 2022, the relevant excerpts of which are reproduced in Schedule A to this annual information form.

3.1 RECENT DEVELOPMENTS

On February 23, 2022, the Board of Directors of Quebecor declared a quarterly dividend of \$0.30 per share on its Class A Multiple Voting Shares and Class B Subordinate Voting Shares, a 9% increase.

On February 15, 2022, TVA Group amended its \$75.0 million secured revolving credit facility to extend its term from February 2022 to February 2023 and amend certain terms and conditions.

3.2 HIGHLIGHTS FOR 2021

3.2.1 Quebecor

On February 24, 2021, the Board of Directors of Quebecor declared a quarterly dividend of \$0.275 per share on its Class A Multiple Voting Shares and Class B Subordinate Voting Shares. The 38% increase is in line with the Corporation's dividend target of 30% to 50% of free cash flows.

3.2.2 Quebecor Media

On July 5, 2021, Quebecor Media completed the early redemption of the entirety of its 6.625% Senior Notes due January 15, 2023, in aggregate principal amount of \$500.0 million, at a redemption price of 107.934% of their principal amount, in accordance with a notice issued on June 3, 2021.

3.2.3 Telecommunications

On January 22, 2021, Videotron issued \$650.0 million aggregate principal amount of 3.125% Senior Notes maturing on January 15, 2031, for net proceeds of \$644.0 million, net of financing fees of \$6.0 million.

On March 22, 2021, Videotron entered into agreements with the Quebec government and the government of Canada jointly aimed at achieving government targets for the roll-out of high-speed Internet services in various regions of Québec. Under these agreements, Videotron is expanding its high-speed Internet network to connect approximately 37,000 more households and governments have undertaken to provide financial assistance in the amount of approximately \$258.0 million, which will be used in its entirety for the extension of Videotron's network.

On April 1, 2021, Videotron announced the acquisition of Cablovision Warwick Inc. ("Cablovision Warwick") and its network, which has been serving the municipalities of Warwick, Kingsey Falls and Saint-Félix-de-Kingsey in the Centre-du-Québec region for more than four decades. Cablovision Warwick's customers will therefore have access to Videotron's network and its line of products and services.

On April 1, 2021, Alithya Group Inc ("Alithya"), a strategy and digital transformation leader, acquired the firm R3D Conseil inc. ("R3D Conseil") of which Quebecor was one of the main shareholders. As part of this transaction, Quebecor obtained 11.9% of Alithya's share capital and 6.7% of voting rights related to Alithya's issued and outstanding shares. The corresponding \$19.6 million gain on disposal was accounted for in the second quarter of 2021. This transaction also includes purchase commitments from Quebecor for Alithya's services totalling approximately \$360.0 million as part of a 10-year commercial agreement.

On May 12, 2021, Videotron announced the roll-out of its 5G network in Québec City, following the successful launch in Montréal in December 2020.

On June 4, 2021, Jean-François Pruneau resigned as President and Chief Executive Officer of Videotron to pursue personal investment projects. Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor, took over as President of Videotron.

On June 17, 2021, Videotron issued \$750.0 million aggregate principal amount of 3.625% Senior Notes due June 15, 2028, for net proceeds of \$743.2 million, net of financing costs of \$6.8 million.

Videotron also issued US\$500.0 million aggregate principal amount of 3.625% Senior Notes due June 15, 2029, for net proceeds of \$599.6 million, net of financing costs of \$5.8 million.

On July 6, 2021, Videotron completed the early redemption of the entirety of its 5.000% Senior Notes due July 15, 2022, in aggregate principal amount of US\$800.0 million, at a redemption price of 104.002% of their principal amount, in accordance with a notice issued on June 3, 2021. The related hedges in an asset position were also unwound.

On July 29, 2021, Quebecor announced an investment of nearly \$830.0 million in the acquisition by Videotron of 294 blocks of spectrum in the 3500 MHz band across the country. More than half of the investment is concentrated in four Canadian provinces outside Québec: southern and eastern Ontario, Manitoba, Alberta and British Columbia.

On August 17, 2021, Videotron launched Vrai, a new Québec subscription platform that will meet the strong demand for unscripted lifestyle, documentary and entertainment content. In its first year, Vrai offered thousands of hours of all-French, on-demand content, including more than a hundred new original Québec productions.

3.2.4 Media

On February 11, 2021, TVA Group amended its \$75.0 million secured revolving credit facility to extend its term from February 2021 to February 2022 and amend certain terms and conditions.

On July 16, 2021, TVA Group announced that the studios of Canadian film and television industry leader MELS will be enlarged with the construction of MELS 4, with the support of Investissement Québec and the City of Montréal. The project will strengthen MELS' position on the market for foreign blockbusters and series.

On September 15, 2021, Quebecor unveiled the new QUB digital platform, which brings together all of its news and entertainment content in one place. Available on the Internet and via a mobile app, QUB is differentiated by its vast quantity of multi-source, multi-format content, including text, music, video and audio, available live or on demand on a single platform to support discoverability.

On October 28, 2021, TVA Group announced the appointment of Régine Laurent to its Board of Directors, bringing the number of directors to eight. Ms. Laurent chaired the Laurent Commission and is the former president of the Fédération interprofessionnelle de la santé du Québec. Her know-how, expertise and knowledge of media will be valuable assets for TVA's Board.

On October 28, 2021, TVA Group announced that France Lauzière would be resigning from her position as President and Chief Executive Officer of TVA for personal reasons, after taking time off from her professional duties for the same reasons starting on April 14, 2021. Since joining the corporation in 2001, Ms. Lauzière has helped strengthen TVA's dominant position as Québec's television leader. She remains available to work with the company on strategic projects and to contribute her expertise in content. Pierre Karl Péladeau will continue to serve as acting President of TVA.

In December 2021, Investissement Québec granted TVA Group an interest free unsecured loan for a maximum amount of \$25.0 million in order to support the construction of MELS' fourth production studio. The loan contains certain restrictive covenants as well as typical representations and warranties. As of December 31, 2021, no amount was drawn on the unsecured loan.

3.2.5 Sports and Entertainment

On February 1, 2021, the Sports and Entertainment segment acquired Les Disques Audiogramme inc., the largest independent French-language record label in North America, which also includes Éditorial Avenue, Canada's largest French-language music publisher, in order to continue supporting talented Québec artists and promoting the dissemination of Québec music.

On October 6, 2021, Event Management GesteV inc., an entity in the Sports and Entertainment segment, became the new manager of the Cabaret du Casino de Montréal multipurpose hall. The Casino de Montreal is the largest casino in Canada and the first venue in Quebec to be equipped with 3D audio, creating an unforgettable surround sound experience. Quebecor plans to position the venue as one of the city's premier performance spaces.

3.3 HIGHLIGHTS FOR 2020

3.3.1 Quebecor

Quebecor's \$50.0 million revolving credit facility expired on July 15, 2020 and was not renewed.

3.3.2 Telecommunications

Videotron placed 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. Videotron was also on the 2020 list of Montréal's Top Employers released by Mediacorp Canada Inc. on January 30, 2020.

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.

On December 15, 2020, Videotron announced the launch of its 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.

3.3.3 Media

On February 21, 2020, TVA Group had lowered the size of the facility from \$150.0 million to \$75.0 million and amended certain terms and conditions.

On September 30, 2020, TVA Group announced that MELS Studios and Postproduction had obtained Dolby Atmos Home Entertainment 9.1.4 certification, a Canadian first. Dolby reserves this certification for companies that meet the highest standards in order to provide moviegoers around the world with optimal sound quality.

3.3.4 Sports and Entertainment

On June 17, 2020, the Sports and Entertainment segment announced the acquisition of the Théâtre Capitole in Québec City. The acquisition of the unique, hundred-year-old, 1,300-seat venue will enhance the Québec City entertainment scene.

3.4 HIGHLIGHTS FOR 2019

3.4.1 Quebecor

On January 7, 2019, Quebecor announced the following corporate management changes:

- Mr. Marc M. Tremblay was appointed Chief Operating Officer, Chief Legal Officer and Corporate Secretary of Quebecor and Quebecor Media. Mr. Tremblay was previously Senior Vice President, Chief Legal Officer and Public Affairs, and Corporate Secretary of Quebecor and Quebecor Media.

3.4.2 Quebecor Media

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

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

3.4.3 Telecommunications

On January 24, 2019, Videotron sold its 4Degrees Colocation Inc. (“**4Degrees Colocation**”) data centre operations for an amount of \$261.6 million, which was fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by Videotron in the second quarter of 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of \$97.2 million, net of income taxes of \$18.5 million, was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of future conditional adjustments. In the second quarter of 2020, a gain of \$30.8 million, net of income taxes of \$4.7 million, was recorded as certain adjusting conditions were achieved. The results of operations and cash flows of these businesses were reclassified as discontinued operations in the consolidated statements of income and cash flows.

On April 10, 2019, Videotron purchased 10 blocks of low-frequency spectrum in the 600 MHz band in ISED’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.

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

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

On December 13, 2019, Videotron announced that Samsung Electronics Co. Ltd. has been chosen as its partner for the roll-out of LTE-A and 5G radio access technology in Québec and in the Ottawa area.

3.4.4 Media

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

On February 13, 2019, TVA Group amended this secured revolving credit facility to extend its term to February 2020 and to amend certain terms and conditions of the facility.

On April 1, 2019, under an agreement reached on February 22, 2019, TVA Group acquired the companies in the Incendo Group, a Montreal-based producer and distributor of television programs for international markets, for approximately \$19.5 million subject to certain adjustments.

3.4.5 Sports and Entertainment

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

ITEM 4 — DIRECTORS AND OFFICERS

4.1 DIRECTORS

The board of directors of Quebecor (the “**Board**”) is responsible for supervising the management of the business and affairs of the Corporation, with the objective of increasing shareholder value. It is also responsible for the sound governance of the Corporation and, as such, must supervise effectively and independently the activities and business of the Corporation, which are conducted on a daily basis by management. The Board may delegate certain tasks to its committees. Such delegation does not relieve the Board from its overall responsibilities with regard to the management of the Corporation.

The mandate of the Corporation’s board of directors, as amended on November 3, 2021 is attached as Schedule B to this annual information form.

The Articles of the Corporation provide that the board of directors shall consist of a minimum of three and a maximum of fifteen directors and further provide that the members of the board of directors shall be divided into two classes of directors. The holders of Class B Subordinate Voting Shares (“**Class B Shares**”), voting separately as a class, are entitled to elect 25% of the entire board of directors or, if 25% of the entire board of directors is not a whole number, the next higher whole number of members of the board of directors which shall constitute at least 25% of the entire board of directors (the “**Class B Directors**”). The holders of Class A Multiple Voting Shares (“**Class A Shares**”), voting separately as a class, are entitled to elect the remaining members of the board of directors (the “**Class A Directors**”).

The Board of Quebecor consists of eight directors. The term of office of each director expires upon the election of his or her successor unless he or she resigns from office or his or her office becomes vacant by death, removal or other cause. The following table sets forth, as at March 10, 2022, the names, place of residence and principal occupation of the directors and the year in which they were first appointed or elected director, as well as the board committees on which each director sits.

All information in this section has been provided to the Corporation by its directors.

| CLASS A DIRECTORS | | |
|---|---|----------------|
| Name and place of residence | Principal Occupation | Director Since |
| André P. Brosseau ⁽¹⁾⁽²⁾ Montréal, Québec, Canada | Chair of the Board and Chief Executive Officer Du Musée Investments Inc. (Family Office) | 2016 |
| Michèle Colpron, FCPA-FCA, ASC ⁽¹⁾ Saint-Lambert, Québec, Canada | Corporate Director | 2020 |
| Sylvie Lalande ASC-C.Dir ⁽²⁾ Lachute, Québec, Canada | Vice Chair of the Board and Lead Director of Quebecor Inc. and Quebecor Media Inc. Corporate Director Chair of the Board of TVA Group Inc. | 2011 |
| The Right Honourable Brian Mulroney, P.C., C.C., LL.D. Montréal, Québec, Canada | Senior Partner, Norton Rose Fulbright Canada LLP (Law firm) Chair of the Board of Quebecor Inc. and Quebecor Media Inc. | 1999 |
| Robert Paré Montréal, Québec, Canada | Corporate Lawyer and Strategic Advisor, Fasken Martineau DuMoulin LLP (Law firm) | 2014 |
| Érik Péladeau Sainte-Adèle, Québec, Canada | President, Cie de Publication Alpha Inc. (Holding company) | 2015 |
| CLASS B DIRECTORS | | |
| Name and place of residence | Principal Occupation | Director Since |
| Chantal Bélanger, FCPA-FCGA, ASC-C.Dir ⁽¹⁾ Blainville, Québec, Canada | Corporate Director | 2018 |
| Lise Croteau, FCPA-FCA, ASC ⁽²⁾ Mont-Tremblant, Québec, Canada | Corporate Director | 2019 |

(1) Member of the Audit and Risk Management Committee.

(2) Member of the Human Resources and Corporate Governance Committee.

Each of the aforementioned directors has, during the past five years, carried on his or her current principal occupation or held other management positions with the same or other associated companies or firms, including affiliates and predecessors, indicated opposite his or her name, with

the exception of Lise Croteau who, from 1986 to 2018, held various management positions at Hydro-Québec, and more particularly that of Executive Vice President and Chief Financial Officer from 2015 to March 2018, and Érik Péladeau who was President of Groupe Lelys Inc. until June 30, 2018.

4.2 EXECUTIVE OFFICERS

The following table provides the names of each of the Corporation's executive officers, their place of residence and his or her position in the Corporation as at March 10, 2022.

| Name and place of residence | Position in the Corporation |
|---|--|
| The Right Honourable Brian Mulroney, P.C., C.C., LL.D. Montréal, Québec, Canada | Chair of the Board* |
| Sylvie Lalande, ASC-C.Dir Lachute, Québec, Canada | Vice Chair of the Board and Lead Director* |
| Pierre Karl Péladeau Montréal, Québec, Canada | President and Chief Executive Officer |
| Jonathan Lee Hickey Montréal, Québec, Canada | Senior Vice President, Legal Affairs and Corporate Secretariat |
| Hugues Simard Montréal, Québec, Canada | Chief Financial Officer |
| Marc M. Tremblay Montréal, Québec, Canada | Chief Operating Officer and Chief Legal Officer |
| Jean-François Parent Verdun, Québec, Canada | Vice President and Treasurer |
| Denis Sabourin Mille-Isles, Québec, Canada | Vice President and Corporate Controller |

* Mr. Brian Mulroney serves as Chair of the Board of Quebecor. This position is held on a part-time basis. He is not considered to be a member of the management team. Ms. Sylvie Lalande serves as Vice Chair and Lead Director of Quebecor also on a part-time basis and is not considered to be a member of the management team.

All of Quebecor's executive officers have held the positions and principal occupations indicated above or other positions within the Quebecor group of companies for the past five years, except for:

- Hugues Simard who was Executive Vice-President and Chief Financial Officer of Indigo Books & Music Inc. in Toronto from June 2017 to December 2018. Prior to this, over a period of nearly 20 years, he held a series of key positions with various Quebecor subsidiaries, including Senior Vice-President and Chief Financial Officer of Videotron from 2014 to 2017.

As of March 10, 2022, to the knowledge of the Corporation and according to the information received, its directors and officers, as a group, beneficially owned or exercised control or direction

over 69,878,056 of its Class A Shares (or 90.77% of the Class A Shares) and 933,850 of its Class B Shares (or 0.58% of the Class B Shares).

4.3 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the Corporation's knowledge and based upon information provided to it by the directors and executive officers, in the last ten years, no director or executive officer of the Corporation, with the exception of the person listed hereunder, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, (i) is or has been a director or executive officer of any other corporation that, while that person was acting in that capacity or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any bankruptcy or insolvency laws, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) became bankrupt, made a proposal under any bankruptcy or insolvency laws, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

André P. Brosseau was a director of Virtutone Network Inc. until November 2014. This corporation filed, in January 2015, a notice of intention to make a proposal under the Bankruptcy and Insolvency Act.

To the Corporation's knowledge and based upon information provided to it by the directors and executive officers, in the last ten years, no director or executive officer of the Corporation, with the exception of the person listed hereunder, is or has been a director, chief executive officer or chief financial officer of any corporation that was the subject of a cease trade order or similar order, or an order that denied the corporation access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued while that director or executive officer was acting in such capacity, or that was issued after the director or executive officer ceased to be acting in such capacity and which resulted from an event which occurred while the director or executive officer was acting in such capacity.

On May 5, 2012, André P. Brosseau was a director of Aptilon Corporation (now DMD Digital Health Connections Group Inc.) while a cease trade order in respect of all of DMD's securities was issued by the *Autorité des marchés financiers* as a result of the failure to file annual audited financial statements, related management's discussion and analysis and certification of annual filings for the year ended December 31, 2011. In July 2012, similar cease trade orders were issued by the securities regulatory authorities in each of the provinces of British Columbia, Manitoba, Alberta and Ontario. On February 22, 2013, the Alberta Securities Commission issued similar orders as a result of the failure to file annual audited financial statements, related management's discussion and analysis and certification of annual filings for the fiscal year 2011 and interim periods ended March 31, June 30 and September 30, 2012. On August 28, 2014, the cease trade orders were lifted and DMD Digital Health Connections Group Inc. resumed trading on the NEX stock exchange on October 22, 2014.

ITEM 5 — AUDIT AND RISK MANAGEMENT COMMITTEE

5.1 MANDATE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of Quebecor (the "**Audit Committee**") assists the board of directors in overseeing i) the effectiveness of internal and the 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 risk of Quebecor. The Audit Committee

also oversees the Corporation's compliance with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

The mandate of the Audit Committee was reviewed by the board of directors of the Corporation on August 5, 2020. The mandate of the Audit Committee is attached as Schedule C to this annual information form.

5.2 COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

As of March 10, 2022, the Audit Committee is composed of Chantal Bélanger (Chair), Michèle Colpron and André P. Brosseau.

Quebecor's board of directors has determined that each of the members of the Audit Committee is independent and financially literate within the meaning of *Regulation 52-110 Respecting Audit Committees* ("**Regulation 52-110**").

5.3 RELEVANT EDUCATION AND EXPERIENCE

| Member | Relevant Education and Experience |
|-----------------------------|---|
| Chantal Bélanger (Chair) | Ms. Bélanger is a Fellow of the <i>Ordre des comptables professionnels agréés du Québec</i> . 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. She has been a director at the Société de services financiers Fonds FMOQ Inc. since 2014 and chairs its Audit Committee. She was a director at Capital régional et coopératif Desjardins from 2012 to December 2019, and was the 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. She was a director and Chair of the Audit Committee at the Régie des Rentes du Québec from 2009 to 2015. 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 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. |

| Member | Relevant Education and Experience |
|-------------------|--|
| Michèle Colpron | <p>Ms. Colpron is a Fellow of the <i>Ordre des comptables professionnels agréés du Québec</i>. She has over 30 years experience in leadership roles in the financial services industry. She held senior positions from 2000 to 2012 at CDPQ where she was Senior Vice President, Financial Management. She was also 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 international business began in 1989 with Ernst & Young in London followed by Hong Kong in 1991 until 1993 as audit manager. Ms. Colpron has served as 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 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 Barreau of Québec from 2012 until 2020.</p> |
| André P. Brosseau | <p>Mr. Brosseau has worked in the investment banking industry since 1986. From 1994 to 2007, he held various executive positions with CIBC, 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 currently serves as Chair 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. Until the sale of the company in the summer of 2021, he was a director, chairman of the audit committee and chairman of the compensation committee of DMD Digital Health Connections Group Inc., a digital solutions company of which he was one of the five founders and which specializes in digital media for pharmaceutical companies. Mr. Brosseau is vice chair of the board and owner of Quintess (formerly Grupo Cimcorp Brazil), an IT company specializing in outsourcing, digital transformation, and telecommunication infrastructure management with over 3,000 employees.</p> |

5.4 RELIANCE ON CERTAIN EXEMPTIONS

Quebecor has not used or relied upon any exemption pursuant to Regulation 52-110 at any time during the most recently completed financial year.

5.5 PRE-APPROVAL POLICY

The Audit Committee adopted an Audit and Non-Audit Services Pre-Approval Policy. This policy sets forth the procedures and the conditions pursuant to which services proposed to be performed by the external auditor must be pre-approved.

Once the list of audit and non-audit services has been pre-approved by the Audit Committee, the Chief Financial Officer of the Corporation may hire the auditor for specific tasks or engagements that comply with the conditions previously approved by the Audit Committee. The Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee for services to be provided by the external auditor that do not exceed \$250,000. For services in excess of \$250,000, and that have not been pre-approved, they must be approved by the Audit Committee. As required by this policy, a report must be presented to the Audit Committee each quarter.

For fiscal year 2021, the total amount of non-audit services that has not been pre-approved does not represent more than 5% of the total amount of the fees paid to the external auditor.

5.6 EXTERNAL AUDITOR SERVICE FEES

The following table sets forth the fees paid to Ernst & Young LLP (“Ernst & Young”), the Corporation’s external auditor, for the services rendered during the fiscal years 2021 and 2020.

| | 2021 | 2020 |
|-----------------------------------|--------------------|--------------------|
| Audit fees ⁽¹⁾ | \$3,282,403 | \$3,170,648 |
| Audit-related fees ⁽²⁾ | \$81,275 | \$6,700 |
| Tax fees ⁽³⁾ | \$138,403 | \$48,993 |
| All other fees ⁽⁴⁾ | - | - |
| Total fees | \$3,502,081 | \$3,226,341 |

- (1) *Audit fees* consist of fees billed for the annual audit and quarterly reviews of the Corporation’s annual and quarterly consolidated financial statements or for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include the provision of comfort letters and consents, the consultation concerning financial accounting and reporting of specific issues and the review of documents filed with regulatory authorities.
- (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, and employee pension plan audits.
- (3) *Tax fees* include fees billed for tax compliance services, including the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from taxing authorities; tax planning services; and consultation and planning services.
- (4) *All other fees* include fees billed for forensic accounting and occasional training services. These fees also include consultations and assistance in preparing documentation regarding disclosure controls and procedures and internal financial reporting control measures for the Corporation and its subsidiaries.

ITEM 6 — LEGAL PROCEEDINGS

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management

of the Corporation is of the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position.

There are also a number of other legal proceedings against the Corporation that are pending. Generally, management of the Corporation, establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to these legal proceedings.

ITEM 7 — RISK FACTORS

The Corporation urges all of its current and potential investors to carefully consider the risks described in the sections referred to below as well as the other information contained in this annual information form and other information and documents filed by it with the appropriate securities regulatory authorities before making any investment decision with respect to any of its securities. The risks and uncertainties described in such sections are not the only ones the Corporation may face. Additional risks and uncertainties that the Corporation is unaware of, or that it currently deems to be immaterial, may also become important factors that affect it. If any of the risks referred to in the following paragraph actually occurs, its business, cash flow, financial condition or results of operations could be materially adversely affected. Such risk factors should be considered in connection with any forward-looking statements in this document and with the cautionary statements contained in Item 13 — Forward-Looking Statements.

The Corporation describes the principal risk factors relating to its operations and businesses in its *Management's Discussion and Analysis for the year ended December 31, 2021* under the heading "Risks and Uncertainties", which was filed with the Canadian Securities Administrators on February 24, 2022, which section is incorporated by reference into this annual information form, and which may be viewed under its profile on SEDAR at www.sedar.com.

ITEM 8 — DESCRIPTION OF CAPITAL STRUCTURE

8.1 CAPITAL STRUCTURE

Quebecor's authorized share capital was modified by a certificate of amendment dated September 4, 1986 re-designating the Common Shares as Class A Shares carrying ten votes per share and creating Class B Shares carrying one vote per share. Its Class B Shares are "restricted securities" (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights to those attached to the Class A Shares. In the aggregate, all of the voting rights attached to the Class B Shares represented, as at March 10, 2022, 17.41% of the total voting rights attached to all of its issued and outstanding voting securities.

Quebecor's Articles provide that if, at any time, the "Péladeau Group or an Acceptable Successor" (as defined in the Articles of Quebecor) does not own, directly or indirectly, a number of Class A Shares equal to at least 40% of all the Class A Shares outstanding or does not own, directly or indirectly, at least 32,000,000 Class A Shares (such number having been adjusted upwards to reflect stock splits), then the Class A Shares will carry one vote per share at all times thereafter and all of its directors will be elected by the holders of the Class A Shares and the Class B Shares voting together as a single class.

Quebecor's Articles further provide that if a takeover bid to purchase Class A Shares is made to the holders of Class A Shares and is not made at the same time and on the same terms and conditions to the holders of Class B Shares, each Class B Share will become

convertible, at the holder’s option, as of the date the takeover bid is made, into one Class A Share, for the sole purpose of allowing the holder to accept the takeover bid. However, such right of conversion will be deemed not to come into force if the “Péladeau Group or an Acceptable Successor” owns at that time a sufficient number of shares of any class to be able to exercise more than 50% of the votes attached to all of its shares then carrying voting rights and does not accept the takeover bid before it expires. Moreover, the right of conversion will be deemed not to come into force if the takeover bid is withdrawn by the offeror.

Quebecor’s Articles contain a definition of an offer giving rise to the right of conversion, provide for procedures to be followed in order to exercise such right and stipulate that, at the time such an offer is made, Quebecor or the transfer agent of the Class B Shares will communicate in writing with the holders of Class B Shares in order to provide them with full particulars of the manner in which their right of conversion may be exercised.

Quebecor’s Articles provide that, on liquidation or dissolution of the Corporation or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, all the assets of the Corporation available for payment or distribution to the holders of Class A Shares and of Class B Shares, will be paid or distributed equally, on a one-for-one basis, to the holders of Class A Shares and of Class B Shares.

8.2 AUTHORIZED SHARE CAPITAL

Quebecor’s authorized share capital consists of the following classes of shares:

- an unlimited number of Class A Shares (Multiple Voting) with voting rights of 10 votes per share, convertible at any time into Class B Shares (Subordinate Voting), on a one-for-one basis; and
- an unlimited number of Class B Shares (Subordinate Voting) with voting rights of one vote per share convertible into Class A Shares on a one-for-one basis only if a takeover bid for the Class A Shares is made without an offer being made concurrently and on the same terms and conditions for the Class B Shares and subject to other conditions provided for in Quebecor’s Articles.

Holders of Class B Shares are entitled to elect 25% of the members of the Corporation’s board of directors, and holders of Class A Shares are entitled to elect the other members.

8.3 ISSUED AND OUTSTANDING SHARE CAPITAL

As at March 10, 2022, 76,984,034 Class A Shares and 162,273,507 Class B Shares were issued and outstanding.

8.4 DIVIDENDS

Each Class A Share and each Class B Share is entitled to receive dividends as determined by Quebecor’s board of directors, in an identical amount, on the same date and in the same form as if the Class A Shares and Class B Shares formed a single class of shares.

Declaration and payment of dividends are the responsibility of the board of directors of the Corporation, which takes into consideration the Corporation’s financial situation and its cash-flow

strategy. In addition, in accordance with the credit agreements and indentures governing the debt instruments of some of the Corporation's subsidiaries, these subsidiaries are subject to certain restrictions including the maintenance of certain financial ratios that may limit the amount of distribution that they can declare and pay to the Corporation, hence potentially limiting the amount of cash available to the Corporation and the amount of dividends that the Corporation can declare and pay.

For the year ended December 31, 2021, Quebecor declared and paid quarterly dividends in the annual aggregate amount of \$1.10 per share on its Class A Shares and Class B Shares. For the years ended December 31, 2020 and 2019, Quebecor declared and paid quarterly dividends in the annual aggregate respective amount of \$0.80 and \$0.3925 per share on its Class A Shares and Class B Shares.

8.5 MARKET FOR SECURITIES

Quebecor's Class A Shares and Class B Shares are listed on the TSX under the stock symbols "QBR.A" and "QBR.B", respectively.

The following tables set forth the reported high, low and closing sale prices and the aggregate monthly trading volume of the Class A Shares and the Class B Shares on the TSX for the periods indicated:

| CLASS A SHARES | | | | |
|-----------------------|---------------------------|------------------|-----------------|---------------------------|
| 2021 | Closing Price (\$) | High (\$) | Low (\$) | Trading volume (#) |
| January | 30.60 | 32.80 | 29.50 | 42,762 |
| February | 33.43 | 33.43 | 30.60 | 33,718 |
| March | 35.48 | 36.82 | 32.59 | 19,075 |
| April | 32.68 | 36.01 | 32.68 | 45,185 |
| May | 32.74 | 35.33 | 32.74 | 13,727 |
| June | 32.87 | 33.33 | 31.88 | 19,545 |
| July | 32.82 | 33.40 | 32.45 | 11,305 |
| August | 31.51 | 32.99 | 30.00 | 56,619 |
| September | 30.50 | 32.04 | 30.00 | 17,251 |
| October | 31.54 | 31.71 | 30.00 | 33,736 |
| November | 28.69 | 31.68 | 28.40 | 45,267 |
| December | 28.94 | 30.13 | 27.50 | 23,041 |

| CLASS B SHARES | | | | |
|-----------------------|---------------------------|------------------|-----------------|---------------------------|
| 2021 | Closing Price (\$) | High (\$) | Low (\$) | Trading volume (#) |
| January | 30.60 | 33.04 | 29.45 | 11,358,775 |
| February | 32.90 | 33.35 | 30.55 | 11,809,084 |
| March | 33.74 | 36.26 | 32.52 | 19,859,011 |
| April | 33.05 | 36.26 | 32.66 | 10,617,922 |
| May | 32.75 | 34.88 | 32.67 | 11,456,428 |
| June | 33.06 | 33.49 | 31.82 | 12,076,634 |

| CLASS B SHARES | | | | |
|----------------|--------------------|-----------|----------|--------------------|
| 2021 | Closing Price (\$) | High (\$) | Low (\$) | Trading volume (#) |
| July | 32.64 | 33.59 | 32.33 | 9,495,440 |
| August | 31.48 | 32.89 | 30.32 | 15,116,897 |
| September | 30.61 | 31.94 | 29.82 | 15,282,434 |
| October | 31.54 | 31.98 | 29.89 | 10,380,779 |
| November | 28.43 | 31.59 | 28.23 | 14,523,888 |
| December | 28.55 | 29.41 | 27.33 | 12,025,095 |

ITEM 9 — INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

For purposes of this Item, reference is made to the section entitled “Related Party Transactions” in Quebecor’s Management’s Discussion and Analysis for the year ended December 31, 2021, which is incorporated by reference into this annual information form.

Quebecor’s Management’s Discussion and Analysis for the year ended December 31, 2021 may be found on its website at www.quebecor.com and under its profile on SEDAR at www.sedar.com.

To his or her knowledge, no member of management or of the Corporation’s board of directors or any other insiders had any interest in a material transaction entered into since the beginning of its last full fiscal year or in a proposed transaction that materially affected or reasonably might have materially affected the Corporation.

ITEM 10 — MATERIAL CONTRACTS

TVA Group is subject to the same continuous disclosure obligations as Quebecor and these obligations include the requirements to file annual and interim financial statements and management’s discussion and analysis, material change reports and copies of material contracts. The investors who wish to do so may view such documents under TVA Group’s profile at www.sedar.com.

The Canadian Securities Administrators have exempted Quebecor from the obligation to file on its SEDAR profile the material contracts of TVA Group that would otherwise be material contracts for it. The material contracts of TVA Group may be viewed under its profile at www.sedar.com.

10.1 MATERIAL CONTRACTS OF QUEBECOR

The following contracts entered into by Quebecor are: (i) material contracts other than contracts entered into in the ordinary course of business, and (ii) material contracts entered into in the ordinary course of business that are required to be disclosed under *Regulation 51-102 Respecting Continuous Disclosure Obligations*, and that are still in effect:

Share Purchase Agreement dated as of May 8, 2018 among Quebecor, Quebecor Media and CDP

On May 8, 2018, Quebecor, Quebecor Media and CDP entered into an agreement pursuant to which Quebecor and Quebecor Media would repurchase all of the share capital of Quebecor Media still held by CDP (the “**Agreement**”). The Agreement provided that Quebecor and Quebecor Media

would purchase 17,628,911 shares, then representing then an 18.47% stake in Quebecor Media, for a purchase price of \$1,690 billion.

The Agreement provided for the completion of the following two transactions: (1) the repurchase for cancellation by Quebecor Media of 16,064,215 shares of Quebecor Media held by CDP, representing approximately 91.1% of CDP's interest before closing, for an aggregate purchase price of \$1.54 billion, payable in cash; and (2) the purchase by Quebecor of 1,564,696 shares of Quebecor Media held by CDP, representing approximately 8.9% of the CDP's interest before closing, in consideration of the issuance of \$150 million aggregate principal amount of convertible debentures of Quebecor, which would be convertible into Quebecor Class B Subordinate Voting Shares. The transactions provided for in the Agreement closed on June 22, 2018.

The Agreement may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Trust Indenture between Quebecor and AST Trust Company (Canada), providing for the issue of convertible debentures, dated as of June 22, 2018

On June 22, 2018, Quebecor issued \$150,000,000 principal amount of convertible Debenture (the "**Convertible Debenture**"), bearing interest at an annual rate of 4.0% and maturing in June 2024, pursuant to a Trust Indenture, dated as of June 22, 2018, by and between Quebecor and AST Trust Company (Canada), as trustee (the "**Trust Indenture**"). The main terms and conditions of the debentures are as follows:

- Interest is payable semi-annually in cash, in Quebecor Class B Shares or with the proceeds from the sale of Quebecor Class B shares;
- At maturity, the Convertible Debenture will be payable in cash by Quebecor at the outstanding principal amount, plus accrued and unpaid interest, subject to redemption, conversion, purchase or prior repayment;
- One day prior to maturity ("**Redemption Date**"), Quebecor may redeem the outstanding Convertible Debenture by issuing that number of Quebecor Class B Shares obtained by dividing the outstanding principal amount by the then current market price of a Quebecor Class B Share, subject to a floor price of \$26.85 per share (that is, a maximum number of 5,586,592 Quebecor Class B Shares corresponding to a ratio of \$150,000,000 to the floor price), and a ceiling price of \$33.5625 per share (that is, a minimum number of 4,469,274 Quebecor Class B Shares corresponding to a ratio of \$150,000,000 to the ceiling price). The whole is subject to adjustments in accordance with the terms of the Trust Indenture;
- At any time prior to the Redemption Date, Quebecor may redeem or convert, in whole or in part, the outstanding Convertible Debenture, subject to the terms of the Trust Indenture;
- The Convertible Debenture is convertible, at all times prior to the maturity date, into Quebecor Class B Shares by the holder in accordance with the terms of the Trust Indenture; and
- In all cases, Quebecor has the option to pay an amount in cash equal to the market value of the shares, being the product of (i) the number of those Quebecor Class B Shares that would have otherwise been issued, and (ii) the then current market price of a Quebecor Class B Share.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Registration Rights Agreement dated June 22, 2018 between Quebecor, CDPQ and CDP

On June 22, 2018, Quebecor and CDP entered into a Registration Rights Agreement (the “**Registration Rights Agreement**”) whereby Quebecor granted to CDP demand registration rights and piggyback registration rights for the Convertible Debentures and underlying Quebecor Class B Shares.

The Registration Rights Agreement may be viewed under Quebecor’s profile on SEDAR at www.sedar.com.

10.2 MATERIAL CONTRACTS OF QUEBECOR MEDIA

The following contracts entered into by Quebecor Media are: (i) material contracts other than contracts entered into in the ordinary course of business, and (ii) material contracts entered into in the ordinary course of business that are required to be disclosed under *Regulation 51-102 Respecting Continuous Disclosure Obligations*, and that are still in effect:

Indenture relating to \$500,000,000 of Quebecor Media’s 6 5/8% Senior Notes due January 15, 2023, dated as of October 11, 2012, by and between Quebecor Media and Computershare Trust Company of Canada, as trustee

On October 11, 2012, Quebecor Media issued \$500,000,000 aggregate principal amount of its 6 5/8% Senior Notes due January 15, 2023 pursuant to an Indenture, dated as of October 11, 2012, by and between Quebecor Media and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2023. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are not guaranteed by its subsidiaries. These senior notes are redeemable, at its option, under certain circumstances and at the “make-whole” redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Quebecor Media and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, other than the bankruptcy or insolvency of Quebecor Media, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture were not and will not be registered under the Securities Act or under the laws of any other jurisdiction. In 2021, Quebecor Media redeemed and retired the entire principal amount outstanding of its 6 5/8% Senior Notes due January 15, 2023.

This Indenture may be viewed under Quebecor’s profile on SEDAR at www.sedar.com.

Indenture relating to US\$850,000,000 of Quebecor Media’s 5 3/4% Senior Notes due January 15, 2023 dated as of October 11, 2012, by and between Quebecor Media and U.S. Bank National Association, as trustee

On October 11, 2012, Quebecor Media issued US\$850,000,000 aggregate principal amount of its 5 3/4% Senior Notes due January 15, 2023 pursuant to an Indenture dated as of October 11, 2012, by and between Quebecor Media and U.S. Bank National Association, as trustee. These senior notes are unsecured and mature on January 15, 2023. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are not guaranteed by its subsidiaries. These senior notes are redeemable, at its option, under certain circumstances and at the “make-whole” redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Quebecor Media and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, other

than the bankruptcy or insolvency of Quebecor Media, 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.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Amended and Restated Credit Agreement, dated as of June 14, 2013, as amended, by and among Quebecor Media, as borrower, the financial institutions party thereto from time to time, as lenders, and Bank of America, N.A., as administrative agent

Quebecor Media's senior secured credit facilities currently provide for a \$300,000,000 revolving credit facility ("**Revolving Facility**") that matures on July 15, 2022 and a US\$350,000,000 term credit facility ("**Facility B**") which was reduced to zero and cancelled following its repayment in full on July 15, 2019. Quebecor Media's senior secured credit facilities also provide it with the ability to borrow up to an additional amount of \$800,000,000 (minus the equivalent amount in Canadian dollars of Facility B as of August 1, 2013) under an uncommitted incremental facility (or increase to the Revolving Facility or Facility B), subject to absence of default and lenders being willing to fund the incremental amount. Quebecor Media may draw letters of credit under its Revolving Facility. The proceeds of its senior secured credit facilities may be used for its general corporate purposes.

Borrowings under the Revolving Facility bear interest at the Canadian prime rate, the U.S. prime rate, the bankers' acceptance rate or U.S. London Interbank Offered Rate ("**LIBOR**"), plus, in each case, an applicable margin. With regard to Canadian prime rate advances and U.S. prime rate advances under the Revolving Facility, the applicable margin is determined by Quebecor Media's Leverage Ratio (as defined in the senior secured credit facilities) and ranges from 0.45% when this ratio is less than or equal to 2.25x to 1.75% when this ratio is greater than 4.5x. With regard to bankers' acceptances and letters of credit under the Revolving Facility, the applicable margin ranges from 1.45% when Quebecor Media's Leverage Ratio is less than or equal to 2.25x to 2.75% when this ratio is greater than 4.5x. With regard to LIBOR advances under the Revolving Facility, the applicable margin ranges from 1.45% when its Leverage Ratio is less than or equal to 2.25x to 2.75% when this ratio is greater than 4.5x. Specified commitment fees or drawing fees may also be payable. Borrowings under the Revolving Facility are repayable in full on July 15, 2022.

Borrowings under the senior secured credit facilities and under eligible derivative instruments are secured by a first-ranking hypothec and security agreement (subject to certain permitted encumbrances) on all of Quebecor Media's movable property and first-ranking pledges of all of the shares (subject to certain permitted encumbrances) of Videotron.

The senior secured credit facilities contain customary covenants that restrict and limit Quebecor Media's ability to, among other things, enter into merger or amalgamation transactions, grant encumbrances, sell assets, pay dividends or make other distributions, incur indebtedness and enter into related party transactions. In addition, the senior secured credit facilities contain customary financial covenants solely for the benefit of lenders under the Revolving Facility. The senior secured credit facilities contain customary events of default, including the non-payment of principal or interest, the breach of any financial covenant, the failure to perform or observe any other covenant, certain bankruptcy events relating to Quebecor Media and its material subsidiaries (including Videotron), and the occurrence of a change of control.

The Credit Agreement and its amendments may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

10.3 MATERIAL CONTRACTS OF VIDEOTRON

The following contracts entered into by Videotron are: (i) material contracts other than contracts entered into in the ordinary course of business, and (ii) material contracts entered into in the ordinary course of business that are required to be disclosed under *Regulation 51-102 Respecting Continuous Disclosure Obligations*, and that are still in effect:

Indenture relating to US\$800,000,000 of Videotron's 5% Senior Notes due July 15, 2022, dated as of March 14, 2012, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee

On March 14, 2012, Videotron issued US\$800,000,000 aggregate principal amount of its 5% Senior Notes due July 15, 2022, pursuant to an Indenture, dated as of March 14, 2012, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on July 15, 2022. Interest on these senior notes is payable in cash semi-annually in arrears on January 15 and July 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. In 2021, Videotron redeemed and retired the entire principal amount outstanding of its 5% Senior Notes due July 15, 2022.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to \$400,000,000 of Videotron's 5 5/8% Senior Notes due June 15, 2025, dated as of June 17, 2013, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee

On June 17, 2013, Videotron issued \$400,000,000 aggregate principal amount of its 5 5/8% Senior Notes due June 15, 2025, pursuant to an Indenture, dated as of June 17, 2013, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on June 15, 2025. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to US\$600,000,000 of Videotron's 5 ¾% Senior Notes due June 15, 2024, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee

On April 9, 2014, Videotron issued US\$600,000,000 aggregate principal amount of its 5 ¾% Senior Notes due June 15, 2024, pursuant to an Indenture, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on June 15, 2024. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to \$375,000,000 of Videotron's 5 ¾% Senior Notes due January 15, 2026, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee

On September 15, 2015, Videotron issued \$375,000,000 aggregate principal amount of its 5 ¾% Senior Notes due January 15, 2026, pursuant to an Indenture, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2026. Interest on these senior notes is payable in cash semi-annually in arrears on March 15 and September 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to US\$600,000,000 of Videotron's 5 ⅞% Senior Notes due April 15, 2027, dated as of April 13, 2017, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee

On April 13, 2017, Videotron issued US\$600,000,000 aggregate principal amount of its 5 ⅞% Senior Notes due April 15, 2027, pursuant to an Indenture, dated as of April 13, 2017, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on April 15, 2027. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior

notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

Indenture relating to \$800,000,000 of Videotron's 4 ½% Senior Notes due January 15, 2030, dated as of October 8, 2019, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee

On October 8, 2019, Videotron issued \$800,000,000 aggregate principal amount of its 4½% Senior Notes due January 15, 2030, pursuant to an Indenture, dated as of October 8, 2019, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2030. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to \$650,000,000 of Videotron's 3 ⅛% 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, Videotron issued \$650,000,000 aggregate principal amount of its 3⅛% Senior Notes due January 15, 2031, pursuant to an Indenture, dated as of January 22, 2021, 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, 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 Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to US\$500,000,000 of Videotron's 3½% Senior Notes due June 15, 2029, dated as of June 17, 2021, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.

On June 17, 2021, Videotron issued US\$500,000,000 aggregate principal amount of its 3½% Senior Notes due June 15, 2029, pursuant to an Indenture, dated as of June 17, 2021, 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, 2029. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable at the option of Videotron, in whole or in part, at a price based on a make-whole formula during the first three years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

Indenture relating to \$750,000,000 of Videotron's 3½% Senior Notes due June 15, 2028, dated as of June 17, 2021, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.

On June 17, 2021, Videotron issued \$750,000,000 aggregate principal amount of its 3½% Senior Notes due June 15, 2028, pursuant to an Indenture, dated as of June 17, 2021, 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, 2028. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable at the option of Videotron, in whole or in part, at a price based on a make-whole formula during the first three years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

This Indenture may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

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

Videotron's senior credit facilities, as amended and restated as of June 16, 2015 (and as amended thereafter), currently provide for a \$1,500,000,000 secured revolving credit facility that matures on

July 20, 2023. The proceeds of the revolving credit facility can be used for general corporate purposes including, without limitation, to issue letters of credit and to pay dividends to Quebecor Media subject to certain conditions.

Advances under Videotron's secured revolving credit facility bear interest at the Canadian prime rate, the U.S. prime rate, the LIBOR or the bankers' acceptance rate plus, in each instance, an applicable margin determined by the Leverage Ratio (as defined in Videotron's credit agreement) of the Relevant Group (as defined in such credit agreement). The applicable margin for Canadian prime rate advances and U.S. prime rate advances ranges from 0.20% when this ratio is less than or equal to 2.25x, to 1.50% when this ratio is greater than 4.5x. The applicable margin for LIBOR advances, bankers' acceptance advances or letters of credit fees ranges from 1.20% when this ratio is less than or equal to 2.25x, to 2.50% when this ratio is greater than 4.5x. Videotron has also agreed to pay specified standby fees in respect of its revolving credit facility.

The revolving credit facility is repayable in full on July 20, 2023.

Borrowings under Videotron's senior credit facilities and under eligible derivative instruments are secured by a first-ranking hypothec or security interest (subject to certain permitted encumbrances) on all current and future assets of Videotron and of the guarantors under the senior credit facilities (which include most, but not all of Videotron's subsidiaries), guarantees by such guarantors, pledges of shares by Videotron and such guarantors and other security.

Videotron's senior credit facilities contain customary covenants that restrict and limit the ability of Videotron and the members of the VL Group (as defined in the credit agreement to mean Videotron and all of its wholly-owned subsidiaries) to, among other things, enter into merger or amalgamation transactions or liquidate or dissolve, grant encumbrances, sell assets, pay dividends or make other distributions, issue shares of capital stock, incur indebtedness and enter into related party transactions. In addition, Videotron's senior credit facilities contain customary financial covenants and customary events of default including the non-payment of principal or interest, the breach of any financial covenant, the failure to perform or observe any other covenant, certain bankruptcy events relating to Videotron or any member of the VL Group (other than an Immaterial Subsidiary, as defined in the credit agreement), and the occurrence of a change of control.

This Credit Agreement and its amendments may be viewed under Quebecor's profile on SEDAR at www.sedar.com.

ITEM 11 — INTERESTS OF EXPERTS

Ernst & Young is the public accounting firm that prepared the auditors' report with respect to Quebecor's consolidated annual financial statements for the year ended December 31, 2021. Ernst & Young has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to the Rules of Professional Conduct applicable in the other provinces of Canada.

ITEM 12 — TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for Quebecor's Class A Shares and Class B Shares is TSX Trust Company (Canada). Share transfer services are available at its Montréal and Toronto offices.

ITEM 13 — FORWARD-LOOKING STATEMENTS

This annual information form contains “forward-looking statements” with respect to the financial condition, results of operations, business and certain of the plans and objectives of the Corporation. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which the Corporation operates as well as beliefs and assumptions made by its management. Such statements include, in particular, statements about its plans, prospects, financial position and business strategies. All statements other than statements of historical facts included in this annual information form, including statements regarding the prospects of the Corporation’s industries and its prospects, plans, financial position and business strategy may constitute forward-looking statements within the meaning of Canadian securities legislation and regulations. Words such as “may,” “will,” “expect,” “continue,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe”, “project” or “seek” or the negatives of these terms or variations of them or similar terminology are intended to identify such forward-looking statements. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: the Corporation’s anticipated business strategies; anticipated trends in its business sectors; anticipated reorganizations of any of its segments or businesses, and any related restructuring provisions or impairment charges; and its ability to continue to control costs. The Corporation can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor Media’s ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor Media’s newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media’s product suites;
- unanticipated higher capital spending required for developing Quebecor Media’s network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor’s business;
- Quebecor’s ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- disruptions to the network through which Quebecor Media provides its television, Internet access, mobile and wireline telephony, and OTT video services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, pandemics and other public-health crisis, including the COVID-19 pandemic, and political instability in some countries;

- impact of emergency measures implemented by various levels of government;
- changes in Quebecor Media's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect a portion of Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations please refer to the "Risks and Uncertainties" section of the Management Discussion and Analysis, which was filed with the Canadian securities regulatory authorities on February 24, 2022, which section is incorporated by reference into this annual information form.

The forward-looking statements in this annual information form reflect the Corporation's expectations as of the date hereof and are subject to change after that date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

ITEM 14 — ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on the SEDAR website at www.sedar.com.

Other information, including information on the remuneration and indebtedness of directors and officers, the principal holders of Quebecor's securities, securities authorized for issuance under equity compensation plans, where applicable, is contained in its management proxy circular prepared in connection with its annual meeting of shareholders held on May 13, 2021. Updated information in that respect will be contained in the next management proxy circular prepared in connection with the annual meeting of shareholders to be held in 2022 and that will be filed in accordance with applicable regulations. Other financial information is included in the comparative consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2021.

The above-mentioned documents and press releases may be found on Quebecor's website at www.quebecor.com.

SCHEDULE A**EXCERPTS FROM TVA GROUP INC.'S ANNUAL INFORMATION FORM FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021, DATED FEBRUARY 18, 2022****INTRODUCTORY NOTE**

In this Annual Information Form, unless the context otherwise requires, the terms “**Corporation**” and “**TVA**” refer to TVA Group Inc. and its subsidiaries and divisions. Unless otherwise indicated, the information presented in this Annual Information Form is given as at December 31, 2021. All dollar amounts appearing in this Annual Information Form are in Canadian dollars, except if another currency is specifically mentioned. In addition, the table below lists defined terms that are used throughout this Annual Information Form to refer to various corporations within the TVA group or affiliates.

| Entity | Defined term |
|--------------------------------------|---------------------|
| Incendo Media Inc. | “Incendo” |
| Mels Studios and Postproduction G.P. | “MELS” |
| Quebecor Inc. | “Quebecor” |
| Quebecor Media Inc. | “Quebecor Media” |
| TVA Publications Inc. | “TVA Publications” |

ITEM 1 THE CORPORATION

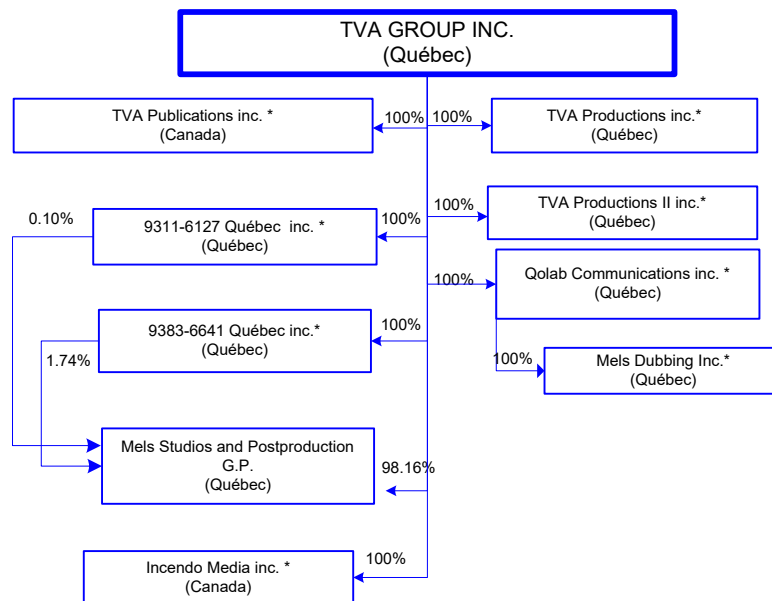
TVA Group Inc. was incorporated in accordance with the laws of Québec by letters patent dated March 29, 1960 under the name Télé-Métropole Corporation. On July 5, 1973, the corporate name Télé-Métropole Corporation was changed to Télé-Métropole inc. On February 17, 1998, the corporate name Télé-Métropole Inc. was changed to TVA Group Inc. The Corporation is governed by the *Business Corporations Act* (Québec).

Its head office is located at 1600 de Maisonneuve Boulevard East, Montréal, Québec H2L 4P2. Its website address is www.grouperetva.ca. The telephone number is 514 526-9251. The information found on its website is neither an integral part of this Annual Information Form nor is it deemed to be incorporated by reference.

1.1 SUBSIDIARIES

The organizational chart below lists the Corporation's main subsidiaries at December 31, 2021 as well as their jurisdiction of incorporation and the percentage of voting rights held, directly or indirectly, by the Corporation. Some of the subsidiaries, whose total assets represented no more than 10% of the consolidated assets of the Corporation at December 31, 2021, and whose sales and operating revenues represented no more than 10% of its consolidated sales and consolidated operating revenues at that date, have been omitted. The omitted subsidiaries, taken as a whole, accounted for less than 20% of the consolidated assets and less than 20% of the consolidated sales and consolidated operating revenues of the Corporation at December 31, 2021.

Each subsidiary identified with an asterisk (*) represents 10% or less of the total consolidated assets and 10% or less of the consolidated sales and consolidated operating revenues of the Corporation at December 31, 2021. They have been included to better illustrate the overall structure of the Corporation.



ITEM 2 BUSINESS

TVA is a communication company with operations in four business segments: Broadcasting, Film Production & Audiovisual Services, Magazines and Production & Distribution. In the Broadcasting segment, the Corporation creates, broadcasts and produces entertainment, sports, news and public affairs programming and is engaged in commercial production. It operates North America's largest private French-language television network as well as nine specialty services. The Film Production & Audiovisual Services segment provides soundstage, mobile and equipment rental services as well as postproduction and visual effects services. In the Magazines segment, TVA publishes over 50 titles, making it Québec's largest magazine publisher. The Production & Distribution segment produces and distributes television programs for the world market.

Broadcasting

The Broadcasting segment includes the operations of TVA Network, the specialty services, the marketing of digital products associated with the various televisual brands, and commercial production and custom publishing services, notably through its subsidiary Qolab Communications inc. ("**Qolab**", formerly COLAB Studio Marketing Collaboratif inc.).

Film Production & Audiovisual Services ("MELS")

The Film Production & Audiovisual Services segment, through its subsidiaries MELS and Mels Dubbing Inc., provides soundstage, mobile and production equipment rental services, as well as dubbing and described video ("**media accessibility services**"), postproduction, virtual production, and visual effects.

Magazines

The Magazines segment, through its subsidiary TVA Publications, publishes magazines in various fields including the arts, entertainment, television, fashion and decor, and markets digital products associated with the various magazine brands.

Production & Distribution

The Production & Distribution segment, through the companies in the Incendo group, produces and distributes television shows, movies and television series for the world market.

The following table provides information on revenues for each of the Corporation's business sectors.

REVENUES BY BUSINESS SECTOR (in thousands of dollars)

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---------------------------------|---------------------------------|
| Broadcasting | \$495,473 | \$408,741 |
| Film Production & Audiovisual Services | \$86,021 | \$58,664 |
| Magazines | \$45,655 | \$46,318 |
| Production & Distribution | \$16,273 | \$11,432 |
| Intersegment items | (\$20,588) | (\$17,011) |
| TOTAL | \$622,834 | \$508,144 |

2.1 BROADCASTING

TVA owns and operates six of the ten stations that make up TVA Network: CFTM-TV (Montréal), which is the network's flagship station, and five regional television stations: CFCM-TV (Québec City), CHLT-TV (Sherbrooke), CHEM-TV (Trois-Rivières), CFER-TV (Rimouski-Matane-Sept-Îles) and CJPM-TV (Saguenay/Lac St-Jean) (the "**regional stations**"). In addition to these regional stations are four affiliated stations: CHOT-TV (Gatineau) and CFEM-TV (Rouyn), owned by RNC Media Inc., as well as CIMT-TV (Rivière-du-Loup) and CHAU-TV (Carleton), owned by Télé Inter-Rives Ltée (the "**affiliated stations**"). TVA holds a 45% interest in Télé Inter-Rives Ltée. The TVA Network signal reaches nearly the entire French-speaking audience in Québec, as well as the French-speaking communities in Ontario and New Brunswick, and a significant portion of francophone viewers in the rest of Canada. TVA also owns the specialty channels LCN, addik^{tv}, Prise 2, CASA, YOOPA, TVA Sports, MOI ET CIE, Zeste and Évasion.

In addition to linear television, the TVA Network and the specialty channels have multiplatform applications that allow them to stream content on demand. The website www.qub.ca/tvaplus and the TVA+ mobile app gives free access to TVA Network's programs and to certain content of the specialty channels' programs as well as to original content.

In March 2019, TVA Sports launched the TVA Sports Direct platform which gives users access to content streaming on demand, accessible on all screens and available through a subscription.

2.1.1 TELEVISION BROADCASTING

CFTM-TV (MONTRÉAL)

CFTM-TV (Montréal), which has been broadcasting since February 1961, operates from its television studios located at 1600 de Maisonneuve Boulevard East in Montréal. CFTM-TV (Montréal) transmits its signal from an antenna located on the summit of Mount Royal.

CFTM-TV (Montréal)'s programming includes dramas, serials, variety and service shows, real-life series, magazine-style and quiz shows, films, documentaries and news and public affairs programs. A major portion of CFTM-TV (Montréal)'s programming is produced by the Corporation and is complemented by shows and

films acquired from independent producers and third parties. This programming constitutes a considerable portion of the programming of the TVA Network's member stations. CFTM's programming is also available on video-on-demand.

REGIONAL STATIONS

The programming of its five regional stations comes primarily from CFTM-TV (Montréal) and is complemented by local programming produced by each regional station that reflects their respective cultural, economic, political and social realities. CFCM-TV (Québec City) produces at least 18 hours of local programming per broadcast week, including 5 hours and 30 minutes of local newscasts including two newscasts on weekends, and 3 hours and 30 minutes of other programs broadcast which specifically reflect the cultural, economic, political and social reality of the local Québec market and that may be broadcast on the TVA Network. Each of the other regional stations broadcasts at least five hours of local programming per broadcast week. TVA Network's stations may broadcast numerous reports originating from local newscasts and form an integral part of the news content of the LCN channel.

AFFILIATED STATIONS

The affiliation agreements between the Corporation and Télé Inter-Rives Ltée (owner of the stations CHAU-TV (Carleton) and CIMT-TV (Rivière-du-Loup)), as well as between the Corporation and RNC Media Inc. (owner of the stations CHOT-TV (Gatineau) and CFEM-TV (Rouyn)), are in effect until August 31, 2023.

2.1.2 SPECIALTY SERVICES

ADDIK^{TV}

The Corporation owns a national license for addik^{tv}, a French-language specialty channel that was launched on October 21, 2004. The programming of this channel is devoted to fiction and current docudramas. The website for this channel is www.qub.ca/tvaplus.

CASA

The Corporation owns a national license for CASA, a French-language specialty channel offering entertaining and instructive programming covering all aspects of the household, including decor, renovations, real estate, cooking, gardening and pets. This channel was launched on February 19, 2008. The website for this channel is www.qub.ca/tvaplus.

ÉVASION

The Corporation owns a national license for a French-language specialty channel, Évasion, devoted to travel, tourism and adventure. This channel was launched on January 31, 2000. The website for this channel is at www.qub.ca/tvaplus.

LE CANAL NOUVELLES (LCN)

Launched in September 1997, the Corporation owns a national license for a French-language specialty channel, LCN. LCN broadcasts national news and general interest information. This channel must offer newscasts updated at least every 120 minutes. Some LCN content is available on the website www.tvnouvelles.ca and on its mobile app.

MOI ET CIE

The Corporation owns a national license for a French-language specialty channel, MOI ET CIE. It offers a variety of content that challenges, entertains and inspires with programming devoted to hard-hitting documentaries, fiction series and films. This channel was launched on May 2, 2011 under the name Mlle and was repositioned on February 1, 2013 under the name MOI&cie, and was further repositioned on April 23, 2018 under the name MOI ET CIE. The website for this channel is www.qub.ca/tvaplus.

PRISE 2

The Corporation owns a national license for the French-language specialty channel, Prise 2. From timeless classics to blockbusters, this channel's popular series are aired on Québec stations and international stations. It was launched on February 9, 2006. The website for this channel is www.qub.ca/tvaplus.

TVA SPORTS

The Corporation owns a national license for a French-language specialty channel, TVA Sports, devoted to every aspect of sports by focusing on professional sports of general interest. This channel was launched on September 12, 2011. TVA Sports content is available on the website www.tvasports.ca and on its mobile app.

In 2014, TVA Sports became the National Hockey League's official French-language broadcaster in Canada for the next 12 years starting with the 2014-2015 season. In January 2017, TVA Sports became the exclusive French-language broadcaster of the Club de Foot Montréal games (previously Montreal Impact), as well as an official broadcaster of the Major League Soccer ("MLS") for the next five years. In 2018, the agreement with the MLS was extended until 2022.

In May 2018, TVA Sports became the official Canadian French-language broadcaster of the 2020 UEFA European Football Championship (Euro 2020) which was postponed to summer 2021 due to the COVID-19 pandemic.

TVA Sports also offers under a multiplex signal TVA Sports 2 and TVA Sports 3, which operate under the same license as TVA Sports and complete the sports programming available to TVA Sports subscribers. TVA Sports produced 2,670 hours of original programming during the fiscal year ended December 31, 2021.

In March 2019, TVA Sports launched the TVA Sports Direct platform which gives users access to content streaming on demand, accessible on all screens and available through a subscription. In October 2020, the Corporation announced a strategic shift for its TVA Sports specialty service, based on the fan profile and changing sport-consumption patterns. The channel is setting itself apart by transforming its "traditional" sports news bulletins into a 100% digital offering.

YOOPA

The Corporation owns a national French-language specialty channel, YOOPA, aimed chiefly at children, with programming consisting of entertainment and "edutainment" designed to foster their development and growth. This channel was launched on April 1, 2010. The website for this channel is www.qub.ca/tvaplus.

ZESTE

The Corporation owns Zeste, a national French-language specialty channel devoted to daily cooking and recipes, culinary competitions, epicurean adventures around the world and gastronomic discoveries. The website for this channel is www.qub.ca/tvaplus. In addition to this web content, the website www.zeste.ca presents recipes linked to Zeste's programming, in addition to regrouping all the "Kitchen" content of the

Corporation.

2.1.3 TVA PRODUCTIONS INC. AND TVA PRODUCTIONS II INC.

TVA Productions Inc. and TVA Productions II Inc. produced 1,169 hours of original programming during the fiscal year ended December 31, 2021, including variety and magazine-style shows and game shows. Those productions are produced to air on TVA Network's stations, the specialty channels of the Corporation, its website as well as on video-on-demand, online and mobile platforms.

2.1.4 TVA FILMS

During the fiscal year ended December 31, 2021, TVA Films continued to carry out its distribution business on different platforms including movie theaters, video-on-demand, DVD, digital and television. The Corporation is responsible for all steps involved in the commercialization of its catalog, from marketing and promotion to sales in Canada and internationally.

2.1.5 SOURCES OF REVENUE

Private conventional television stations derive most of their revenues from the sale of integrated and diversified advertising services. The rates set by stations depend largely on the market share, on the demographic and socio-economic make-up of the audience and on the availability of other media or other promotional vehicles.

Advertising services on the TVA Network, i.e. its CFTM-TV (Montréal) station, as well as regional and affiliated stations and specialty services are sold by sales representatives at Quebecor Sales agency.

For the year ended December 31, 2021, 62% of specialty channel revenues were derived from subscription charges paid by broadcasting distribution undertakings ("BDU"), while 38% were derived mainly from advertising revenues.

As for TVA Films, it is involved in the acquisition and administration, in Canada and abroad, of rights for the distribution of films and audiovisual productions as well as television broadcast formats. Revenues are derived from four main sources: the operation of audiovisual works in rental, the sale of DVDs and Blu-rays, the sale of movies, television series and recordings of audiovisual shows on various digital platforms and the sale of products contained in its catalogue on various audiovisual platforms (video-on-demand, pay-TV and pay-per-view, general interest and specialty TV channels and new media).

The Broadcasting segment of the Corporation experiences seasonality due to, among other factors, seasonal advertising patterns and influences on people's viewing and listening habits. As the Corporation depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures.

In 2020, the COVID-19 pandemic and the measures put in place to curb its spread caused, among other things, a significant decline in the Corporation's advertising revenues, the recovery of which is still fragile in 2021 in certain markets and segments.

2.1.6 LICENSES AND REGULATIONS

Television stations and discretionary services (also called specialty services) are all operated under licenses issued by the Canadian Radio-television and Telecommunications Commission ("CRTC"). These activities are subject to the requirements and regulations of the *Broadcasting Act* (Canada), in particular the *Television Broadcasting Regulations, 1987* and the *Discretionary Services Regulations, 2017*, as well as to

CRTC policies and decisions published from time to time, and to the terms, conditions and expectations set out in the license pertaining to each station or discretionary service. These licenses are issued for a fixed term and, before their expiry, the Corporation must apply to the CRTC for their renewal. Renewals are generally granted to corporations that have complied with the terms and conditions of their licenses. The acquisition or disposition of television broadcasting activities also requires regulatory approval. As of the date hereof, the Corporation is in compliance, in all material respects, with all the terms and conditions of its various licenses, and has no reason to believe that its licenses would not be renewed upon their expiry.

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 the 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 Canadians, 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 Canadians. 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, of the ownership of a corporation or otherwise. TVA is a qualified Canadian corporation.

Regulations made under the *Broadcasting Act* (Canada) 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 television programming undertaking (such as a conventional television station, a discretionary programming 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 discretionary 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.

Jurisdiction Over Canadian Broadcast Undertakings

TVA's broadcasting activities are subject to the *Broadcasting Act* (Canada) and regulations made under the *Broadcasting Act* (Canada) 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* (Canada). Certain of TVA's undertakings are also subject to the *Radiocommunication Act* (Canada), which empowers Innovation, Science and Economic Development Canada 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* (Canada) 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 Governor in Council.

Broadcasting License Fees

Broadcasting 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 broadcasting undertakings that licensed activity exceeds \$1,500,000. The total annual amount to be assessed by the CRTC is the lower of: a) \$100,000,000 indexed annually since 2011; and b) 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.

In 2020, the federal government announced that broadcasters, including the Corporation, would benefit from a Part I license fee waiver for the 2020-2021 fiscal year to provide financial relief to the broadcasting industry in the context of the COVID-19 pandemic. Relief is also available for Part II license fee for the 2020-2021 fiscal year for each licensee who meets the reduction in revenues criteria.

Copyrights Royalties Payment Obligations

TVA has the obligations 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 discretionary services, pay to copyright societies i.e. 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 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 TVA being required to pay additional tariffs royalties.

Canadian Broadcast Programming (Television Stations and Specialty Services)

Programming of Canadian Content

CRTC regulations require licensees of television stations to maintain a specified percentage of Canadian content in their programming. A private television stations licensee is required to devote not less than 50% of the evening broadcast period (6:00 p.m. to midnight) to the broadcast of Canadian programs. Discretionary services also have to maintain a specified percentage of Canadian content in their

programming which is generally set forth in the conditions of their respective licenses.

In Broadcasting Regulatory Policy CRTC 2015-86 issued on March 12, 2015, the CRTC eliminated immediately the genre exclusivity policy and related protections for all English- and French-language discretionary services including Canadian video-on-demand services. As an exception to the general rule of elimination of genre protections, the CRTC has retained the conditions of license relating to the nature of service for those services that benefit from a mandatory distribution, for national news services and for sports services.

TVA's Conditions of License

Conventional television stations and discretionary services of TVA (excluding LCN and TVA Sports) are subject to certain conditions including in particular:

- The obligation to devote, in each broadcast year, to the acquisition of or investment in Canadian programming at least 45% of the previous year's gross revenues of the undertaking.
- The obligation to devote, in each broadcast year, to the acquisition of or investment in programs of national interest at least 15% of the previous year's gross revenues of the undertaking. At least 75% of these expenditures must be made to an independent production company.

Furthermore, TVA shall devote 5% of the previous year's gross revenues of its television stations in locally reflective news. TVA Montréal shall broadcast at least 25 hours of local programming each week and at least 6 hours of locally reflective news each week. As for TVA Québec, the local programming shall be of 18 hours per week of which 2 hours of local news, 3 hours and 30 minutes of locally reflective news, 3 hours and 30 minutes of other programs locally reflecting news and 9 hours of general local programming. The other TVA's television stations shall broadcast 5 hours of local programming each week of which 2 hours and 30 minutes of locally reflecting news.

The conditions of license came into force on September 1, 2017 and will remain applicable until August 31, 2022.

Reconsideration and new hearing for TVA

Following a request initiated by the Governor in Council for a reconsideration and new hearing for private French and English ownership groups, the CRTC imposed two new conditions of licence to TVA. TVA must devote to original programming at least 50% of its Canadian programming expenditures in 2018-2019 and at least 75% beginning 2019. As for music programming, TVA is required, since September 1, 2018, to direct 0.17% of its previous year's gross revenues (excluding TVA Sports and LCN) to MUSICACTION.

New Policy framework for local and community television

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

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

- direct-to-home satellite providers BDUs are allowed to devote part of their contribution to Canadian programming to the production of local news on local television stations; and
- financial support is available to independent local television stations (i.e. stations that are not part of large vertically integrated groups) through the Independent Local News Fund. All licensed BDUs are required to contribute to the fund.

The following table shows the broadcasting licenses approvals for each television station of the Corporation, as well as the licenses for its wholly-owned discretionary channels:

| Stations and discretionary services | Location | Expiry date | Decision number |
|-------------------------------------|----------------------|-----------------|---|
| TVA Network | Canada | August 31, 2022 | CRTC 2017-147 |
| CFTM-TV | Montréal | August 31, 2022 | CRTC 2017-147 |
| CHLT-TV | Sherbrooke | August 31, 2022 | CRTC 2017-147 |
| CHEM-TV | Trois-Rivières | August 31, 2022 | CRTC 2017-147 |
| CFCM-TV | Québec City | August 31, 2022 | CRTC 2017-147 |
| CJPM-TV | Saguenay/Lac St-Jean | August 31, 2022 | CRTC 2017-147 |
| CFER-TV | Rimouski | August 31, 2022 | CRTC 2017-147 |
| addik ^{TV} | Canada | August 31, 2022 | CRTC 2017-147 |
| CASA | Canada | August 31, 2022 | CRTC 2017-147 |
| Le Canal Nouvelles (LCN) | Canada | August 31, 2022 | CRTC 2017-147 |
| MOI ET CIE | Canada | August 31, 2022 | CRTC 2017-147 |
| Prise 2 | Canada | August 31, 2022 | CRTC 2017-147 |
| TVA Sports | Canada | August 31, 2022 | CRTC 2017-147 |
| YOOPA | Canada | August 31, 2022 | CRTC 2017-147 |
| Évasion | Canada | August 31, 2022 | CRTC 2019-6 CRTC 2019-126 CRTC 2020-392 |
| Zeste | Canada | August 31, 2022 | CRTC 2019-6 CRTC 2019-126 CRTC 2020-392 |

2.1.7 COMPETITION, VIEWING AUDIENCES AND TELEVISION MARKET SHARE

The Broadcasting segment competes directly with all other advertising media. The distribution of advertising dollars among these various media is determined by several factors, among them the economic climate, advertiser's preferences and interest in the product offered.

The Broadcasting segment in Québec has to deal with a very competitive environment due to the multiplication of content offering especially for unregulated subscription video-on-demand services such as Netflix, which have access to international capital to finance their exclusive original content. Moreover, publicly owned stations benefit from strong financial support from governments, while also maintaining access to the advertising market and funding available for Canadian programming. In addition to the larger number of television channels, viewers are increasingly solicited by the Internet and its peripheral services. The negative impact that various digital platforms have on the Broadcasting segment is affecting traditional advertising revenues.

The quality of its programming, the great popularity of its shows, the reputation for its news and information services and the use of new broadcasting platforms are all factors that help the Corporation maintain its audience ratings and its significant share of the advertising market. For the year 2021, TVA Network remained in the lead with a 24.1 market share, more than the combined market share of its two main over-the-air competitors.

(Source: Numeris, French Quebec, January 1st to December 31, 2021, 1-d, 2h-2h, t2+)

2.2 FILM PRODUCTION & AUDIOVISUAL SERVICES

The Corporation, especially through MELS, provides top-quality services for the film and television industries, including complete soundstage and equipment leasing services, mobile and post-production services, visual effects and media accessibility services. It also offers asset management for distribution and broadcast via film, television, internet and mobile telephony networks, allowing one-stop shopping in the film and television industries. In October 2020, MELS launched a new virtual stage with an LED wall. This virtual stage is an integrated production platform that allows MELS to offer a complete virtual production solution.

This segment's operations are heavily dependent on the availability of soundstages and equipment, and on the ability to meet international and local producers' postproduction needs in accordance with shooting schedules.

2.2.1 STUDIOS, MOBILE AND EQUIPMENT LEASING SERVICES

The Corporation offers for rent 18 purpose built stages of approximately 212,000 square feet in Montreal and St-Hubert, Québec, cameras, mobile and lighting as well as the management and production of deliverables for distribution and broadcast via film, television, Internet and mobile telephony networks. The Corporation also provides on-set technical services. The facilities are used for both local and foreign film and television productions, including American blockbusters.

2.2.2 POSTPRODUCTION

Postproduction – Digital intermediate and video

The Corporation offers editing services, digital intermediate, grading and color correction, digital cinema, photochemical laboratory, image restoration and other related services.

Postproduction – Audio

The Corporation offers sound design services, sound effects, dubbing as well as mixing for advertising or video games.

2.2.3 VISUAL EFFECTS

The services offered include visual effects for films, television and advertising. The Corporation is specialized in photo real environments, crowds, set extensions and 3D tracking.

2.2.4 MEDIA ACCESSIBILITY SERVICES

Through Mels Dubbing Inc., the Corporation provides voice-over services for the French-language channels of the Corporation for the most part. It also provides its clients with closed-captioning for the hearing impaired and described video.

2.2.5 DISTRIBUTION

The Corporation also offers access to a private streaming platform VSR (Virtual Screening Room), as well as distribution, encoding for different platforms and archiving services.

2.2.6 SOURCES OF REVENUE

This segment's main sources of revenue are soundstage, mobile and equipment rental and media accessibility services. Shooting stage, mobile and equipment rental services account for 50% of the segment's total revenues, 52% of which come from international clients. Media accessibility services account for 19% of the segment's total revenues. Post-production services account for 16% and serve mainly local clients, while visual effects account for 7% of the segment's total revenues.

2.2.7 CUSTOMERS

The Film Production & Audiovisual Services segment's primary customers are major motion picture studios and third party filmmakers. Historically, a significant percentage of the Film Production & Audiovisual Services segment's operating revenues came from a limited number of customers, several of whom are foreign customers, whose loyalty to Canada may be tested when presented with more favourable production environments outside Canada. The Corporation still expects that a high percentage of the Film Production & Audiovisual Services segment's revenues for the foreseeable future will continue to come from a relatively small number of customers. In general, the Corporation does not have long-term or exclusive service agreements with its Film Production & Audiovisual Services segment's customers. Customer retention is based on customer satisfaction with regard to reliability, timeliness, quality and price.

2.2.8 REGULATION

Canada is a favourable country for television and film production because of its tax incentive program. The Canadian and provincial governments currently provide grants and incentives to attract foreign producers and support domestic film and television production. Many of the major studios and other key customers of the Film Production & Audiovisual Services segment, as well as content producers for the Broadcasting & Production segment, finance a portion of their production budgets through Canadian governmental incentive programs, including federal and provincial tax credits.

2.2.9 COMPETITION

The Corporation competes with a variety of soundstage and equipment rental and post-production firms, some of which have a national presence and, to a lesser extent, the in-house operations of its major motion picture studio customers. Some of these firms and studios have greater financial and marketing resources

and have achieved a higher level of brand recognition than the Corporation. The Corporation may also face competition from companies in related markets that could offer similar or superior services to those offered by the Corporation.

2.2.10 CYCLICAL ACTIVITIES

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

The COVID-19 pandemic and the measures put in place to curb its spread caused, among other things, the temporary suspension of activities in this sector or the maintenance of these activities under restrictive production conditions.

2.3 MAGAZINES

2.3.1 TVA PUBLICATIONS

The Magazines segment publishes more than 50 titles including regular, special, thematic and seasonal issues. Its principal trademarks focus on two market niches:

Entertainment

- 7 Jours
- La Semaine
- Échos Vedettes
- Star Système
- DH
- Cool!
- TV Hebdo

Monthly

- Canadian Living
- Coup de pouce
- Clin d'œil
- Style at Home
- Les idées de ma maison
- Espaces

The Magazines segment also operates websites in order to broadcast its trademarks and contents on different digital platforms. Thus, the following websites broadcast daily content related to the editorial line of its corresponding trademarks:

- | | |
|--|--|
| • www.clindoeil.ca | • www.espaces.ca |
| • www.tvhebdo.com | • www.coupdepouce.com |
| • www.7jours.ca | • www.styleathome.com |
| • www.magazine-cool.ca | • www.canadianliving.com |
| • www.recettes.qc.ca | • www.salutbonjour.ca/magazine/les-idees-de-ma-maison |

Since 2016, the Corporation offers the “Molto” app, a digital newsstand that gives users unlimited access to the full content of all of the Corporation’s magazines on their tablets and smartphones via payment of a monthly subscription fee. As such, TVA offers digital versions of its magazines available on mobile platforms, tablets and computers on IOS and Android. Those publications are also available on PressReader and Zinio platforms.

Each magazine’s content is either produced internally by the employees of the Corporation or by freelancers, or purchased on the market. Art direction, computer graphics as well as coordination and review of the content are done by employees of TVA Publications. Printing, distribution and finishing work as well as management of subscriber databases are outsourced by internal and external service providers.

2.3.2 SOURCES OF REVENUE

The main sources of revenue for the Magazines segment are advertising sales, newsstand sales and subscription revenues. On April 1, 2010, the Government of Canada launched the Canada Periodical Fund (“CPF”). The CPF provides financial assistance to the Canadian magazine and non-daily newspaper industries so they can continue to produce and distribute Canadian content. In 2020, the program was extended for the 12-month reference period starting April 1 of that year, a one-time additional government assistance measure offered to help businesses in the industry deal with the health crisis and resulting in a 25% increase in the grant received for that same reference period. In 2021, the program was renewed for a period of 12 months resulting in a 14% increase in the grant received for that same reference period. In 2020, the Minister of Canadian Heritage also announced the modernization of the CPF with the objective of placing greater emphasis on the creation of Canadian content, a change that will take effect for the grant period starting April 1, 2021, with a five-year transition period, at the end of which the program changes will all be in effect. Given that the previous granting methodology was geared more towards distribution of titles, this change has and will continue to have an impact on the amount of government assistance received by this segment from the regular program. TVA Publications benefits from this program and the total assistance related to this program represents 24.5% of the segment’s operating revenues for fiscal 2021. The downward trend in the publishing market and the increase in media diversity remain significant issues affecting the sector’s performance. Nevertheless, the strength of the Corporation’s trademarks is an important asset.

The Magazine segment of the Corporation experiences seasonality due to, among other factors, seasonal advertising patterns and influences on people’s reading habits. Its operating results are sensitive to prevailing economic conditions including changes in local, regional and national economic conditions because the Corporation depends on the sale of advertising and on newsstand sales for a significant portion of its revenues. The COVID-19 pandemic and the measures put in place to curb its spread caused, among other things, a reduction in the publication frequency of some periodicals in 2020, which had the impact of accentuating the decline in newsstand, subscription and advertising revenues of this segment.

2.3.3 COMPETITION

The Magazines segment faces strong competition in an ever-changing market: market consolidation, arrival of new market players, discontinuation of certain issues or less frequent publication, etc. Print media faces increasing competition from digital media, some of which offer free content and new technological platforms. This competition comes mainly from major foreign players.

With nearly 3.1 million readers cross-platform readers for its monthly French titles, TVA is the top publisher of French-language monthly magazines in Québec and a leader player in the Canadian magazine market with 7.2 million cross-platform readers.

Canada’s lifestyle standard-setter *Canadian Living* reaches more than 3.3 million cross-platform readers, while its French-language counterpart, *Coup de pouce*, is the most widely read French-language lifestyle magazine with nearly 1.2 million cross-platform readers.

In Québec, *Les idées de ma Maison* is the benchmark in decoration reaching 704,000 cross-platform readers.

In the English-language market, *Style at Home* is Canada’s go-to home decor magazine reaching more than 2.3 million cross-platform readers.

(Source: Vividata, Fall 2021, Total Canada, 14+, July 1, 2020 to June 30, 2021)

2.4 PRODUCTION & DISTRIBUTION

The Corporation, through the companies in the Incendo group, produces and distributes television shows, movies and television series for the world market.

2.4.1 SOURCES OF REVENUE

Activities related to the distribution of films produced by Incendo accounted for 78.8% of the segment's operating revenues. Ninety-two percent of the revenue generated by Incendo's productions comes from international distribution. In 2020, Incendo adopted a shift towards the production of romantic comedies which diversified the niche of films distributed in 2021. Despite the COVID-19 pandemic and the measures put in place to curb its spread, there was no shutdown of production activities in 2021, whereas in 2020 the production schedule had to be postponed. Incendo has distinguished itself by producing both locally and abroad, thanks in particular to the realization of co-productions with New Zealand.

2.4.2 CUSTOMERS

Incendo's customer base consists primarily of traditional broadcasters, holders of streaming platforms, pay and conventional television in Canada but also, and especially, international markets. In some broader and relatively homogenous territories, Incendo's customers include specialty distributors. Increasing numbers of digital platforms are seeking to acquire made-for-television movies, resulting in a degree of growth in revenues either directly from those platforms or via digital content aggregators. More than 87% of Incendo's revenues originate outside Canada. Incendo represents multiple Canadian and U.S. producers on the Canadian television distribution market, as well as on international markets in some cases. Incendo is also the Québec theatrical distributor for Paramount Pictures.

2.4.3 COMPETITION

Incendo's competitors are the independent producers of English-language content. A high concentration of made-for-television suspense and romantic comedy productions is shot and produced in Canada, mainly in Ontario and British Columbia. Incendo, on the other hand, has filmed all of its productions over the past ten years (except in the case of co-productions) in Québec, making it one of the leading producers of English-language television content in the province. With regard to television series, Incendo's competition is worldwide, and the number of industry players on that market is substantial.

2.5 INTELLECTUAL PROPERTY

The Corporation owns or uses under licence a number of trademarks which form part of its most important intangible assets. The main trademarks for its products and services are filed or registered in Canada. In addition, the Corporation has rights arising from its use of unregistered trademarks. It takes all required legal measures to protect its trademarks and believes that these trademarks are appropriately covered for its needs.

The audiovisual content that the Corporation produces, distributes or broadcasts usually benefits from a legal protection regime under the copyright laws applicable in the territories where it originates from or where it is used. These protection regimes generally allow for civil and criminal penalties in the event of any unauthorized use, broadcast or reproduction of audiovisual content.

The content incorporating works within the meaning of the *Copyright Act* included in TVA's publications and on its websites is also protected under the relevant legal regime. By way of law or contract, the Corporation is the owner of the intellectual property rights on most of this content, subject to limited exceptions, including the content incorporating works from national or international agencies. The Corporation therefore ensures that it enters into licence agreements with these agencies, freelancers and any other providers under conditions that enable it to meet its operating needs. The Corporation believes that it has taken the

appropriate and reasonable measures to cover, use, protect and guarantee the protection of the content that it has created and distributed.

2.6 HUMAN RESOURCES AND LABOUR RELATIONS

At December 31, 2021, TVA had 1,317 permanent employees.

The following table shows the number of permanent employees in each business segment:

| | |
|--|--------------|
| Broadcasting: | 867 |
| Film Production & Audiovisual Services | 345 |
| Magazines: | 89 |
| Production & Distribution | 16 |
| TOTAL: | <u>1,317</u> |

As of December 31, 2021, approximately 44% of the Corporation's permanent employees were unionized. TVA's labour relations are governed by seven collective agreements. As of December 31, 2021, three collective agreements had expired, covering about 72% of the Corporation's permanent unionized employees.

2.7 ENVIRONMENT

The operations of TVA are subject to federal, provincial and municipal laws and regulations concerning environmental matters. The Corporation also owns certain soundstages and vacant lots, some of which are located on a former landfill, where gas emitting waste is buried.

The management of the Corporation believes that compliance with the environmental regulation applicable to its activities has not a material adverse effect on its business, financial condition or results of operations.

As provided in its environmental strategy, the Corporation is determined to reduce the environmental impact of its activities through the deployment of ecoresponsible initiatives such as the responsible management of residual materials and the electrification of its vehicle fleet.

ITEM 3 HIGHLIGHTS

RECENT DEVELOPMENTS

On February 15, 2022, the Corporation renewed its \$75,000,000 revolving credit facility for one year, until February 24, 2023.

In the past three fiscal years, the following events have had an impact on the development and growth of TVA:

2021 HIGHLIGHTS

On January 20, 2021, France Lauzière, President and CEO of the Corporation, announced a new management structure and placed all programming for TVA, TVA+ and the Corporation's nine specialty services under the responsibility of Martin Picard, Vice President and Chief of Content Exploitation. A member of the TVA team since 2002 and Chief of Content Exploitation since 2017, Mr. Picard therefore adds the strategic management of TVA Nouvelles, LCN and TVA Sports to his duties, thus ensuring content development and reach across all of the group's platforms.

On February 11, 2021, the Corporation renewed its \$75,000,000 revolving credit facility for one year, until February 24, 2022.

On July 16, 2021, the Corporation announced the expansion of MELS' studios with the construction of MELS 4, a \$53,000,000 infrastructure project, in addition to which approximately \$23,000,000 will be spent on equipment over the next 10 years. With a total area of 160,000 square feet, the project will enable MELS to attract even more major film shoots. The project is scheduled for delivery in spring 2023. The Quebec government, through Investissement Québec, will extend a \$25,000,000 interest-free loan to the Corporation to support the studio construction.

On October 28, 2021, the Corporation announced the appointment of Régine Laurent to its Board of Directors, bringing the number of directors to eight. Ms. Laurent chaired the Laurent Commission and is the former president of the Fédération interprofessionnelle de la santé du Québec. Her know-how, expertise and knowledge of media will be valuable assets for TVA's Board.

On October 28, 2021, the Corporation announced that France Lauzière would be resigning from her position as President and Chief Executive Officer of TVA for personal reasons, after taking time off from her professional duties for the same reasons starting on April 14, 2021. Since joining the Corporation in 2001, Ms. Lauzière has helped strengthen TVA's dominant position as Québec's television leader. She remains available to work with the company on strategic projects and to contribute her expertise in content. Pierre Karl Péladeau will continue to serve as acting President of TVA.

2020 HIGHLIGHTS

On February 21, 2020, the Corporation renewed its revolving credit facility for one year, until February 24, 2021, and decreased its size from \$150,000,000 to \$75,000,000.

On March 12, 2020, the agreement in principle reached on January 8, 2020 to renew the collective agreement of unionized employees in Québec City, which had expired on December 31, 2018 and covered approximately 8% of the Corporation's permanent unionized employees, was ratified. The collective agreement has been renewed for five years, thus extending the term to December 31, 2023.

On June 26, 2020, the Corporation announced the acceleration of MELS' business plan and hence the appointment of Martin Carrier as President of MELS. Mr. Carrier had been Senior Vice President, Business Development of MELS since April 21, 2020 and is tasked with developing and expanding this business segment.

On August 7, 2020, the CRTC found that the new packaging structure proposed by Bell still fails to comply with the decision made in December 2019 on the undue preference complaint filed by TVA. In mid-October 2020, Bell removed RDS from its most popular plan to comply with the decision.

On October 14, 2020, the Corporation announced that MELS was launching a new virtual stage service that provides an innovative alternative to conventional soundstages and also facilitates physical distancing by reducing the size and scope of shoots, sets and crowd scenes. The initiative is part of MELS' push to innovate and to pursue its technological shift.

On October 23, 2020, the Corporation announced a strategic shift for its TVA Sports specialty service, based on the fan profile and changing sports-consumption patterns. The channel is setting itself apart by focusing on live sports and transforming its "traditional" sports news bulletins into a 100% digital offering. This shift entailed some changes to the TVA Sports team, including resource reallocation, in order to meet the channel's objectives.

On November 11, 2020, the Corporation announced a strategic repositioning that updates the TVA brand, including a new logo and a new digital destination, TVA+, a live and on-demand content ecosystem.

2019 HIGHLIGHTS

On February 13, 2019, the Corporation acquired the companies in the Serdy Média inc. group, which owns and operates the “Évasion” and “Zeste” specialty channels, and the companies in the Serdy Vidéo inc. group, for approximately \$24,000,000. The transaction had been concluded on April 30, 2018 and was approved by the CRTC on January 14, 2019.

On April 1, 2019, under an agreement reached on February 22, 2019, the Corporation acquired the companies in the Incendo group, a Montreal-based producer and distributor of television programs for international markets, for approximately \$19,500,000 subject to certain adjustments.

During the second quarter 2019, the Corporation discontinued publication of *Elle Canada* and *Elle Québec* magazines. The last issues were released in May 2019. The decision is consistent with TVA's strategy of focusing on its strong brands in order to increase their reach and ensure the Magazines segment's profitability.

On June 5, 2019, the Corporation announced that, due to the challenging business environment, it needed to make deep budget cuts in order to reduce its operating expenses as well as eliminate 68 positions.

On June 18, 2019, the Federal Court of Appeal agreed to hear TVA's appeal challenging the legality of the standstill rule on the basis of which the CRTC decided that TVA must continue providing the TVA Sports signal to Bell until the dispute in the royalty file is settled. On April 10, 2019, with negotiations dead locked after numerous attempts to come to an agreement with Bell on royalties, the Corporation had decided to withdraw the TVA Sports signal from Bell. The agreements between the Corporation and Bell respecting carriage of TVA's specialty services expired on August 31, 2018 for TVA Sports and on August 31, 2017 for other channels. The Corporation is continuing its efforts to have the fair value of its specialty channels recognized.

On September 3, 2019, Patrick Jutras was appointed to the position of Senior Vice-President and Chief Advertising Officer of Quebecor Media and TVA.

On September 12, 2019, the collective agreement of the unionized employees in Sherbrooke, which had come to term on December 31, 2017 and which covered about 8% of the Corporation's permanent unionized employees, was renewed for five years, thus extending the term to December 31, 2022.

On December 19, 2019, the CRTC ruled that Bell has conferred an undue preference on its discretionary sports service “RDS” and subjected the “TVA Sports” service to an undue disadvantage by packaging the two services in a different manner. The preference and disadvantage are undue since they have caused a material adverse impact on the Corporation. Accordingly, the CRTC directed Bell to report back, by no later than February 5, 2020, on a new packaging structure that would neither unduly disadvantage “TVA Sports” nor unduly favour “RDS”. On January 17, 2020, Bell appealed the decision to the Federal Court of Appeal. On February 6, 2020, TVA challenged Bell's proposed packaging structure before the CRTC.



SCHEDULE B

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of Quebecor Inc. (the “**Corporation**”) has the oversight responsibility of the management of the Corporation’s business and affairs, with the objective of increasing value for its shareholders. The Board is responsible for the proper stewardship of the Corporation and, as such, it must efficiently and independently supervise the business and affairs of the Corporation which are managed on a day-to-day basis by management. The Board may delegate certain tasks to committees of the Board. However, such delegation does not relieve the Board of its overall responsibilities with regards to the management of the Corporation.

All decisions of the Board must be made in the best interest of the Corporation.

COMPOSITION AND QUORUM

The majority of the members of the Board must be considered independent by the Board, as defined in the laws and regulations¹. The Board determines annually, upon recommendation of the Human Resources and Corporate Governance Committee, the independent status of each of its members. In accordance with the articles of the Corporation, 25% of all the members of the Board are elected by holders of Class B Subordinate Voting Shares (the “**Class B directors**”) and the other members of the Board are elected by holders of Class A Multiple Voting Shares (the “**Class A directors**”). Throughout the term of the mandate, a quorum of the members of the Board may fill any vacancy on the Board by appointing a new director who will serve until the next annual meeting of shareholders.

The Board may appoint one or more additional directors who shall hold office for a term expiring not later than the close of the annual meeting of shareholders following their appointment, but the total number of directors so appointed may not exceed one third of the number of directors elected at the annual meeting of shareholders preceding their appointment.

All members of the Board must have the skills and qualifications required for their appointment as a director. The Board, as a whole, must reflect a diversity of particular experiences and qualifications to meet the Corporation’s specific needs including the representation of women.

At every meeting of the Board, the quorum is a majority of directors holding office.

RESPONSIBILITIES

The Board has the following responsibilities:

A. With respect to strategic planning

1. Assess and approve annually the strategic planning of the Corporation including its financial

¹ A director is independent if he has no direct or indirect material relationship with the Corporation, i.e. that he has no relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of his independent judgment.

2. Review and, at the option of the Board, approve all strategic decisions for the Corporation, including acquisitions or sales of shares, assets or businesses which exceed the delegated approval powers.

B. With respect to human resources and performance assessment

1. Appoint the President and Chief Executive Officer. Select a Chair of the Board amongst the directors and, if appropriate, one or more Vice Chairs of the Board. If the Chair of the Board is not an independent director, select a Lead Director amongst the independent directors. One of the Vice Chairs of the Board may hold both offices.
2. Approve, upon the recommendation of the Human Resources and Corporate Governance Committee, the appointment of the other members of senior management reporting directly to the President and Chief Executive Officer.
3. Ensure that the Human Resources and Corporate Governance Committee assesses annually the performance of the Chief Executive Officer, of the Chief Financial Officer and of the Chief Operation Officer, taking into consideration the Board's expectations and the objectives that have been set.
4. Approve, upon the recommendation of the Human Resources and Corporate Governance Committee, the compensation of the Chief Executive Officer, of the Chief Financial Officer and of the Chief Operating Officer as well as the objectives that they must achieve.
5. Upon recommendation of the Human Resources and Corporate Governance Committee, approve the Chair of the Board's, the Vice Chair(s) of the Board's and the directors' compensation.
6. Ensure that a management succession planning process is in place.
7. Ensure that the Human Resources and Corporate Governance Committee considers the implications of the risks associated with the Corporation's compensation policies and practices.

C. With respect to financial matters and internal controls

1. Ensure the integrity and quality of the Corporation's financial statements and the adequacy of the disclosure made.
2. Review and approve the annual and interim financial statements and management's discussion and analysis. Review the press release relating thereto.
3. With regard to the clawback policy, approve any restatement of the financial statements deemed necessary by the Audit and Risk Management Committee and, if appropriate, require repayment of any bonus or incentive compensation received by a named executive officer to whom this policy applies.
4. Approve operating and capital expenditures budgets, the issuance of securities and, subject to the Limit of Authority Policy of Quebecor Media Inc., all transactions outside the ordinary course of business, including proposed amalgamations, acquisitions or other material transactions such as investments or divestitures.

5. Determine dividend policies and declare dividends when deemed appropriate.
6. Ensure that the Audit and Risk Management Committee regularly reviews and monitors that the appropriate systems are in place to identify business risks and opportunities and oversee the implementation of an appropriate process to evaluate those risks and to manage the principal risks generally relating to the Corporation.
7. Ensure that the Audit and Risk Management Committee regularly reviews and monitors the quality and integrity of the Corporation's accounting and financial reporting systems, disclosure controls and internal procedures for information validation.
8. Monitor the Corporation's compliance with legal and regulatory requirements applicable to its operations.
9. Review, when needed and upon recommendation of the Audit and Risk Management Committee, the Corporation's Disclosure Policy, monitor the Corporation's dealings with analysts, investors and the public and ensure that measures are in place in order to facilitate shareholders' feedback.
10. Recommend to the shareholders the appointment of the external auditor.
11. Approve the audit fees of the external auditor.

D. With respect to pension matters and the Stock Option Plan

1. Ensure that appropriate systems are in place to monitor the management of the pension plans.
2. Approve grants of stock options in virtue of the Stock Option Plan.

E. With respect to corporate governance matters

1. Ensure that management manages the Corporation competently and in compliance with applicable legislation, including by making timely disclosure of relevant information regarding the Corporation and making statutory filings.
2. Review, on a regular basis, corporate governance structures and procedures, including the decisions requiring the approval of the Board.
3. Ensure that a Code of ethics is in place and that it is communicated to the Corporation's employees and enforced.
4. Review on a regular basis the policies of the Corporation that are under the responsibility of the Board.
5. Receive the Human Resources and Corporate Governance's report on the Corporation's orientations and initiatives in terms of corporate social responsibility.
6. Establish a policy which enables committees of the Board and, subject to the approval of the Human Resources and Corporate Governance Committee, a director, to hire external advisors at the expense of the Corporation when circumstances so require, subject to notification to the Chair of the Board.

7. Review the size and composition of the Board and its committees based on qualifications, skills and personal qualities sought in Board members. Review annually the composition of Board committees and appoint chair of committees. Review annually, upon recommendation of the Human Resources and Corporate Governance Committee, the mandates of the Board and of its committees, as well as the position descriptions.
8. Ensure that the effectiveness of the policy on selecting candidates for director positions and on diversity among directors is measured.
9. Approve annually the Board nominees for election by shareholders.
10. Upon recommendation of the Human Resources and Corporate Governance Committee, determine annually the independence of directors pursuant to the rules on the independence of directors.
11. Review and approve the Corporation's management proxy circular as well as its annual information form and all documents or agreements requiring its approval.
12. Receive annual confirmation from the Board's various committees that all matters required under their mandate have been covered.
13. Receive the Chair of the Board's report (or the Vice Chair of the Board and Lead Director's report) on the annual assessment of the overall effectiveness of the Board.
14. Ensure that the directors have all the support they require in order to fully perform their duties.

METHOD OF OPERATION

1. Meetings of the Board are held quarterly, or more frequently, as required. Special meetings of the Board are held annually in order to review and approve the Corporation's strategic plan as well as operating and capital budgets.
2. The Chair of the Board, in consultation with the Chief Executive Officer and the Secretary, determines the agenda for each meeting of the Board. The agenda and the relevant documents are provided to directors sufficiently in advance.
3. The independent directors meet after each meeting of the Board, or more frequently, as required.

* * * * *

Approved by the Board of Directors on November 3, 2021.

SCHEDULE C

MANDATE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (the “**Committee**”) assists the Board of Directors (the “**Board**”) 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 risk of Quebecor Inc. (the “**Corporation**”). The Committee also oversees the Corporation’s compliance with financial covenants as well as legal and regulatory requirements governing financial disclosure matters and financial risk management.

COMPOSITION AND QUORUM

The Committee is composed of a minimum of three (3) directors and a maximum of five (5) directors, all of whom are considered independent¹ by the Board, in accordance with the statutory and regulatory requirements applicable to the Corporation. Each member of the Committee must be financially literate.² The members and Chair of the Committee are appointed by the Board.

The quorum at any meeting of the Committee is a majority of its members.

RESPONSIBILITIES

The Committee has the following responsibilities:

A. With respect to financial reporting

1. Review with management and the external auditor the annual financial statements, the external auditor’s report thereon as well as the management’s discussion and analysis, and obtain explanations from management on all significant variances with comparative periods, before recommending their approval to the Board and their release. Review and approve the related press release.
2. Review with management and the external auditor the interim financial statements, the external auditor’s review thereof as well as the management’s discussion and analysis, and obtain explanations from management on all significant variances with comparative periods before recommending their approval to the Board and their release. Review and approve the related press release.
3. Ensure that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the financial statements, management’s discussion and analysis and annual and quarterly earnings press releases.

¹ The term « independent » has the meaning given to it under securities legislation applicable to the Committee including, but not limited to, regulation regarding material relationship.

4. Review the financial information contained in prospectuses, annual information form and other reports or documents containing similar financial information before recommending their approval to the Board and their release or filing with the appropriate regulatory authorities.
5. Review with management and the external auditor the quality and not only the acceptability of the Corporation's accounting policies and any changes proposed thereto, including (i) all major accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the impact of their use and the treatment recommended by the external auditor, and (iii) any other important communications with management with respect thereto, and review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
6. Review with the external auditor any audit problems or difficulties and management's response thereto and resolve any disagreement between management and the external auditor regarding financial reporting.
7. Review periodically the Corporation's Disclosure Policy to ensure that it is in compliance with applicable legal and regulatory requirements and make recommendations to the Board, if required.

B. With respect to disclosure controls and procedures and internal control

1. Oversee the quality and integrity of the Corporation's financial and accounting systems and information management systems as well as the existence and proper operation of disclosure controls and procedures and internal control over financial reporting through discussions with management and the external auditor, as well as with the internal auditors of the Corporation and of Quebecor Media Inc. ("QMI").
2. Review periodically management's report assessing the effectiveness of the disclosure controls and procedures.
3. Review with the Vice President, Legal Affairs and Corporate Secretariat of the Corporation legal compliance matters, significant litigations and other legal matters that could have a significant impact on the Corporation's financial statements.
4. Approve annually the insurance portfolio of the Corporation and its main subsidiaries.
5. Review periodically with senior management the status of taxation matters.
6. Establish and, if needed, review procedures for the receipt, retention and processing of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
7. Establish and, if needed, review procedures for "whistleblower protection" to ensure that no employee of the Corporation, its subsidiaries or business units are discharged or otherwise

penalized for reporting in good faith to his or her supervisor or to any competent authorities, potential violations of any laws or regulations applicable to the Corporation.

8. Assist the Board fulfil its responsibility to ensure that the Corporation complies with applicable statutory and regulatory requirements.

C. With respect to risk management

1. Review on a regular basis and monitor the Corporation's and its main subsidiaries' risks identification, assessment and management policies and procedures, including operational risks such as information security, cybersecurity as well as financial, fraud and regulatory risks, and oversee the effectiveness of the measures put in place to control these risks.
2. Oversee other risk management matters from time to time as the Committee may consider appropriate (other than risks the Board delegated oversight responsibility to the Human Resources and Corporate Governance Committee) or as the Board may specifically direct.

D. With respect to internal auditing

1. Oversee the qualifications and performance of the internal auditors.
2. Review the internal audit program, its scope and capacity to ensure the effectiveness of the systems of internal control and financial reporting accuracy.
3. Oversee the execution of the internal audit program and, together with the internal auditors, ensure a follow-up on the recommendations of the external auditor regarding deficiencies identified by the latter and regarding the steps management has agreed to take to correct such deficiencies.
4. Ensure that the internal auditors are always ultimately accountable to the Committee and the Board.
5. Review and approve periodically the internal audit charter.

E. With respect to the external auditor

1. Oversee the work of the external auditor.
2. Obtain annually and review a letter of the external auditor confirming his independence from the Corporation and discuss any relationships or services that may impact on his objectivity or independence.
3. Recommend to the Board (i) the name of the accounting firm that will be submitted to the vote of shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or certification services, and (ii) the compensation of the external auditor for audit services.
4. Authorize all audit services, determine which non-audit services the external auditor is allowed to provide and pre-approve all non-audit services that may be provided to the

Corporation or its subsidiaries by the external auditor, the whole in accordance with the *Pre-Approval Policy* for the services to be provided by the external auditor, and regulations in force.

5. Review the basis and amount of the external auditor's fees for both audit services and authorized non-audit services.
6. Review the audit plan with the external auditor and management and approve the scope, content and time-frame of such audit plan.
7. Review, if required, the policy on hiring of partners and employees and former partners and employees of the Corporation's current or previous external auditor.
8. Ensure the compliance with the legal requirements regarding the rotation of appropriate partners of the external auditor.
9. Obtain, review and discuss annually with the external auditor the content of the Canadian Public Accountability Board's ("CPAB") report regarding the result of inspections of the big four firms in Canada and, if the audit file of the Corporation is inspected by the CPAB or any other regulatory authority, obtain a report from the external auditor on the significant deficiencies identified and any steps taken to deal with any such issues.
10. Ensure that the external auditor is always accountable to the Committee and the Board.
11. Carry out an annual assessment and a complete and thorough assessment of the external auditor at least every five years.

F. With respect to QMI

1. While recognizing the Corporation's control framework, establish a procedure to foster good collaboration and communication with the audit and risk management committee of QMI.
2. Confirm annually that QMI's audit and risk management committee has covered all the elements included in its mandate.
3. Obtain, on a timely basis, minutes of meetings of QMI's audit and risk management committee for information purposes.
4. Oversee the pension plans of the Corporation and its subsidiaries, to the extent permitted by the internal governance of public subsidiaries and of subsidiaries not wholly owned by the Corporation.
5. Review all related party transactions and, annually, the inter-company sharing of management fees.

G. With respect to the clawback policy

1. Determine, together with the external auditor, if the financial results of the Corporation must be restated and identify the reason or reasons of this restatement and make the appropriate recommendations to the Board.

METHOD OF OPERATION

1. The Chair of the Committee is appointed each year by the Board.
2. The Committee holds four regular meetings per year and may meet more often if needed.
3. The Secretary or Assistant Secretary acts as the Committee's Secretary.
4. The Chair of the Committee, in collaboration with the Chief Financial Officer and the Secretary, proposes the agenda for each meeting of the Committee. The agenda and the relevant documents are provided to members of the Committee sufficiently in advance.
5. The Chair of the Committee reports quarterly to the Board about the Committee's proceedings, findings and recommendations.
6. The Committee has, at all times, a direct line of communication with the external auditor and with the internal auditors.
7. At each meeting reviewing the interim and annual financial statements, the Committee meets with the external auditor or the internal auditors, the whole without management being present.
8. The Committee meets on a regular basis without management, the external auditor and the internal auditors.
9. The Committee meets with management only at least once a year and more often if needed.
10. The Committee may, when circumstances dictate, retain the services of external advisors and fix their remuneration, provided the Committee advises the Chair of the Board.
11. The Committee reviews annually its mandate and the position description of its Chair and reports to the Human Resources and Corporate Governance Committee on any modifications required thereto.
12. The minutes of the Committee meetings are approved by the Committee and are submitted to the Board for information purposes.
13. A resolution in writing, signed by all the members of the Committee, is as valid as if it had been passed at a meeting of the Committee.
14. The Committee annually provides the Board with a certification confirming that all required elements included in its mandate were covered.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee. Even though the Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform an audit, or to determine that the Corporation's financial statements are complete and accurate.

Members of the Committee are entitled to rely, in the absence of information to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to non-audit services provided to the Corporation by the external auditor. The Committee's oversight responsibility was established to provide an independent basis to determine that (i) management maintained appropriate accounting and financing reporting principles or appropriate internal controls and procedures, or (ii) the Corporation's financial statements were prepared and, if applicable, audited in accordance with generally accepted accounting principles or generally accepted auditing standards.

* * * * *

Approved by the Board of Directors on August 5, 2020.

EXHIBIT 2



MANAGEMENT DISCUSSION AND ANALYSIS

SECOND QUARTER 2022

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the second quarter of 2022 and the major changes from the previous financial year. Quebecor Inc. is a holding company that owns Quebecor Media Inc., a wholly owned subsidiary that is one of Canada's largest telecommunications and media groups.

Quebecor Media Inc. operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media Inc. is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content for the benefit of multiple distribution platforms. Unless the context otherwise requires, in this Management Discussion and Analysis, "Quebecor" and the "Corporation" refer to Quebecor Inc. and its subsidiaries, and "Quebecor Media" refers to Quebecor Media Inc. and its subsidiaries.

This report should be read in conjunction with the information in the consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2021. All amounts are stated in Canadian dollars ("CAN") unless otherwise indicated.

The Corporation uses financial measures not standardized under International Financial Reporting Standards ("IFRS"), such as adjusted EBITDA, adjusted income from continuing operating activities, adjusted cash flows from operations, free cash flows from continuing operating activities and consolidated net debt leverage ratio, and key performance indicators, such as revenue-generating unit ("RGU") and average monthly revenue per unit ("ARPU"). The previously used average billing per unit ("ABPU") metric was abandoned in the first quarter of 2022 and replaced by ARPU, which affords better comparability in view of the Corporation's changing business model related to equipment sales. Definitions of the non-IFRS measures and key performance indicators used by the Corporation, including the new ARPU metric, are provided in the "Non-IFRS financial measures" and "Key performance indicators" sections below.

COVID-19 pandemic

Since March 2020, the COVID-19 pandemic has had an impact on some of the Corporation's quarterly results, more particularly in the Media and the Sports and Entertainment segments. Given the uncertainty around the future evolution of the pandemic, including any new major waves, all future impacts of the health crisis on the results of operations cannot be determined with certainty.

HIGHLIGHTS

Second quarter 2022

Revenues: \$1.12 billion, a \$16.0 million (-1.4%) decrease.

Adjusted EBITDA:¹ \$491.4 million, a \$10.0 million (-2.0%) decrease.

Net income attributable to shareholders: \$157.4 million (\$0.66 per basic share), an increase of \$33.9 million (\$0.16 per basic share).

Adjusted income from continuing operating activities:¹ \$161.7 million (\$0.68 per basic share), an increase of \$3.4 million (\$0.03 per basic share).

Adjusted cash flows from operations:¹ \$361.0 million, a \$22.9 million (6.8%) increase.

Cash flows provided by operating activities: \$241.7 million, a \$12.0 million (5.2%) increase.

Year to date

Revenues: \$2.20 billion, a \$19.1 million (-0.9%) decrease.

Adjusted EBITDA: \$933.5 million, a \$20.6 million (-2.2%) decrease.

Net income attributable to shareholders: \$278.8 million (\$1.17 per basic share), an increase of \$34.0 million (\$0.17 per basic share).

Adjusted income from continuing operating activities: \$290.4 million (\$1.22 per basic share), an increase of \$2.2 million (\$0.05 per basic share).

Adjusted cash flows from operations: \$677.1 million, a \$31.4 million (4.9%) increase.

Cash flows provided by operating activities: \$469.4 million, a \$21.9 million (-4.5%) decrease.

¹ See "Non-IFRS financial measures."

Table 1
Consolidated summary of income, cash flows and balance sheet
(in millions of Canadian dollars, except per basic share data)

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-----------------|-----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Income | | | | |
| Revenues: | | | | |
| Telecommunications | \$ 912.6 | \$ 928.4 | \$ 1,816.0 | \$ 1,842.4 |
| Media | 188.1 | 198.2 | 369.9 | 373.0 |
| Sports and Entertainment | 45.0 | 33.5 | 79.1 | 64.7 |
| Inter-segment | (30.5) | (28.9) | (61.8) | (57.8) |
| | 1,115.2 | 1,131.2 | 2,203.2 | 2,222.3 |
| Adjusted EBITDA (negative adjusted EBITDA): | | | | |
| Telecommunications | 487.5 | 481.5 | 947.5 | 932.4 |
| Media | 4.1 | 16.7 | (7.8) | 18.0 |
| Sports and Entertainment | 4.7 | 3.1 | 4.6 | 5.2 |
| Head Office | (4.9) | 0.1 | (10.8) | (1.5) |
| | 491.4 | 501.4 | 933.5 | 954.1 |
| Depreciation and amortization | (191.6) | (196.6) | (386.3) | (391.9) |
| Financial expenses | (82.0) | (87.0) | (159.5) | (170.1) |
| (Loss) gain on valuation and translation of financial instruments | (2.1) | 7.0 | (9.4) | 1.2 |
| Restructuring of operations and other items | (3.5) | 20.6 | (4.4) | 16.1 |
| Loss on debt refinancing | – | (80.9) | – | (80.9) |
| Income taxes | (55.9) | (39.8) | (100.5) | (83.8) |
| Net income | \$ 156.3 | \$ 124.7 | \$ 273.4 | \$ 244.7 |
| Net income attributable to shareholders | 157.4 | 123.5 | 278.8 | 244.8 |
| Adjusted income from continuing operating activities | 161.7 | 158.3 | 290.4 | 288.2 |
| Per basic share: | | | | |
| Net income attributable to shareholders | 0.66 | 0.50 | 1.17 | 1.00 |
| Adjusted income from continuing operating activities | 0.68 | 0.65 | 1.22 | 1.17 |

Table 1 (continued)

| | Three months ended | | Six months ended | |
|---|--------------------|----------|----------------------|----------------------|
| | June 30 | | June 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Additions to property, plant and equipment and to intangible assets: | | | | |
| Telecommunications | \$ 118.1 | \$ 151.4 | \$ 233.5 | \$ 289.4 |
| Media | 10.9 | 9.6 | 20.1 | 15.3 |
| Sports and Entertainment | 0.8 | 0.6 | 1.6 | 1.6 |
| Head Office | 0.6 | 1.7 | 1.2 | 2.1 |
| | 130.4 | 163.3 | 256.4 | 308.4 |
| Cash flows: | | | | |
| Adjusted cash flows from operations: | | | | |
| Telecommunications | 369.4 | 330.1 | 714.0 | 643.0 |
| Media | (6.8) | 7.1 | (27.9) | 2.7 |
| Sports and Entertainment | 3.9 | 2.5 | 3.0 | 3.6 |
| Head Office | (5.5) | (1.6) | (12.0) | (3.6) |
| | 361.0 | 338.1 | 677.1 | 645.7 |
| Free cash flows from continuing operating activities ¹ | 117.8 | 76.8 | 221.8 | 167.9 |
| Cash flows provided by operating activities | 241.7 | 229.7 | 469.4 | 491.3 |
| | | | June 30, 2022 | Dec. 31, 2021 |
| Balance sheet | | | | |
| Cash and cash equivalents | | | \$ 9.1 | \$ 64.7 |
| Working capital | | | (735.7) | 50.4 |
| Net assets related to derivative financial instruments | | | 406.0 | 382.3 |
| Total assets | | | 10,671.3 | 10,763.0 |
| Total long-term debt (including current portion) | | | 6,603.4 | 6,554.0 |
| Lease liabilities (current and long term) | | | 178.6 | 183.2 |
| Convertible debentures, including embedded derivatives | | | 150.7 | 141.6 |
| Equity attributable to shareholders | | | 1,403.2 | 1,255.6 |
| Equity | | | 1,527.5 | 1,378.8 |
| Consolidated net debt leverage ratio¹ | | | 3.27x | 3.19x |

Telecommunications

- The Telecommunications segment's revenues decreased by \$15.8 million (-1.7%) and its adjusted EBITDA increased by \$6.0 million (1.2%) in the second quarter of 2022.
- Videotron's revenues from mobile services and equipment increased by \$27.0 million (11.4%) in the second quarter of 2022.
- Subscriber connections to the mobile telephony service increased by 34,600 (2.1%) in the second quarter of 2022.

¹ See "Non-IFRS financial measures."

- On June 17, 2022, Videotron entered into an agreement with Rogers Communications Inc. (“Rogers”) and Shaw Communications Inc. (“Shaw”) to acquire Freedom Mobile Inc. (“Freedom Mobile”) for a total of \$2.85 billion on a cash and debt-free basis. The agreement, which is conditional on regulatory approval, provides for the acquisition of Freedom Mobile brand’s entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term undertaking by Shaw and Rogers to provide Videotron with transport services (including backhaul and backbone) and roaming services. This agreement will support the expansion of the Corporation’s telecommunications services in Ontario and Western Canada. The transaction is conditional, among other things, on clearance under the Competition Act and the approval of Innovation, Science and Economic Development Canada and would close substantially concurrently with closing of the acquisition of Shaw by Rogers. Videotron has secured the committed debt financing required for this transaction.

Financing operations

- On May 20, 2022, Videotron amended its \$1.50 billion secured revolving credit facility to extend its term to July 2026 and Quebecor Media amended its \$300.0 million secured revolving credit facility to extend its term to July 2025. Certain terms and conditions of the credit facilities were also amended.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2022/2021 second quarter comparison

Revenues: \$1.12 billion, a \$16.0 million (-1.4%) decrease.

- Revenues decreased in Telecommunications (\$15.8 million or -1.7% of segment revenues) and in Media (\$10.1 million or -5.1%).
- Revenues increased in Sports and Entertainment (\$11.5 million or 34.3%).

Adjusted EBITDA: \$491.4 million, a \$10.0 million (-2.0%) decrease.

- Adjusted EBITDA decreased in Media (\$12.6 million or -75.4% of segment adjusted EBITDA) and there was an unfavourable variance at Head Office (\$5.0 million) due to a change in the allocation of corporate expenses.
- Adjusted EBITDA increased in Telecommunications (\$6.0 million or 1.2%) and in Sports and Entertainment (\$1.6 million or 51.6%).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a \$1.8 million unfavourable variance in the Corporation's stock-based compensation charge in the second quarter of 2022 compared with the same period of 2021.

Net income attributable to shareholders: \$157.4 million (\$0.66 per basic share) in the second quarter of 2022, compared with \$123.5 million (\$0.50 per basic share) in the same period of 2021, an increase of \$33.9 million (\$0.16 per basic share).

- The main favourable variances were:
 - \$80.9 million decrease in the loss on debt refinancing;
 - \$5.0 million decrease in the depreciation and amortization charge;
 - \$5.0 million decrease in financial expenses.
- The main unfavourable variances were:
 - \$24.1 million unfavourable variance in the charge for restructuring of operations and other items;
 - \$16.1 million increase in the income tax expense;
 - \$10.0 million decrease in adjusted EBITDA;
 - \$9.1 million unfavourable variance in losses on valuation and translation of financial instruments, including \$9.4 million without any tax consequences.

Adjusted income from continuing operating activities: \$161.7 million (\$0.68 per basic share) in the second quarter of 2022, compared with \$158.3 million (\$0.65 per basic share) in the same period of 2021, an increase of \$3.4 million (\$0.03 per basic share).

Adjusted cash flows from operations: \$361.0 million, a \$22.9 million (6.8%) increase due to a \$22.8 million decrease in additions to intangible assets and a \$10.1 million decrease in additions to property, plant and equipment, partially offset by the \$10.0 million decrease in adjusted EBITDA.

Cash flows provided by operating activities: \$241.7 million, a \$12.0 million (5.2%) increase due primarily to the favourable net change in non-cash balances related to operating activities and the decrease in the cash portion of financial expenses, partially offset by the decrease in adjusted EBITDA, the increase in current income taxes and the unfavourable variance in the cash portion related to restructuring of operations and other items.

Depreciation and amortization charge: \$191.6 million in the second quarter of 2022, a \$5.0 million decrease due mainly to the impact of decreased investment in property, plant and equipment in the Telecommunications segment, including lower spending related to the leasing of set-top boxes.

Financial expenses: \$82.0 million in the second quarter of 2022, a \$5.0 million decrease caused by the impact of the lower average interest rate on the long-term debt, partially offset by an unfavourable variance in gains and losses on foreign currency translation of short-term monetary items and higher average indebtedness.

Loss on valuation and translation of financial instruments: \$2.1 million in the second quarter of 2022 a \$9.1 million unfavourable variance essentially due to the unfavourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations and other items: \$3.5 million in the second quarter of 2022, a \$24.1 million unfavourable variance.

- A \$1.2 million charge was recognized in the second quarter of 2022 in connection with cost-reduction measures in various segments of the Corporation (\$2.2 million in the second quarter of 2021). Charges for other items totalling \$2.3 million were also recognized in the second quarter of 2022 (\$3.2 million gain in the second quarter of 2021).
- A \$19.6 million gain on disposal was recognized in the second quarter of 2021 in connection with the acquisition by Alithya Group Inc. (“Alithya”) of R3D Conseil inc. (“R3D Conseil”), of which Quebecor was one of the main shareholders.

Loss on debt refinancing: \$80.9 million in the second quarter of 2021.

- On June 3, 2021, Quebecor Media issued a redemption notice for its Senior Notes in aggregate principal amount of \$500.0 million, bearing interest at 6.625% and due January 15, 2023, at a redemption price of 107.934% of their principal amount. Videotron also issued a redemption notice for its Senior Notes in aggregate principal amount of US\$800.0 million, bearing interest at 5.000% and due July 15, 2022, at a redemption price of 104.002% of their principal amount. As a result, an \$80.9 million net loss was recorded in the consolidated statement of income in the second quarter of 2021.

Income tax expense: \$55.9 million in the second quarter of 2022 (effective tax rate of 26.4%), compared with \$39.8 million in the same period of 2021 (effective tax rate of 27.0%), a \$16.1 million unfavourable variance caused mainly by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

2022/2021 year-to-date comparison

Revenues: \$2.20 billion, a \$19.1 million (-0.9%) decrease.

- Revenues decreased in Telecommunications (\$26.4 million or -1.4% of segment revenues) and in Media (\$3.1 million or -0.8%).
- Revenues increased in Sports and Entertainment (\$14.4 million or 22.3%).

Adjusted EBITDA: \$933.5 million, a \$20.6 million (-2.2%) decrease.

- Adjusted EBITDA increased in Telecommunications (\$15.1 million or 1.6% of segment adjusted EBITDA).
- There were unfavourable variances in Media (\$25.8 million), Sports and Entertainment (\$0.6 million or -11.5%) and Head Office (\$9.3 million), due in the latter case to a change in the allocation of corporate expenses.
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a \$0.4 million unfavourable variance in the Corporation’s stock-based compensation charge in the first half of 2022 compared with the same period of 2021.

Net income attributable to shareholders: \$278.8 million (\$1.17 per basic share) in the first half of 2022, compared with \$244.8 million (\$1.00 per basic share) in the same period of 2021, an increase of \$34.0 million (\$0.17 per basic share).

- The main favourable variances were:
 - \$80.9 million decrease in the loss on debt refinancing;
 - \$10.6 million decrease in financial expenses;
 - \$5.6 million decrease in the depreciation and amortization charge;
 - \$5.3 million favourable variance in non-controlling interest.
- The main unfavourable variances were:
 - \$20.5 million unfavourable variance in the charge for restructuring of operations and other items;
 - \$20.6 million decrease in adjusted EBITDA;

- \$16.7 million increase in the income tax expense;
- \$10.6 million unfavourable variance in losses on valuation and translation of financial instruments, including \$10.9 million without any tax consequences.

Adjusted income from continuing operating activities: \$290.4 million (\$1.22 per basic share) in the first half of 2022, compared with \$288.2 million (\$1.17 per basic share) in the same period of 2021, an increase of \$2.2 million (\$0.05 per basic share).

Adjusted cash flows from operations: \$677.1 million, a \$31.4 million (4.9%) increase due to a \$41.3 million decrease in additions to intangible assets and a \$10.7 million decrease in additions to property, plant and equipment, partially offset by the \$20.6 million decrease in adjusted EBITDA.

Cash flows provided by operating activities: \$469.4 million, a \$21.9 million (-4.5%) decrease due primarily to the decrease in adjusted EBITDA and the increase in current income taxes, partially offset by the favourable net change in non-cash balances related to operating activities and the decrease in the cash portion of financial expenses.

Depreciation and amortization charge: \$386.3 million in the first half of 2022, a \$5.6 million decrease due essentially to the same factors as those noted above under “2022/2021 second quarter comparison.”

Financial expenses: \$159.5 million in the first half of 2022, a \$10.6 million decrease caused by the impact of the lower average interest rate on the long-term debt, partially offset by higher average indebtedness and an unfavourable variance in gains and losses on foreign currency translation of short-term monetary items.

Loss on valuation and translation of financial instruments: \$9.4 million in the first half of 2022 a \$10.6 million unfavourable variance essentially due to the unfavourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations and other items: \$4.4 million in the first half of 2022, a \$20.5 million unfavourable variance.

- A \$1.9 million charge was recognized in the first half of 2022 in connection with cost-reduction measures in various segments of the Corporation (\$5.0 million in the first half of 2021). Charges for other items totalling \$2.5 million were also recognized in the first half of 2022 (\$2.3 million gain in the first half of 2021).
- A \$19.6 million gain on disposal was recognized in the first half of 2021 in connection with the acquisition by Alithya of R3D Conseil, of which Quebecor was one of the main shareholders. A \$0.8 million charge for impairment of assets was also recognized in the first half of 2021.

Loss on debt refinancing: \$80.9 million in the first half of 2021, due to the same factors as those noted above under “2022/2021 second quarter comparison.”

Income tax expense: \$100.5 million in the first half of 2022 (effective tax rate of 26.4%), compared with \$83.8 million in the same period of 2021 (effective tax rate of 26.4%), a \$16.7 million unfavourable variance caused essentially by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

SEGMENTED ANALYSIS

Telecommunications

Second quarter 2022 operating results

Revenues: \$912.6 million in the second quarter of 2022, a \$15.8 million (-1.7%) decrease.

- Revenues from mobile telephony services increased \$17.0 million (9.7%) to \$191.8 million, due primarily to an increase in the number of subscriber connections and higher average per-connection revenue.
- Revenues from Internet access services increased \$3.1 million (1.0%) to \$304.9 million, due mainly to an increase in the customer base, partially offset by a decrease in average per-subscriber revenues.
- Revenues from television services decreased \$10.9 million (-5.2%) to \$200.4 million, mainly because of a decrease in the subscriber base and a decrease in average per-subscriber revenues.
- Revenues from wireline telephony services decreased \$7.0 million (-8.7%) to \$73.7 million, mainly because of the impact of the net decrease in subscriber connections, partially offset by higher average per-connection revenues.
- Revenues from mobile equipment sales to customers increased \$10.0 million (15.9%) to \$73.0 million, mainly because of price increases.
- Revenues from wireline equipment sales to customers decreased \$29.7 million (-59.2%) to \$20.5 million, mainly because of a lower volume of equipment sales related to the Helix platform.
- Other revenues increased \$1.7 million (3.6%) to \$48.3 million, mainly reflecting a revenue increase at Videotron Business.

ARPU¹: Videotron's total ARPU was \$47.17 in the second quarter of 2022 compared with \$47.22 in the same period of 2021, a \$0.05 (-0.1%) decrease. Mobile ARPU was \$38.94 in the second quarter of 2022 compared with \$38.41 in the same period of 2021, a \$0.53 (1.4%) increase.

Customer statistics

RGUs¹ – The total number of RGUs was 6,191,100 at June 30, 2022, a decrease of 12,300 (-0.2%) from the end of the first quarter of 2022 (compared with a decrease of 20,200 in the same period of 2021), and a 12-month increase of 70,100 (1.1%) (Table 2).

Mobile telephony – The number of subscriber connections to mobile telephony services stood at 1,661,000 at June 30, 2022, an increase of 34,600 (2.1%) from the end of the first quarter of 2022 (compared with an increase of 27,200 in the same period of 2021), and a 12-month increase of 130,600 (8.5%) (Table 2).

Internet access – The number of subscribers to Internet access services stood at 1,846,100 at June 30, 2022, the same number as at the end of the first quarter of 2022 (compared with an increase of 5,300 in the same period of 2021), and a 12-month increase of 35,900 (2.0%) (Table 2).

Television – The number of subscribers to television services stood at 1,393,500 at June 30, 2022, a decrease of 12,900 (-0.9%) from the end of the first quarter of 2022 (compared with a decrease of 16,100 in the same period of 2021), and a 12-month decrease of 47,900 (-3.3%) (Table 2).

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 785,700 at June 30, 2022, a decrease of 17,900 (-2.2%) from the end of the first quarter of 2022 (compared with a decrease of 25,300 in the same period of 2021), and a 12-month decrease of 86,700 (-9.9%) (Table 2).

OTT – The number of subscribers to over-the-top (“OTT”) video services stood at 504,800 at June 30, 2022, a decrease of 16,100 (-3.1%) from the end of the first quarter of 2022 (compared with a decrease of 11,300 in the same period of 2021), and a 12-month increase of 38,200 (8.2%) (Table 2).

¹ See “Key performance indicators.”

Table 2
Telecommunications segment quarter-end RGUs for the last eight quarters
(in thousands of units)

| | June 2022 | Mar. 2022 | Dec. 2021 | Sept. 2021 | June 2021 | Mar. 2021 | Dec. 2020 | Sept. 2020 |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Mobile telephony | 1,661.0 | 1,626.4 | 1,601.9 | 1,571.3 | 1,530.4 | 1,503.2 | 1,481.1 | 1,452.6 |
| Internet | 1,846.1 | 1,846.1 | 1,840.8 | 1,832.7 | 1,810.2 | 1,804.9 | 1,796.8 | 1,769.8 |
| Television | 1,393.5 | 1,406.4 | 1,418.6 | 1,428.0 | 1,441.4 | 1,457.5 | 1,475.6 | 1,481.8 |
| Wireline telephony | 785.7 | 803.6 | 824.9 | 847.4 | 872.4 | 897.7 | 924.7 | 947.8 |
| OTT video | 504.8 | 520.9 | 503.4 | 467.2 | 466.6 | 477.9 | 469.7 | 452.9 |
| Total | 6,191.1 | 6,203.4 | 6,189.6 | 6,146.6 | 6,121.0 | 6,141.2 | 6,147.9 | 6,104.9 |

Adjusted EBITDA: \$487.5 million, a \$6.0 million (1.2%) increase due primarily to:

- decrease in operating expenses, including customer service expenses and administrative expenses;
- favorable net change in non-recurring items.

Partially offset by:

- impact of lower revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 46.6% in the second quarter of 2022 compared with 48.1% in the same period of 2021. The reduction was mainly due to the decrease in operating expenses and the reversal of a provision in connection with a lawsuit.

Adjusted cash flows from operations: \$369.4 million in the second quarter of 2022 compared with \$330.1 million in the same period of 2021 (Table 11). The \$39.3 million increase was caused by decreases of \$19.9 million in additions to intangible assets and \$13.4 million in additions to property, plant and equipment, due primarily to a general slowdown in investment following the review of strategic priorities, and the \$6.0 million increase in adjusted EBITDA.

Year-to-date operating results

Revenues: \$1.82 billion in the first half of 2022, a \$26.4 million (-1.4%) decrease, essentially due to the same factors as those noted above in the discussion of second quarter 2022 results.

- Revenues from mobile telephony service increased \$33.8 million (9.8%) to \$379.1 million.
- Revenues from Internet access services increased \$5.1 million (0.9%) to \$603.5 million.
- Revenues from television services decreased \$26.8 million (-6.3%) to \$397.7 million.
- Revenues from wireline telephony service decreased \$12.5 million (-7.7%) to \$148.9 million.
- Revenues from mobile equipment sales to customers increased \$13.3 million (10.8%) to \$136.8 million.
- Revenues from wireline equipment sales to customers decreased \$44.1 million (-45.5%) to \$52.8 million.
- Other revenues increased \$4.8 million (5.2%) to \$97.2 million.

ARPU: Videotron's total ARPU was \$46.78 in the first half of 2022 compared with \$46.93 in the same period of 2021. The \$0.15 (-0.3%) decrease was due in part to the fact that mobile telephony made up a larger proportion of the units. Mobile ARPU was \$38.82 in the first half of 2022 compared with \$38.25 in the same period of 2021, a \$0.57 (1.5%) increase.

Customer statistics

RGUs – 1,500-unit increase in the first half of 2022 compared with a decrease of 26,900 in the same period of 2021.

Mobile telephony – 59,100 (3.7%) subscriber-connection increase in the first half of 2022 compared with an increase of 49,300 in the same period of 2021.

Internet access – 5,300 (0.3%) subscriber increase in the first half of 2022 compared with an increase of 13,400 in the same period of 2021.

Television – 25,100 (-1.8%) decrease in the customer base in the first half of 2022 compared with a decrease of 34,200 in the same period of 2021.

Wireline telephony – 39,200 (-4.8%) subscriber-connection decrease in the first half of 2022 compared with a decrease of 52,300 in the same period of 2021.

OTT – 1,400 (0.3%) subscriber increase in the first half of 2022 compared with a decrease of 3,100 in the same period of 2021.

Adjusted EBITDA: \$947.5 million, a \$15.1 million (1.6%) increase due primarily to:

- decrease in operating expenses, including customer service expenses, labour costs and administrative expenses;
- favorable net change in non-recurring items.

Partially offset by:

- impact of lower revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 47.8% in the first half of 2022 compared with 49.4% in the same period of 2021. The reduction was mainly due to the decrease in operating expenses and the reversal of a provision in connection with a lawsuit.

Adjusted cash flows from operations: \$714.0 million in the first half of 2022 compared with \$643.0 million in the same period of 2021 (Table 11). The \$71.0 million increase was caused by decreases of \$36.3 million in additions to intangible assets and \$19.6 million in additions to property, plant and equipment, due primarily to a general slowdown in investment following the review of strategic priorities, and the \$15.1 million increase in adjusted EBITDA.

Media

Second quarter 2022 operating results

Revenues: \$188.1 million in the second quarter of 2022, a \$10.1 million (-5.1%) decrease.

- Advertising revenues decreased by \$9.3 million (-9.5%), mainly because of lower advertising revenues at the specialty channels and newspapers, partially offset by higher advertising revenues at Quebecor Out of Home.
- Subscription revenues decreased by \$1.5 million (-3.0%), mainly because of lower subscription revenues at the specialty channels and the magazines.
- Other revenues increased \$0.7 million (1.4%).

Adjusted EBITDA: \$4.1 million in the second quarter of 2022, a \$12.6 million decrease due primarily to:

- increase in the TVA Network's content costs, including for reality and variety shows and news programming;
- impact of lower revenues.

Partially offset by:

- lower content costs at the TVA Sports channel, mainly because of the shortened broadcast schedule for the National Hockey League ("NHL") 2020-2021 season as a result of the COVID-19 pandemic.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 97.8% in the second quarter of 2022 compared with 91.6% in the same period of 2021. The increase was mainly due to the large fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues and to the net increase in broadcast content costs.

Adjusted cash flows from operations: Negative \$6.8 million in the second quarter of 2022 compared with positive \$7.1 million in the same period of 2021 (Table 11). The \$13.9 million unfavourable variance was due primarily to the \$12.6 million decrease in adjusted EBITDA.

Year-to-date operating results

Revenues: \$369.9 million in the first half of 2022, a \$3.1 million (-0.8%) decrease.

- Advertising revenues decreased by \$6.2 million (-3.6%), mainly because of lower advertising revenues at the specialty channels and newspapers.
- Subscription revenues decreased by \$2.6 million (-2.6%), mainly because of lower subscription revenues at the specialty channels and the magazines.
- Other revenues increased by \$5.7 million (5.8%), mainly because of higher revenues from digital marketing agency services and from film production and audiovisual services.

Adjusted EBITDA: Negative \$7.8 million in the first half of 2022, a \$25.8 million unfavourable variance due primarily to:

- higher operating expenses at TVA Network, mainly for content and labour costs, at Communications Qolab inc. and for film production and audiovisual services;
- impact of the revenue decrease.

Partially offset by:

- lower content costs at the TVA Sports channel, mainly because of the absorption of higher costs in 2021 as a result of the change in the broadcast schedule for the NHL's 2020-2021 season.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 102.1% in the first half of 2022 compared with 95.2% in the same period of 2021, mainly because of increased spending on television content and increases in some operating expenses.

Adjusted cash flows from operations: Negative \$27.9 million in the first half of 2022 compared with positive \$2.7 million in the same period of 2021 (Table 11). The \$30.6 million unfavourable variance was due to the \$25.8 million unfavourable variance in adjusted EBITDA and the \$9.3 million increase in additions to property, plant and equipment caused by the start of construction on MELS 4, partially offset by a \$4.5 million decrease in additions to intangible assets.

Sports and Entertainment

Second quarter 2022 operating results

Revenues: \$45.0 million in the second quarter of 2022, an \$11.5 million (34.3%) increase due primarily to higher revenues from concerts, music and hockey with the easing of public health measures.

Adjusted EBITDA: \$4.7 million in the second quarter of 2022, a \$1.6 million (51.6%) favourable variance due primarily to the impact of the increase in revenues.

Adjusted cash flows from operations: \$3.9 million in the second quarter of 2022 compared with \$2.5 million in the same period of 2021 (Table 11). The \$1.4 million increase was due primarily to the \$1.6 million increase in adjusted EBITDA.

Year-to-date operating results

Revenues: \$79.1 million in the first half of 2022, a \$14.4 million (22.3%) increase due primarily to higher revenues from concerts, music, book distribution and hockey, primarily as a result of the easing of public health measures.

Adjusted EBITDA: \$4.6 million in the first half of 2022, a \$0.6 million decrease, primarily due to increases in operating expenses, including selling, labour and administrative expenses, considering the gradual resumption of activities.

Adjusted cash flows from operations: \$3.0 million in the first half of 2022 compared with \$3.6 million in the same period of 2021 (Table 11). The \$0.6 million decrease was due to the \$0.6 million decrease in adjusted EBITDA.

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

Second quarter 2022

Cash flows provided by operating activities: \$241.7 million in the second quarter of 2022 compared with \$229.7 million in the same period of 2021.

The \$12.0 million increase was primarily due to:

- \$29.7 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in inventory and in contract assets, partially offset by unfavourable variances in interest payable, accounts payable, accrued charges and provisions, and in income tax payable;
- \$4.5 million decrease in the cash portion of financial expenses.

Partially offset by:

- \$10.0 million decrease in adjusted EBITDA;
- \$5.6 million increase in current income taxes;
- \$4.0 million unfavourable variance in the cash portion of restructuring of operations and other items.

Year to date

Cash flows provided by operating activities: \$469.4 million in the first half of 2022 compared with \$491.3 million in the same period of 2021.

The \$21.9 million decrease was mainly due to:

- \$20.6 million decrease in adjusted EBITDA;
- \$16.6 million increase in current income taxes.

Partially offset by:

- \$9.7 million decrease in the cash portion of financial expenses;
- \$9.4 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in contract assets, income tax payable and accounts receivable, partially offset by unfavourable variances in accounts payable, accrued charges and provisions, inventory and deferred revenues.

The decrease in adjusted EBITDA had an unfavourable impact on cash flows provided by operating activities in the first half of 2022 compared with the same period of 2021.

Working capital: Negative \$735.7 million at June 30, 2022 compared with positive \$50.4 million at December 31, 2021. The \$786.1 million unfavourable variance was due primarily to a Senior Note maturing in 2023 and related derivative financial instruments, the balances of which have been recorded in current items, decreases in cash and cash equivalents, and investments in contract assets, partially offset by an increase in inventory, and a decrease in accounts payable, accrued charges and provisions.

Investing activities

Second quarter 2022

Cash flows used for additions to property, plant and equipment: \$104.2 million in the second quarter of 2022 compared with \$105.5 million in the same period of 2021, a \$1.3 million reduction.

Deferred subsidies used to finance additions to property, plant and equipment: \$46.1 million in the second quarter of 2022 compared with \$4.4 million in the same quarter of 2021. These amounts represent the use of subsidies recorded as a reduction of additions to property, plant and equipment in connection with the program to roll out high-speed Internet services in various regions of Québec. This use is now presented on the consolidated statement of cash flows in accordance with the IFRS *Interpretations Committee* decision on the inclusion of restricted cash in this statement, which was finalized during the second quarter of 2022.

Cash flows used for additions to intangible assets: \$23.8 million in the second quarter of 2022 compared with \$50.4 million in the same period of 2021. The \$26.6 million reduction was mainly due to a slowdown in investment following the completion of certain strategic projects, mainly in the Telecommunications segment, and a \$3.8 million favourable net change in current non-cash items.

Proceeds from disposal of assets: \$4.1 million in the second quarter of 2022 compared with \$3.0 million in the same period of 2021.

Business acquisitions: \$3.8 million in the second quarter of 2022 compared with \$6.7 million in the same period of 2021.

Acquisition of investments and other: \$2.3 million in the second quarter of 2022 compared with \$7.2 million in the same period of 2021.

Year to date

Cash flows used for additions to property, plant and equipment: \$199.5 million in the first half of 2022 compared with \$217.3 million in the same period of 2021. The \$17.8 million reduction was due primarily to a general slowdown in investment following the review of strategic priorities, mainly in the Telecommunications segment, and a \$7.1 million favourable net change in current non-cash items.

Deferred subsidies used to finance additions to property, plant and equipment: \$77.8 million in the first half of 2022 compared with net subsidies of \$206.3 million received in the same period of 2021. The 2022 amount represents the use of subsidies recorded as a reduction of additions to property, plant and equipment in connection with the program to roll out high-speed Internet services in various regions of Québec. In the first half of 2021, \$216.2 million was advanced under this program and \$9.9 million was utilized. These amounts are now presented on the consolidated statement of cash flows in accordance with the IFRS *Interpretations Committee* decision on the inclusion of restricted cash in this statement, which was finalized during the second quarter of 2022.

Cash flows used for additions to intangible assets: \$53.6 million in the first half of 2022 compared with \$109.2 million in the same period of 2021. The \$55.6 million reduction was mainly due to a slowdown in investment following the completion of certain strategic projects, mainly in the Telecommunications segment, and a \$14.3 million favourable net change in current non-cash items.

Proceeds from disposal of assets: \$5.5 million in the first half of 2022 compared with \$3.1 million in the same period of 2021.

Business acquisitions: \$3.8 million in the first half of 2022 compared with \$21.8 million in the same period of 2021, mainly for acquisitions in the Telecommunications and Sports and Entertainment segments in 2021.

Acquisition of investments and other: \$6.4 million in the first half of 2022 compared with \$8.0 million in the same period of 2021.

Free cash flows from continuing operating activities

Second quarter 2022

Free cash flows from continuing operating activities: \$117.8 million in the second quarter of 2022 compared with \$76.8 million in the same period of 2021 (Table 12).

The \$41.0 million increase was due primarily to:

- \$26.6 million decrease in cash flows used for additions to intangible assets;
- \$12.0 million increase in cash flows provided by operating activities.

Year to date

Free cash flows from continuing operating activities: \$221.8 million in the first half of 2022 compared with \$167.9 million in the same period of 2021 (Table 12).

The \$53.9 million increase was due primarily to:

- \$55.6 million decrease in cash flows used for additions to intangible assets;
- \$17.8 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- \$21.9 million decrease in cash flows provided by operating activities.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): \$61.6 million increase in the first half of 2022; \$23.7 million net favourable variance in assets and liabilities related to derivative financial instruments.

- Debt increases in the first half of 2022 essentially consisted of:
 - \$47.2 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by the increase in the asset (or decrease in the liability) related to derivative financial instruments;
 - \$21.1 million increase in the bank indebtedness of Videotron, TVA Group Inc. ("TVA Group") and Quebecor Media;
 - \$24.9 million increase in total drawings on the secured revolving bank credit facilities of TVA Group and Quebecor Media.
- Debt reductions in the first half of 2022 essentially consisted of:
 - \$22.0 million decrease in Videotron's drawings on its secured revolving credit facility;
 - \$10.1 million decrease in debt attributable to changes in fair value related to hedged interest risk.
- Assets and liabilities related to derivative financial instruments totalled a net asset of \$406.0 million at June 30, 2022 compared with \$382.3 million at December 31, 2021. The \$23.7 million net favourable variance was mainly due to:
 - favourable impact of exchange rate fluctuations on the value of derivative financial instruments.

Partially offset by:

- unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On May 20, 2022, Videotron amended its \$1.50 billion secured revolving credit facility to extend its term to July 2026 and Quebecor Media amended its \$300.0 million secured revolving credit facility to extend its term to July 2025. Certain terms and conditions of the credit facilities were also amended.
- On February 15, 2022, TVA Group amended its \$75.0 million secured revolving credit facility to extend its term from February 2022 to February 2023 and amend certain terms and conditions.

Financial Position

Net available liquidity: \$1.52 billion at June 30, 2022 for Quebecor and its wholly owned subsidiaries, consisting of \$1.53 billion in available unused revolving credit facilities less \$14.8 million in bank indebtedness.

Consolidated debt (long-term debt plus bank indebtedness): \$6.59 billion at June 30, 2022, a \$61.6 million increase compared with December 31, 2021; \$23.7 million net favourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's \$5.40 billion debt (\$5.38 billion at December 31, 2021); TVA Group's \$34.8 million debt (\$12.0 million at December 31, 2021); Quebecor Media's \$1.11 billion debt (\$1.09 billion at December 31, 2021); and Quebecor's \$44.5 million debt (\$44.5 million at December 31, 2021).

As of June 30, 2022, minimum principal payments on long-term debt in the coming years were as follows:

Table 3
Minimum principal payments on Quebecor's long-term debt
12-month periods ended June 30
(in millions of Canadian dollars)

| | | |
|---------------------|-----------|----------------|
| 2023 | \$ | 1,171.4 |
| 2024 | | 772.4 |
| 2025 | | 400.0 |
| 2026 | | 380.0 |
| 2027 | | 1,035.9 |
| 2028 and thereafter | | 2,843.7 |
| Total | \$ | 6,603.4 |

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

The weighted average term of Quebecor's consolidated debt was approximately 4.8 years as of June 30, 2022 (5.1 years as of December 31, 2021). After taking into account hedging instruments, the debt consisted of approximately 78.3% fixed-rate debt (91.7% at December 31, 2021) and 21.7% floating-rate debt (8.3% at December 31, 2021).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, business acquisitions, working capital, interest payments, income tax payments, debt and lease repayments, pension plan contributions, share repurchases, and dividend payments to shareholders. 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 and comply with certain financial covenants. At June 30, 2022, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On August 3, 2022, the Board of Directors of Quebecor declared a quarterly dividend of \$0.30 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on September 13, 2022 to shareholders of record at the close of business on August 19, 2022.

Convertible debentures

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on May 11, 2022 on Quebecor Class B Shares triggered an adjustment to the floor price and ceiling price then in effect. Accordingly, effective May 26, 2022, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately \$25.07 per share (that is, a maximum number of approximately 5,984,010 Class B Shares corresponding to a ratio of \$150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately \$31.33 per share (that is, a minimum number of approximately 4,787,208 Class B Shares corresponding to a ratio of \$150.0 million to the adjusted ceiling price).

Analysis of consolidated balance sheet**Table 4****Consolidated balance sheet of Quebecor****Analysis of main differences between June 30, 2022 and December 31, 2021**

(in millions of Canadian dollars)

| | June 30, 2022 ¹ | Dec. 31, 2021 ¹ | Difference | Main reasons for difference |
|--|-------------------------------|-------------------------------|------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 9.1 | \$ 64.7 | \$ (55.6) | Cash flows used in financing activities and investing activities. |
| Contract assets | 78.5 | 129.4 | (50.9) | Increased financing of equipment sales. |
| Inventories | 349.5 | 282.6 | 66.9 | Impact of current variances in activities. |
| Property, plant and equipment | 2,977.4 | 3,058.7 | (81.3) | Depreciation for the period less additions to property, plant and equipment. |
| Intangible assets | 2,304.9 | 2,344.1 | (39.2) | Amortization for the period less additions to intangible assets. |
| Derivative financial instruments ² | 406.0 | 382.3 | 23.7 | See "Financing activities." |
| Other assets | 655.8 | 521.1 | 134.7 | Gain on remeasurement of defined benefit plans. |
| Liabilities | | | | |
| Accounts payable, accrued charges and provisions | 794.9 | 861.0 | (66.1) | Impact of current variances in operating activities. |
| Income taxes ³ | 17.8 | 40.1 | (22.3) | Current disbursements less current income taxes for the period. |
| Long-term debt, including short-term portion and bank indebtedness | 6,586.0 | 6,524.4 | 61.6 | See "Financing activities." |
| Other liabilities | 198.1 | 293.2 | (95.1) | Gain on remeasurement of defined benefit plans. |

¹ The "restricted cash" and "deferred subsidies" line items are combined for the purposes of the analysis.

² Current and long-term assets less long-term liabilities.

³ Current liabilities less current assets.

ADDITIONAL INFORMATION

Contractual obligations

At June 30, 2022, material contractual obligations of operating activities included: capital repayment and interest on long-term debt; convertible debentures 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 Quebecor as of June 30, 2022
(in millions of Canadian dollars)

| | Total | Under 1 year | 1-3 years | 3-5 years | 5 years or more |
|--|-------------------|-------------------------|-------------------|-------------------|----------------------------|
| Long-term debt ¹ | \$ 6,603.4 | \$ 1,171.4 | \$ 1,172.4 | \$ 1,415.9 | \$ 2,843.7 |
| Convertible debentures ² | 150.0 | – | 150.0 | – | – |
| Interest payments ³ | 1,273.2 | 236.7 | 453.9 | 326.2 | 256.4 |
| Lease liabilities | 178.6 | 37.0 | 57.9 | 26.1 | 57.6 |
| Interest payments on lease liabilities | 41.6 | 7.0 | 10.0 | 6.7 | 17.9 |
| Additions to property, plant and equipment and other commitments | 1,821.9 | 431.3 | 788.8 | 279.5 | 322.3 |
| Derivative financial instruments ⁴ | (380.2) | (263.9) | (110.1) | 32.0 | (38.2) |
| Total contractual obligations | \$ 9,688.5 | \$ 1,619.5 | \$ 2,522.9 | \$ 2,086.4 | \$ 3,459.7 |

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 Based on the market value at June 30, 2022 of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Class B share at that date, subject to a floor price of approximately \$25.07 per share and a ceiling price of approximately \$31.33. The Corporation may also redeem convertible debentures by issuing the corresponding number of its Class B Shares.

³ Estimated interest payable on long-term debt and convertible debentures, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of June 30, 2022.

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

Related party transactions

In the second quarter of 2022, the Corporation incurred expenses to affiliated corporations in the amount of \$20.7 million (nil in the same period of 2021), which are included the purchase of goods and services, and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of \$2.5 million (nil in the same period of 2021). The Corporation also made sales to affiliated corporations in the amount of \$0.9 million (\$1.5 million in the same period of 2021).

In the first half of 2022, the Corporation incurred expenses to affiliated corporations in the amount of \$29.1 million (\$3.9 million in the same period of 2021), which are included the purchase of goods and services, and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of \$2.9 million (nil in the same period of 2021). The Corporation also made sales to affiliated corporations in the amount of \$2.4 million (\$2.7 million in the same period of 2021).

These transactions were accounted for at the consideration agreed between parties.

Capital stock

Table 6 below presents information on the Corporation's capital stock as at July 18, 2022. In addition, 3,831,816 share options of the Corporation were outstanding as of the same date.

Table 6

Capital stock

(in shares and millions of Canadian dollars)

| | July 18, 2022 | |
|----------------|------------------------|------------|
| | Issued and outstanding | Book value |
| Class A Shares | 76,984,034 | \$ 8.6 |
| Class B Shares | 157,620,556 | 929.2 |

On August 4, 2021, the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.6% of issued and outstanding Class B Shares as of July 30, 2021. The purchases can be made from August 15, 2021 to August 14, 2022, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

On April 27, 2022, the Corporation received approval from the Toronto Stock Exchange to amend its normal course issuer bid in order to increase the maximum number of Class B Shares that may be repurchased to 10,000,000 Class B Shares, representing approximately 6.8% of the Class B Shares public float as of July 30, 2021. No other terms of the normal course issuer bid have been amended.

On August 6, 2021, the Corporation entered into an automatic securities purchase plan ("the plan") with a designated broker whereby shares may be repurchased under the plan at times when such purchases would otherwise be prohibited pursuant to regulatory restrictions or self-imposed blackout periods. The plan received prior approval from the Toronto Stock Exchange. It came into effect on August 15, 2021 and will terminate on the same date as the normal course issuer bid.

Under the plan, before entering a self-imposed blackout period, the Corporation may, but is not required to, ask the designated broker to make purchases under the normal course issuer bid. Such purchases shall be made at the discretion of the designated broker, within parameters established by the Corporation prior to the blackout periods. Outside the blackout periods, purchases will be made at the discretion of the Corporation's management.

On August 3, 2022, the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.8% of issued and outstanding Class B Shares as of July 29, 2022. The purchases can be made from August 15, 2022 to August 14, 2023 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

In the first half of 2022, the Corporation purchased and cancelled 4,202,951 Class B Shares for a total cash consideration of \$123.1 million (4,073,200 Class B Shares for a total cash consideration of \$131.5 million in the same period of 2021). The \$98.3 million excess of the purchase price over the carrying value of the repurchased Class B Shares was recorded as a reduction in retained earnings (\$107.5 million in the same period of 2021).

Financial instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, restricted cash, trade receivables, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, convertible debentures, lease liabilities 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 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 debt. 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 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 carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of June 30, 2022 and December 31, 2021 were as follows:

Table 7
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

| Asset (liability) | June 30, 2022 | | December 31, 2021 | |
|---|----------------|--------------|-------------------|--------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Long-term debt¹ | \$ (6,603.4) | \$ (5,977.7) | \$ (6,554.0) | \$ (6,660.4) |
| Convertible debentures² | (149.0) | (149.0) | (139.5) | (139.5) |
| Derivative financial instruments | | | | |
| Foreign exchange forward contracts | 2.6 | 2.6 | 0.9 | 0.9 |
| Cross-currency swaps | 403.4 | 403.4 | 381.4 | 381.4 |

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 carrying value and fair value of convertible debentures consist of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives.

The fair value of long-term debt and convertible debentures 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 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 fair value of embedded derivatives related to convertible debentures is determined by option pricing models using market inputs, including volatility, discount factors and the underlying instrument's implicit interest rate and credit premium.

Losses on valuation and translation of financial instruments in the second quarters and first halves of 2022 and 2021 are summarized in Table 8.

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

| | Three months ended | | Six months ended | |
|---|--------------------|----------|------------------|----------|
| | June 30 | | June 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Loss (gain) on embedded derivatives related to convertible debentures | \$ 1.9 | \$ (7.5) | \$ 9.1 | \$ (1.8) |
| Other | 0.2 | 0.5 | 0.3 | 0.6 |
| | \$ 2.1 | \$ (7.0) | \$ 9.4 | \$ (1.2) |

A \$4.4 million gain and a \$14.0 million loss on cash flow hedges were recorded under "Other comprehensive income" in the second quarter and first half of 2022 respectively (losses of \$1.6 million and \$4.2 million in the second quarter and first half of 2021 respectively).

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, adjusted income from continuing operating activities, adjusted cash flows from operations, free cash flows from continuing operating activities and consolidated net debt leverage ratio, 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, loss (gain) on valuation and translation of financial instruments, restructuring of operations and other items, loss on debt refinancing and income tax. 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 uses adjusted EBITDA in order to assess the performance of its investment in Quebecor Media. The Corporation's management and Board of Directors use this measure in evaluating its consolidated results as well as the results of the Corporation's 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 and its business segments.

Adjusted EBITDA is also relevant because it is a component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in the Corporation's segments. The Corporation also uses other measures that do reflect such costs, such as adjusted cash flows from operations and free cash flows from continuing operating activities. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 9 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 9**Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements**

(in millions of Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|-----------------|-----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted EBITDA (negative adjusted EBITDA): | | | | |
| Telecommunications | \$ 487.5 | \$ 481.5 | \$ 947.5 | \$ 932.4 |
| Media | 4.1 | 16.7 | (7.8) | 18.0 |
| Sports and Entertainment | 4.7 | 3.1 | 4.6 | 5.2 |
| Head Office | (4.9) | 0.1 | (10.8) | (1.5) |
| | 491.4 | 501.4 | 933.5 | 954.1 |
| Depreciation and amortization | (191.6) | (196.6) | (386.3) | (391.9) |
| Financial expenses | (82.0) | (87.0) | (159.5) | (170.1) |
| (Loss) gain on valuation and translation of financial instruments | (2.1) | 7.0 | (9.4) | 1.2 |
| Restructuring of operations and other items | (3.5) | 20.6 | (4.4) | 16.1 |
| Loss on debt refinancing | – | (80.9) | – | (80.9) |
| Income taxes | (55.9) | (39.8) | (100.5) | (83.8) |
| Net income | \$ 156.3 | \$ 124.7 | \$ 273.4 | \$ 244.7 |

Adjusted income from continuing operating activities

The Corporation defines adjusted income from continuing operating activities, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before (loss) gain on valuation and translation of financial instruments, restructuring of operations and other items, and loss on debt refinancing, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments. Adjusted income from continuing operating activities, as defined above, is not a measure of results that is consistent with IFRS. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation uses adjusted income from continuing operating activities to analyze trends in the performance of its businesses. The above-listed items are excluded from the calculation of this measure because they impair the comparability of financial results. Adjusted income from continuing operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 10 provides a reconciliation of adjusted income from continuing operating activities to the net income attributable to shareholders' measure used in Quebecor's condensed consolidated financial statements.

Table 10**Reconciliation of the adjusted income from continuing operating activities measure used in this report to the net income attributable to shareholders' measure used in the condensed consolidated financial statements**

(in millions of Canadian dollars)

| | Three months June 30 | | Six months ended June 30 | |
|---|-------------------------|-----------------|-----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted income from continuing operating activities | \$ 161.7 | \$ 158.3 | \$ 290.4 | \$ 288.2 |
| (Loss) gain on valuation and translation of financial instruments | (2.1) | 7.0 | (9.4) | 1.2 |
| Restructuring of operations and other items | (3.5) | 20.6 | (4.4) | 16.1 |
| Loss on debt refinancing | – | (80.9) | – | (80.9) |
| Income taxes related to adjustments ¹ | 1.3 | 18.5 | 2.2 | 20.2 |
| Net income attributable to shareholders | \$ 157.4 | \$ 123.5 | \$ 278.8 | \$ 244.8 |

¹ Includes impact of fluctuations in income tax applicable to adjusted items, either for statutory reasons or in connection with tax transactions.

Adjusted cash flows from operations and free cash flows from continuing operating activities*Adjusted cash flows from operations*

Adjusted cash flows from operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets (excluding licence acquisitions and renewals). Adjusted 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, repayment of long-term debt and lease liabilities, and share repurchases. Adjusted 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. Adjusted cash flows from operations is used by the Corporation's management and Board of Directors to evaluate the cash flows generated by the operations of all of its segments, on a consolidated basis, in addition to the operating cash flows generated by each segment. Adjusted cash flows from operations is also relevant because it is a component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted cash flows from operations may not be identical to similarly titled measures reported by other companies.

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for additions to property, plant and equipment and to intangible assets (excluding expenditures related to licence acquisitions and renewals), plus proceeds from disposal of assets. Free cash flows from continuing operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the Corporation's operations. Free cash flows from continuing operating activities represents available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from continuing operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Tables 11 and 12 provide a reconciliation of adjusted cash flows from operations and free cash flows from continuing operating activities to cash flows provided by operating activities reported in the condensed consolidated financial statements.

Table 11
Adjusted cash flows from operations
(in millions of Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|-----------------|-----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted EBITDA (negative adjusted EBITDA) | | | | |
| Telecommunications | \$ 487.5 | \$ 481.5 | \$ 947.5 | \$ 932.4 |
| Media | 4.1 | 16.7 | (7.8) | 18.0 |
| Sports and Entertainment | 4.7 | 3.1 | 4.6 | 5.2 |
| Head Office | (4.9) | 0.1 | (10.8) | (1.5) |
| | 491.4 | 501.4 | 933.5 | 954.1 |
| Minus | | | | |
| Additions to property, plant and equipment: ¹ | | | | |
| Telecommunications | (100.2) | (113.6) | (193.4) | (213.0) |
| Media | (6.8) | (3.0) | (13.5) | (4.2) |
| Sports and Entertainment | (0.2) | – | (0.3) | (0.1) |
| Head Office | (0.3) | (1.0) | (0.6) | (1.2) |
| | (107.5) | (117.6) | (207.8) | (218.5) |
| Additions to intangible assets: ² | | | | |
| Telecommunications | (17.9) | (37.8) | (40.1) | (76.4) |
| Media | (4.1) | (6.6) | (6.6) | (11.1) |
| Sports and Entertainment | (0.6) | (0.6) | (1.3) | (1.5) |
| Head Office | (0.3) | (0.7) | (0.6) | (0.9) |
| | (22.9) | (45.7) | (48.6) | (89.9) |
| Adjusted cash flows from operations | | | | |
| Telecommunications | 369.4 | 330.1 | 714.0 | 643.0 |
| Media | (6.8) | 7.1 | (27.9) | 2.7 |
| Sports and Entertainment | 3.9 | 2.5 | 3.0 | 3.6 |
| Head Office | (5.5) | (1.6) | (12.0) | (3.6) |
| | \$ 361.0 | \$ 338.1 | \$ 677.1 | \$ 645.7 |

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

| | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|------------|--------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Additions to property, plant and equipment | \$ (107.5) | \$ (117.6) | \$ (207.8) | \$ (218.5) |
| Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects) | 3.3 | 12.1 | 8.3 | 1.2 |
| Cash flows used for additions to property, plant and equipment | \$ (104.2) | \$ (105.5) | \$ (199.5) | \$ (217.3) |

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

| | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|-----------|--------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Additions to intangible assets | \$ (22.9) | \$ (45.7) | \$ (48.6) | \$ (89.9) |
| Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects) | (0.9) | (4.7) | (5.0) | (19.3) |
| Cash flows used for additions to intangible assets | \$ (23.8) | \$ (50.4) | \$ (53.6) | \$ (109.2) |

Table 12**Free cash flows from continuing operating activities and cash flows provided by operating activities reported in the condensed consolidated financial statements**

(in millions of Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|-----------------|-----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted cash flows from operations from Table 11 | \$ 361.0 | \$ 338.1 | \$ 677.1 | \$ 645.7 |
| Plus (minus) | | | | |
| Cash portion of financial expenses | (80.3) | (84.8) | (156.0) | (165.7) |
| Cash portion related to restructuring of operations and other items | (2.9) | 1.1 | (3.8) | (2.1) |
| Current income taxes | (70.0) | (64.4) | (144.4) | (127.8) |
| Other | 1.2 | 2.7 | 2.7 | 2.4 |
| Net change in non cash balances related to operating activities | (93.6) | (123.3) | (157.1) | (166.5) |
| Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects) | 3.3 | 12.1 | 8.3 | 1.2 |
| Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects) | (0.9) | (4.7) | (5.0) | (19.3) |
| Free cash flows from continuing operating activities | 117.8 | 76.8 | 221.8 | 167.9 |
| Plus (minus) | | | | |
| Cash flows used for additions to property, plant and equipment | 104.2 | 105.5 | 199.5 | 217.3 |
| Cash flows used for additions to intangible assets | 23.8 | 50.4 | 53.6 | 109.2 |
| Proceeds from disposal of assets | (4.1) | (3.0) | (5.5) | (3.1) |
| Cash flows provided by operating activities | \$ 241.7 | \$ 229.7 | \$ 469.4 | \$ 491.3 |

Consolidated net debt leverage ratio

The consolidated net debt leverage ratio represents consolidated net debt, excluding convertible debentures, divided by the trailing 12-month adjusted EBITDA. Consolidated net debt, excluding convertible debentures, represents total long-term debt plus bank indebtedness, lease liabilities, the current portion of lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents. The consolidated net debt leverage ratio serves to evaluate the Corporation's financial leverage and is used by management and the Board of Directors in its decisions on the Corporation's capital structure, including its financing strategy, and in managing debt maturity risks. The consolidated net debt leverage ratio excludes convertible debentures because, subject to certain conditions, those debentures can be repurchased at the Corporation's discretion by issuing Quebecor Class B Shares. Consolidated net debt leverage ratio is not a measure established in accordance with IFRS. It is not intended to be used as an alternative to IFRS measures or the balance sheet to evaluate its financial position. The Corporation's definition of consolidated net debt leverage ratio may not be identical to similarly titled measures reported by other companies.

Table 13 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's condensed consolidated financial statements.

Table 13
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

| | June 30 2022 | Dec. 31, 2021 |
|---|-------------------|-------------------|
| Total long-term debt¹ | \$ 6,603.4 | \$ 6,554.0 |
| <u>Plus (minus)</u> | | |
| Lease liabilities | 141.6 | 147.1 |
| Current portion of lease liabilities | 37.0 | 36.1 |
| Bank indebtedness | 21.6 | - |
| Assets related to derivative financial instruments | (414.5) | (405.6) |
| Liabilities related to derivative financial instruments | 8.5 | 23.3 |
| Cash and cash equivalents | (9.1) | (64.7) |
| Consolidated net debt excluding convertible debentures | 6,388.5 | 6,290.2 |
| Divided by: | | |
| Trailing 12 month adjusted EBITDA | 1,952.6 | 1,973.2 |
| Consolidated net debt leverage ratio | \$ 3.27x | \$ 3.19x |

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

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 OTT 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 monthly revenue per unit

The Corporation uses ARPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly revenues per average RGU. 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 previously used ABPU metric was abandoned in the first quarter of 2022 and replaced by ARPU, which affords better comparability in view of the Corporation's changing business model related to equipment sales.

Mobile ARPU is calculated by dividing mobile telephony revenues 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 ARPU is calculated by dividing the combined revenues from mobile and wireline telephony, Internet access, television and OTT services by the total average number of RGUs from mobile and wireline telephony, Internet access and television services during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

Table 14
Videotron's ARPU for the past eight quarters
(in Canadian dollars)

| | Q2-2022 | Q1-2022 | Q4-2021 | Q3-2021 | Q2-2021 | Q1-2021 | Q4-2020 | Q3-2020 |
|-------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Mobile ARPU | \$ 38.94 | \$ 38.70 | \$ 38.97 | \$ 39.13 | \$ 38.41 | \$ 38.08 | \$ 38.69 | \$ 39.20 |
| Total ARPU | \$ 47.17 | \$ 46.40 | \$ 47.07 | \$ 47.32 | \$ 47.22 | \$ 46.64 | \$ 46.94 | \$ 46.84 |

Controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

There have not been any changes in internal controls over financial reporting during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information

The Corporation is a reporting issuer subject to the securities laws of all Canadian provinces and is therefore required to file financial statements, a proxy circular and an annual information form with the various securities commissions. Copies of those documents are available free of charge from the Corporation on request at www.quebecor.com and on the SEDAR website at www.sedar.com.

Cautionary statement regarding forward-looking statements

The statements in this report that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms "plans," "expects," "may," "anticipates," "intends," "estimates," "projects," "seeks," "believes," or similar terms, variations of such terms or the negative of such terms. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor Media's ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor Media's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing Quebecor Media's network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor's business;
- Quebecor's ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- disruptions to the network through which Quebecor Media provides its television, Internet access, mobile and wireline telephony and OTT services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, pandemics and other public-health crises, including the COVID-19 pandemic, and political instability in some countries;
- impact of emergency measures implemented by various levels of government;
- changes in Quebecor Media's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect a portion of Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions

that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of the Corporation's Management Discussion and Analysis for the year ended December 31, 2021.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of August 3, 2022 and are subject to change after that date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Montréal, Québec

August 3, 2022

QUEBECOR INC.**SELECTED QUARTERLY FINANCIAL DATA**

(in millions of Canadian dollars, except per share data)

| | 2022 | | 2021 | | | | 2020 | |
|---|--------------|--------------|------------|------------|------------|------------|------------|------------|
| | June 30 | March 31 | Dec. 31 | Sept. 30 | June 30 | March 31 | Dec. 31 | Sept. 30 |
| Revenues | \$ 1,115.2 | \$ 1,088.0 | \$ 1,183.9 | \$ 1,148.2 | \$ 1,131.2 | \$ 1,091.1 | \$ 1,146.8 | \$ 1,111.7 |
| Adjusted EBITDA | 491.4 | 442.1 | 498.8 | 520.3 | 501.4 | 452.7 | 526.8 | 513.4 |
| Adjusted cash flows from operations | 361.0 | 316.1 | 370.6 | 365.8 | 338.1 | 307.6 | 345.2 | 346.1 |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | 161.7 | 128.7 | 157.6 | 176.1 | 158.3 | 129.9 | 165.0 | 173.1 |
| (Loss) gain on valuation and translation of financial instruments | (1.8) | (6.6) | 7.6 | 6.1 | 7.3 | (5.3) | (0.4) | (18.3) |
| Unusual items | (2.5) | (0.7) | (4.7) | (9.1) | (42.1) | (3.3) | (4.2) | (13.9) |
| Discontinued operations | - | - | - | - | - | - | (0.6) | - |
| Net income attributable to shareholders | 157.4 | 121.4 | 160.5 | 173.1 | 123.5 | 121.3 | 159.8 | 140.9 |
| Basic data per share | | | | | | | | |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | \$ 0.68 | \$ 0.54 | \$ 0.66 | \$ 0.73 | \$ 0.65 | \$ 0.52 | \$ 0.66 | \$ 0.69 |
| (Loss) gain on valuation and translation of financial instruments | (0.01) | (0.03) | 0.03 | 0.02 | 0.03 | (0.02) | - | (0.07) |
| Unusual items | (0.01) | - | (0.02) | (0.04) | (0.18) | (0.01) | (0.02) | (0.06) |
| Discontinued operations | - | - | - | - | - | - | - | - |
| Net income attributable to shareholders | 0.66 | 0.51 | 0.67 | 0.71 | 0.50 | 0.49 | 0.64 | 0.56 |
| Weighted average number of shares outstanding (in millions) | 236.7 | 239.2 | 239.8 | 242.7 | 245.0 | 246.7 | 249.1 | 250.5 |
| Diluted data per share | | | | | | | | |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | \$ 0.67 | \$ 0.53 | \$ 0.65 | \$ 0.72 | \$ 0.64 | \$ 0.52 | \$ 0.66 | \$ 0.68 |
| Dilution impact | 0.01 | 0.01 | - | - | - | - | - | 0.01 |
| Loss on valuation and translation of financial instruments | (0.01) | (0.03) | - | - | - | (0.02) | - | (0.07) |
| Unusual items | (0.01) | - | (0.02) | (0.04) | (0.17) | (0.01) | (0.02) | (0.06) |
| Discontinued operations | - | - | - | - | - | - | - | - |
| Net income attributable to shareholders | 0.66 | 0.51 | 0.63 | 0.68 | 0.47 | 0.49 | 0.64 | 0.56 |
| Weighted average number of diluted shares outstanding (in millions) | 236.8 | 239.2 | 244.6 | 247.5 | 249.9 | 246.9 | 253.8 | 250.7 |

EXHIBIT 3

Condensed consolidated financial statements of

QUEBECOR INC.

Three-month and six-month periods ended June 30, 2022 and 2021

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of Canadian dollars, except for earnings per share data)
(unaudited)

| | | Three months ended June 30 | | Six months ended June 30 | |
|--|------|-------------------------------|-----------------|-----------------------------|-----------------|
| | Note | 2022 | 2021 | 2022 | 2021 |
| Revenues | 2 | \$ 1,115.2 | \$ 1,131.2 | \$ 2,203.2 | \$ 2,222.3 |
| Employee costs | 3 | 177.2 | 169.5 | 356.3 | 345.9 |
| Purchase of goods and services | 3 | 446.6 | 460.3 | 913.4 | 922.3 |
| Depreciation and amortization | | 191.6 | 196.6 | 386.3 | 391.9 |
| Financial expenses | 4 | 82.0 | 87.0 | 159.5 | 170.1 |
| Loss (gain) on valuation and translation of financial instruments | 5 | 2.1 | (7.0) | 9.4 | (1.2) |
| Restructuring of operations and other items | 6 | 3.5 | (20.6) | 4.4 | (16.1) |
| Loss on debt refinancing | 8 | - | 80.9 | - | 80.9 |
| Income before income taxes | | 212.2 | 164.5 | 373.9 | 328.5 |
| Income taxes (recovery): | | | | | |
| Current | | 70.0 | 64.4 | 144.4 | 127.8 |
| Deferred | | (14.1) | (24.6) | (43.9) | (44.0) |
| | | 55.9 | 39.8 | 100.5 | 83.8 |
| Net income | | \$ 156.3 | \$ 124.7 | \$ 273.4 | \$ 244.7 |
| Net income (loss) attributable to | | | | | |
| Shareholders | | \$ 157.4 | \$ 123.5 | \$ 278.8 | \$ 244.8 |
| Non-controlling interests | | (1.1) | 1.2 | (5.4) | (0.1) |
| Earnings per share attributable to shareholders | 10 | | | | |
| Basic | | \$ 0.66 | \$ 0.50 | \$ 1.17 | \$ 1.00 |
| Diluted | | 0.66 | 0.47 | 1.17 | 0.98 |
| Weighted average number of shares outstanding (in millions) | | 236.7 | 245.0 | 237.9 | 245.8 |
| Weighted average number of diluted shares (in millions) | | 236.8 | 249.9 | 238.0 | 250.7 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (in millions of Canadian dollars) (unaudited) | | Three months ended June 30 | | Six months ended June 30 | |
|--|------|-------------------------------|-----------------|-----------------------------|-----------------|
| | Note | 2022 | 2021 | 2022 | 2021 |
| Net income | | \$ 156.3 | \$ 124.7 | \$ 273.4 | \$ 244.7 |
| Other comprehensive income (loss): | | | | | |
| Items that may be reclassified to income: | | | | | |
| Cash flow hedges: | | | | | |
| Gain (loss) on valuation of derivative financial instruments | | 4.4 | (1.6) | (14.0) | (4.2) |
| Deferred income taxes | | (1.9) | 2.9 | 2.0 | 4.8 |
| Loss on translation of investments in foreign associates | | (0.7) | - | (5.0) | - |
| Items that will not be reclassified to income: | | | | | |
| Defined benefit plans: | | | | | |
| Re-measurement gain (loss) | 13 | 109.2 | (2.5) | 217.2 | 174.5 |
| Deferred income taxes | | (29.2) | 0.5 | (57.8) | (46.4) |
| Equity investment: | | | | | |
| Loss on revaluation of an equity investment | | (0.9) | - | (1.1) | - |
| Reclassification to income: | 8 | | | | |
| Gain related to cash flow hedges | | - | (1.0) | - | (1.0) |
| Deferred income taxes | | - | 0.6 | - | 0.6 |
| | | 80.9 | (1.1) | 141.3 | 128.3 |
| Comprehensive income | | \$ 237.2 | \$ 123.6 | \$ 414.7 | \$ 373.0 |
| Comprehensive income attributable to | | | | | |
| Shareholders | | \$ 235.0 | \$ 120.8 | \$ 413.4 | \$ 364.7 |
| Non-controlling interests | | 2.2 | 2.8 | 1.3 | 8.3 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended June 30, 2022

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 912.6 | \$ 188.1 | \$ 45.0 | \$ (30.5) | \$ 1,115.2 |
| Employee costs | 101.2 | 58.9 | 10.9 | 6.2 | 177.2 |
| Purchase of goods and services | 323.9 | 125.1 | 29.4 | (31.8) | 446.6 |
| Adjusted EBITDA ¹ | 487.5 | 4.1 | 4.7 | (4.9) | 491.4 |
| Depreciation and amortization | | | | | 191.6 |
| Financial expenses | | | | | 82.0 |
| Loss on valuation and translation of financial instruments | | | | | 2.1 |
| Restructuring of operations and other items | | | | | 3.5 |
| Income before income taxes | | | | | \$ 212.2 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 96.4 | \$ 7.3 | \$ 0.2 | \$ 0.3 | \$ 104.2 |
| Additions to intangible assets | 18.8 | 4.1 | 0.6 | 0.3 | 23.8 |

Three months ended June 30, 2021

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 928.4 | \$ 198.2 | \$ 33.5 | \$ (28.9) | \$ 1,131.2 |
| Employee costs | 101.7 | 55.9 | 7.1 | 4.8 | 169.5 |
| Purchase of goods and services | 345.2 | 125.6 | 23.3 | (33.8) | 460.3 |
| Adjusted EBITDA ¹ | 481.5 | 16.7 | 3.1 | 0.1 | 501.4 |
| Depreciation and amortization | | | | | 196.6 |
| Financial expenses | | | | | 87.0 |
| Gain on valuation and translation of financial instruments | | | | | (7.0) |
| Restructuring of operations and other items | | | | | (20.6) |
| Loss on debt refinancing | | | | | 80.9 |
| Income before income taxes | | | | | \$ 164.5 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 101.3 | \$ 3.3 | \$ - | \$ 0.9 | \$ 105.5 |
| Additions to intangible assets | 42.1 | 7.1 | 0.6 | 0.6 | 50.4 |

QUEBECOR INC. SEGMENTED INFORMATION (continued)

(in millions of Canadian dollars)
(unaudited)

Six months ended June 30, 2022

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 1,816.0 | \$ 369.9 | \$ 79.1 | \$ (61.8) | \$ 2,203.2 |
| Employee costs | 202.5 | 118.8 | 21.0 | 14.0 | 356.3 |
| Purchase of goods and services | 666.0 | 258.9 | 53.5 | (65.0) | 913.4 |
| Adjusted EBITDA ¹ | 947.5 | (7.8) | 4.6 | (10.8) | 933.5 |
| Depreciation and amortization | | | | | 386.3 |
| Financial expenses | | | | | 159.5 |
| Loss on valuation and translation of financial instruments | | | | | 9.4 |
| Restructuring of operations and other items | | | | | 4.4 |
| Income before income taxes | | | | | \$ 373.9 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 185.6 | \$ 12.9 | \$ 0.3 | \$ 0.7 | \$ 199.5 |
| Additions to intangible assets | 44.8 | 6.9 | 1.3 | 0.6 | 53.6 |

Six months ended June 30, 2021

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 1,842.4 | \$ 373.0 | \$ 64.7 | \$ (57.8) | \$ 2,222.3 |
| Employee costs | 206.2 | 111.0 | 14.6 | 14.1 | 345.9 |
| Purchase of goods and services | 703.8 | 244.0 | 44.9 | (70.4) | 922.3 |
| Adjusted EBITDA ¹ | 932.4 | 18.0 | 5.2 | (1.5) | 954.1 |
| Depreciation and amortization | | | | | 391.9 |
| Financial expenses | | | | | 170.1 |
| Gain on valuation and translation of financial instruments | | | | | (1.2) |
| Restructuring of operations and other items | | | | | (16.1) |
| Loss on debt refinancing | | | | | 80.9 |
| Income before income taxes | | | | | \$ 328.5 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 208.9 | \$ 7.1 | \$ 0.1 | \$ 1.2 | \$ 217.3 |
| Additions to intangible assets | 93.4 | 13.2 | 1.5 | 1.1 | 109.2 |

¹ The Chief Executive Officer uses adjusted EBITDA as the measure of profit to assess the performance of each segment. Adjusted EBITDA is a non-IFRS measure and is defined as net income before depreciation and amortization, financial expenses, loss (gain) on valuation and translation of financial instruments, restructuring of operations and other items, loss on debt refinancing and income taxes.

² Subsidies of \$46.1 million and \$77.8 million in the respective three-month and six-month periods ended June 30, 2022 (\$4.4 million and \$9.9 million in 2021) related to the roll-out of high-speed internet services in various regions of Quebec are presented as a reduction of the corresponding additions to property, plant and equipment in the Telecommunications segment (see note 7).

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

| | Equity attributable to shareholders | | | | Equity attributable to non-controlling interests | Total equity |
|--|-------------------------------------|---------------------|-------------------|---|--|--------------|
| | Capital stock | Contributed surplus | Retained earnings | Accumulated other comprehensive (loss) income | | |
| | (note 11) | | | (note 13) | | |
| Balance as of December 31, 2020 | \$ 1,017.8 | \$ 17.4 | \$ 211.3 | \$ (133.9) | \$ 101.5 | \$ 1,214.1 |
| Net income (loss) | - | - | 244.8 | - | (0.1) | 244.7 |
| Other comprehensive income | - | - | - | 119.9 | 8.4 | 128.3 |
| Dividends | - | - | (135.0) | - | (0.1) | (135.1) |
| Repurchase of Class B Shares | (24.0) | - | (107.5) | - | - | (131.5) |
| Balance as of June 30, 2021 | 993.8 | 17.4 | 213.6 | (14.0) | 109.7 | 1,320.5 |
| Net income | - | - | 333.6 | - | 10.1 | 343.7 |
| Other comprehensive (loss) income | - | - | - | (5.3) | 3.4 | (1.9) |
| Dividends | - | - | (132.6) | - | - | (132.6) |
| Repurchase of Class B Shares | (28.6) | - | (122.3) | - | - | (150.9) |
| Balance as of December 31, 2021 | 965.2 | 17.4 | 292.3 | (19.3) | 123.2 | 1,378.8 |
| Net income (loss) | - | - | 278.8 | - | (5.4) | 273.4 |
| Other comprehensive income | - | - | - | 134.6 | 6.7 | 141.3 |
| Dividends | - | - | (142.7) | - | (0.2) | (142.9) |
| Repurchase of Class B Shares | (24.8) | - | (98.3) | - | - | (123.1) |
| Balance as of June 30, 2022 | \$ 940.4 | \$ 17.4 | \$ 330.1 | \$ 115.3 | \$ 124.3 | \$ 1,527.5 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in millions of Canadian dollars) (unaudited) | | Three months ended June 30 | | Six months ended June 30 | |
|--|------|-------------------------------|-------------------|-----------------------------|-------------------|
| | Note | 2022 | 2021 | 2022 | 2021 |
| Cash flows related to operating activities | | | | | |
| Net income | | \$ 156.3 | \$ 124.7 | \$ 273.4 | \$ 244.7 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | 138.3 | 145.8 | 277.6 | 292.0 |
| Amortization of intangible assets | | 42.9 | 40.6 | 87.9 | 79.5 |
| Amortization of right-of-use assets | | 10.4 | 10.2 | 20.8 | 20.4 |
| Loss (gain) on valuation and translation of financial instruments | 5 | 2.1 | (7.0) | 9.4 | (1.2) |
| Loss (gain) on disposal of other assets | 6 | 0.6 | (19.5) | 0.6 | (19.0) |
| Impairment of assets | 6 | - | - | - | 0.8 |
| Loss on debt refinancing | 8 | - | 80.9 | - | 80.9 |
| Amortization of financing costs | 4 | 1.7 | 2.2 | 3.5 | 4.4 |
| Deferred income taxes | | (14.1) | (24.6) | (43.9) | (44.0) |
| Other | | (2.9) | (0.3) | (2.8) | (0.7) |
| | | <u>335.3</u> | <u>353.0</u> | <u>626.5</u> | <u>657.8</u> |
| Net change in non-cash balances related to operating activities | | <u>(93.6)</u> | <u>(123.3)</u> | <u>(157.1)</u> | <u>(166.5)</u> |
| Cash flows provided by operating activities | | <u>241.7</u> | <u>229.7</u> | <u>469.4</u> | <u>491.3</u> |
| Cash flows related to investing activities | | | | | |
| Additions to property, plant and equipment | 7 | (104.2) | (105.5) | (199.5) | (217.3) |
| Deferred subsidies (used) received to finance additions to property, plant and equipment | 1,7 | (46.1) | (4.4) | (77.8) | 206.3 |
| | | <u>(150.3)</u> | <u>(109.9)</u> | <u>(277.3)</u> | <u>(11.0)</u> |
| Additions to intangible assets | | (23.8) | (50.4) | (53.6) | (109.2) |
| Business acquisitions | | (3.8) | (6.7) | (3.8) | (21.8) |
| Proceeds from disposals of assets | | 4.1 | 3.0 | 5.5 | 3.1 |
| Acquisitions of investments and other | | (2.3) | (7.2) | (6.4) | (8.0) |
| Cash flows used in investing activities | | <u>(176.1)</u> | <u>(171.2)</u> | <u>(335.6)</u> | <u>(146.9)</u> |
| Cash flows related to financing activities | | | | | |
| Net change in bank indebtedness | | (3.6) | 2.3 | 21.6 | 3.9 |
| Net change under revolving facilities | | 126.2 | 25.9 | 0.1 | 22.8 |
| Issuance of long-term debt, net of financing costs | 8 | - | 1,342.8 | - | 1,986.8 |
| Repayment of long-term debt | | (0.3) | (0.2) | (0.7) | (0.6) |
| Repayment of lease liabilities | | (11.1) | (10.8) | (21.4) | (21.0) |
| Settlement of hedging contracts | | (0.8) | (0.8) | (0.8) | (0.8) |
| Repurchase of Class B Shares | 11 | (97.1) | (47.1) | (123.1) | (131.5) |
| Dividends | | (142.7) | (135.0) | (142.7) | (135.0) |
| Dividends paid to non-controlling interests | | (0.1) | - | (0.2) | (0.1) |
| Cash flows (used in) provided by financing activities | | <u>(129.5)</u> | <u>1,177.1</u> | <u>(267.2)</u> | <u>1,724.5</u> |
| Net change in cash, cash equivalents and restricted cash | | <u>(63.9)</u> | <u>1,235.6</u> | <u>(133.4)</u> | <u>2,068.9</u> |
| Cash, cash equivalents and restricted cash at beginning of period | | <u>157.6</u> | <u>970.0</u> | <u>227.1</u> | <u>136.7</u> |
| Cash, cash equivalents and restricted cash at end of period | | <u>\$ 93.7</u> | <u>\$ 2,205.6</u> | <u>\$ 93.7</u> | <u>\$ 2,205.6</u> |
| Cash, cash equivalents and restricted cash consist of | | | | | |
| Cash | | \$ 9.1 | \$ 1,998.5 | \$ 9.1 | \$ 1,998.5 |
| Cash equivalents | | - | 0.8 | - | 0.8 |
| Restricted cash | 1 | 84.6 | 206.3 | 84.6 | 206.3 |
| | | <u>\$ 93.7</u> | <u>\$ 2,205.6</u> | <u>\$ 93.7</u> | <u>\$ 2,205.6</u> |
| Interest and taxes reflected as operating activities | | | | | |
| Cash interest payments | | \$ 128.4 | \$ 117.5 | \$ 154.5 | \$ 156.1 |
| Cash income tax payments (net of refunds) | | 59.6 | 54.3 | 158.5 | 167.1 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

| | Note | June 30 2022 | December 31 2021 |
|--|------|--------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 9.1 | \$ 64.7 |
| Restricted cash | 7 | 84.6 | 162.4 |
| Accounts receivable | | 748.3 | 745.1 |
| Contract assets | | 78.5 | 129.4 |
| Income taxes | | 17.3 | 7.3 |
| Inventories | | 349.5 | 282.6 |
| Derivative financial instruments | | 263.3 | - |
| Other current assets | | 145.4 | 132.0 |
| | | 1,696.0 | 1,523.5 |
| Non-current assets | | | |
| Property, plant and equipment | | 2,977.4 | 3,058.7 |
| Intangible assets | | 2,304.9 | 2,344.1 |
| Right-of-use assets | | 148.7 | 152.3 |
| Goodwill | | 2,718.5 | 2,718.5 |
| Derivative financial instruments | | 151.2 | 405.6 |
| Deferred income taxes | | 18.8 | 39.2 |
| Other assets | | 655.8 | 521.1 |
| | | 8,975.3 | 9,239.5 |
| Total assets | | \$ 10,671.3 | \$ 10,763.0 |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Bank indebtedness | | \$ 21.6 | \$ - |
| Accounts payable, accrued charges and provisions | | 794.9 | 861.0 |
| Deferred revenue | | 287.1 | 309.7 |
| Deferred subsidies | 7 | 84.6 | 162.4 |
| Income taxes | | 35.1 | 47.4 |
| Current portion of long-term debt | 8 | 1,171.4 | 56.5 |
| Current portion of lease liabilities | | 37.0 | 36.1 |
| | | 2,431.7 | 1,473.1 |
| Non-current liabilities | | | |
| Long-term debt | 8 | 5,393.0 | 6,467.9 |
| Derivative financial instruments | | 8.5 | 23.3 |
| Convertible debentures | 9 | 150.0 | 150.0 |
| Lease liabilities | | 141.6 | 147.1 |
| Deferred income taxes | | 820.9 | 829.6 |
| Other liabilities | | 198.1 | 293.2 |
| | | 6,712.1 | 7,911.1 |
| Equity | | | |
| Capital stock | 11 | 940.4 | 965.2 |
| Contributed surplus | | 17.4 | 17.4 |
| Retained earnings | | 330.1 | 292.3 |
| Accumulated other comprehensive income (loss) | 13 | 115.3 | (19.3) |
| Equity attributable to shareholders | | 1,403.2 | 1,255.6 |
| Non-controlling interests | | 124.3 | 123.2 |
| | | 1,527.5 | 1,378.8 |
| Commitments | 15 | | |
| Total liabilities and equity | | \$ 10,671.3 | \$ 10,763.0 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

Quebecor Inc. (“Quebecor” or the “Corporation”) is incorporated under the laws of Québec. The Corporation’s head office and registered office is located at 612 rue Saint-Jacques, Montréal, Québec, Canada. Quebecor is a holding corporation with a 100% interest in Quebecor Media Inc. (“Quebecor Media”). Unless the context otherwise requires, Quebecor or the Corporation refers to Quebecor Inc. and its subsidiaries and Quebecor Media refers to Quebecor Media Inc. and its subsidiaries.

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers Internet access, television distribution, mobile and wireline telephony, business solutions and over-the-top video services in Canada. The operations of the Media segment in Québec include the operation of an over-the-air television network and specialty television services, the operation of soundstage and equipment rental and postproduction services for the film and television industries, the printing, publishing and distribution of daily newspapers, the operation of news and entertainment digital platforms and a music streaming service, the publishing and distribution of magazines, the production and distribution of audiovisual content, and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass the operation and management of the Videotron Centre in Québec City, show production, sporting and cultural event management, the publishing and distribution of books, the distribution and production of music, and the operation of two Quebec Major Junior Hockey League teams.

The Media segment experiences significant seasonality due, among other factors, to seasonal advertising patterns and influences on people’s viewing, reading and listening habits. Because the Media segment depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, as they may affect advertising expenditures of corporations. Accordingly, the results of operations for interim periods of the Media segment should not necessarily be considered indicative of full-year results due to the seasonality of certain of its operations.

Since March 2020, the COVID-19 pandemic has had an impact on some of the Corporation’s quarterly results, more particularly in the Media and the Sports and Entertainment segments. Given the uncertainty around the future evolution of the pandemic, including any new major waves, all future impacts of the health crisis on the results of operations cannot be determined with certainty.

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 2021 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed consolidated financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on August 3, 2022.

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, 2022.

In particular, as of the second quarter of 2022, restricted cash is presented with cash and cash equivalents on the consolidated statements of cash flows, in line with the IFRS Interpretations Committee’s agenda decision finalized in the second quarter of 2022 that clarifies the presentation of cash subject to contractual restrictions agreed with a third party (see note 7). Prior period information has been restated to reflect the new presentation. Accordingly, deferred subsidies used to finance additions to property, plant and equipment related to the roll-out of high-speed Internet services in various regions of Québec are now presented under investing activities, which has the effect of increasing cash used in investing activities by \$46.1 million and \$77.8 million for the three-month and six-month periods ended June 30, 2022 respectively (\$4.4 million increase and \$206.3 million decrease for the three-month and six-month periods ended June 30, 2021).

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

2. REVENUES

| | Three months ended June 30 | | Six months ended June 30 | |
|--------------------------|----------------------------|------------|--------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Telecommunications: | | | | |
| Internet | \$ 304.9 | \$ 301.8 | \$ 603.5 | \$ 598.4 |
| Television | 200.4 | 211.3 | 397.7 | 424.5 |
| Mobile telephony | 191.8 | 174.8 | 379.1 | 345.3 |
| Wireline telephony | 73.7 | 80.7 | 148.9 | 161.4 |
| Mobile equipment sales | 73.0 | 63.0 | 136.8 | 123.5 |
| Wireline equipment sales | 20.5 | 50.2 | 52.8 | 96.9 |
| Other | 48.3 | 46.6 | 97.2 | 92.4 |
| Media: | | | | |
| Advertising | 89.1 | 98.4 | 168.3 | 174.5 |
| Subscription | 49.3 | 50.8 | 97.6 | 100.2 |
| Other | 49.7 | 49.0 | 104.0 | 98.3 |
| Sports and Entertainment | 45.0 | 33.5 | 79.1 | 64.7 |
| Inter-segments | (30.5) | (28.9) | (61.8) | (57.8) |
| | \$ 1,115.2 | \$ 1,131.2 | \$ 2,203.2 | \$ 2,222.3 |

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

| | Three months ended June 30 | | Six months ended June 30 | |
|---|----------------------------|----------|--------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Employee costs | \$ 212.2 | \$ 219.4 | \$ 430.8 | \$ 443.7 |
| Less employee costs capitalized to property, plant and equipment and to intangible assets | (35.0) | (49.9) | (74.5) | (97.8) |
| | 177.2 | 169.5 | 356.3 | 345.9 |
| Purchase of goods and services: | | | | |
| Royalties, rights and creation costs | 183.0 | 195.0 | 384.5 | 377.8 |
| Cost of products sold | 111.9 | 116.3 | 218.9 | 232.2 |
| Service contracts | 33.3 | 49.4 | 73.4 | 104.3 |
| Marketing, circulation and distribution expenses | 19.4 | 21.8 | 39.3 | 40.5 |
| Other | 99.0 | 77.8 | 197.3 | 167.5 |
| | 446.6 | 460.3 | 913.4 | 922.3 |
| | \$ 623.8 | \$ 629.8 | \$ 1,269.7 | \$ 1,268.2 |

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

4. FINANCIAL EXPENSES

| | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|---------|--------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest on long-term debt and on debentures | \$ 74.9 | \$ 83.1 | \$ 149.7 | \$ 162.7 |
| Amortization of financing costs | 1.7 | 2.2 | 3.5 | 4.4 |
| Interest on lease liabilities | 2.1 | 2.1 | 4.1 | 4.3 |
| Interest on net defined benefit liability | 1.3 | 2.2 | 2.5 | 4.4 |
| Loss (gain) on foreign currency translation on short-term monetary items | 1.8 | (2.2) | 0.7 | (3.4) |
| Other | 0.2 | (0.4) | (1.0) | (2.3) |
| | \$ 82.0 | \$ 87.0 | \$ 159.5 | \$ 170.1 |

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

| | Three months ended June 30 | | Six months ended June 30 | |
|---|----------------------------|----------|--------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Loss (gain) on embedded derivatives related to convertible debentures | \$ 1.9 | \$ (7.5) | \$ 9.1 | \$ (1.8) |
| Other | 0.2 | 0.5 | 0.3 | 0.6 |
| | \$ 2.1 | \$ (7.0) | \$ 9.4 | \$ (1.2) |

6. RESTRUCTURING OF OPERATIONS AND OTHER ITEMS

During the respective three-month and six-month periods ended June 30, 2022, charges of \$1.2 million and \$1.9 million were recorded in connection with cost reduction initiatives in the Corporation's various segments (\$2.2 million and \$5.0 million in 2021), while an impairment charge on assets of \$0.8 million was also recorded in the six-month period ended June 30, 2021.

On April 1, 2021, Alithya Group Inc. ("Alithya"), a strategy and digital transformation leader, acquired the firm R3D Conseil inc., of which Quebecor was one of the main shareholders. As a result of this transaction, the Corporation now holds 11.9% of Alithya's share capital and 6.7% of voting rights related to the issued and outstanding shares of Alithya, and a corresponding gain on disposal of \$19.6 million was recorded in the second quarter of 2021.

In addition, during the respective three-month and six-month periods ended June 30, 2022, the Corporation also recorded charges related to other items of \$2.3 million and \$2.5 million (gains of \$3.2 million and \$2.3 million in 2021).

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

7. RESTRICTED CASH AND DEFERRED SUBSIDIES

On March 22, 2021, Videotron Ltd. ("Videotron") and the Québec government, jointly with the Canadian government, signed agreements to support the achievement of the government's targets for the roll-out of high-speed Internet services in various regions of Québec. Under these agreements, the government is committed to provide financial assistance in the amount of approximately \$258.0 million, which will be fully invested in Videotron's high-speed Internet network extension. In accordance with the terms of the agreements, an amount of \$216.2 million received in advance from the government in March 2021 was recorded as deferred subsidies on the consolidated balance sheets (balance of \$84.6 million as of June 30, 2022). When the required investments as per the program are realized, corresponding subsidies are recognized as a reduction of additions to property, plant and equipment.

8. LONG-TERM DEBT

Components of long-term debt are as follows:

| | June 30, 2022 | December 31, 2021 |
|---|-------------------|----------------------|
| Total long-term debt | \$ 6,603.4 | \$ 6,554.0 |
| Change in fair value related to hedged interest rate risk | (1.8) | 8.3 |
| Financing costs, net of amortization | (37.2) | (37.9) |
| | 6,564.4 | 6,524.4 |
| Less current portion | (1,171.4) | (56.5) |
| | \$ 5,393.0 | \$ 6,467.9 |

As of June 30, 2022, the carrying value of long-term debt denominated in U.S. dollars, excluding financing costs, was \$3,382.8 million (\$3,245.9 million as of December 31, 2021) while the net fair value of related hedging derivative instruments was in an asset position of \$404.0 million (\$381.4 million as of December 31, 2021).

2022

On February 15, 2022, TVA Group Inc. ("TVA Group") amended its \$75.0 million secured revolving credit facility to extend its term to February 2023 and amended certain of its terms and conditions.

On May 20, 2022, Videotron amended its \$1,500.0 million secured revolving credit facility to extend its term to July 2026 and Quebecor Media amended its \$300.0 million secured revolving credit facility to extend its term to July 2025. Certain terms and conditions of these credit facilities were also amended.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

8. LONG-TERM DEBT (continued)

2021

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 \$644.0 million, net of financing costs of \$6.0 million.

On June 3, 2021, Quebecor Media issued a redemption notice for its Senior Notes in aggregate principal amount of \$500.0 million, bearing interest at 6.625% and due January 15, 2023, at a redemption price of 107.934% of their principal amount. Videotron also issued a redemption notice for its Senior Notes in aggregate principal amount of US\$800.0 million, bearing interest at 5.000% and due July 15, 2022, at a redemption price of 104.002% of their principal amount. As a result, a net loss of \$80.9 million was recorded in the consolidated statement of income in the second quarter of 2021, including a gain of \$1.0 million previously recorded in other comprehensive income. In July 2021, the Senior Notes were redeemed and the related hedging contracts were unwound, for a total cash consideration of \$1,377.9 million.

On June 17, 2021, Videotron issued \$750.0 million aggregate principal amount of Senior Notes bearing interest at 3.625% and maturing on June 15, 2028, for net proceeds of \$743.2 million, net of financing costs of \$6.8 million. Videotron also issued US\$500.0 million aggregate principal amount of Senior Notes bearing interest at 3.625% and maturing on June 15, 2029, for net proceeds of \$599.6 million, net of financing costs of \$5.8 million. Videotron has fully hedged the foreign currency risk associated with the new Senior Notes denominated in U.S. dollars by using cross-currency swaps.

9. CONVERTIBLE DEBENTURES

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on May 11, 2022, on Quebecor Class B Subordinate Voting Shares ("Class B Shares") triggered an adjustment to the floor price and ceiling price then in effect. Effective on May 26, 2022, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately \$25.07 per share (that is, a maximum number of approximately 5,984,010 Class B Shares corresponding to a ratio of \$150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately \$31.33 per share (that is, a minimum number of approximately 4,787,208 Class B Shares corresponding to a ratio of \$150.0 million to the adjusted ceiling price).

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by taking into account the potentially dilutive effect of stock options of the Corporation on the number of shares outstanding, the potentially dilutive effect of stock options of the Corporation's subsidiaries on net income attributable to shareholders, and the potentially dilutive effect of conversion of convertible debentures issued by the Corporation on net income attributable to shareholders and on the number of shares outstanding.

The following table sets forth the computation of basic and diluted earnings per share attributable to shareholders:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to shareholders | \$ 157.4 | \$ 123.5 | \$ 278.8 | \$ 244.8 |
| Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries | – | (6.4) | – | 0.3 |
| Net income attributable to shareholders, adjusted for dilution effect | \$ 157.4 | \$ 117.1 | \$ 278.8 | \$ 245.1 |
| Weighted average number of shares outstanding (in millions) | 236.7 | 245.0 | 237.9 | 245.8 |
| Potentially dilutive effect of convertible debentures and of stock options of the Corporation (in millions) | 0.1 | 4.9 | 0.1 | 4.9 |
| Weighted average number of diluted shares outstanding (in millions) | 236.8 | 249.9 | 238.0 | 250.7 |

For the three-month and six-month periods ended June 30, 2022, the diluted earnings per share calculation does not take into consideration the potential dilutive effect of convertible debentures of the Corporation since their impact is anti-dilutive.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

11. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Class A Multiple Voting Shares ("Class A Shares") with voting rights of 10 votes per share convertible at any time into Class B Shares on a one-for-one basis.

An unlimited number of Class B Shares convertible into Class A Shares on a one-for-one basis, only if a takeover bid for Class A Shares is made to holders of Class A Shares without being made concurrently and under the same terms to holders of Class B Shares, for the sole purpose of allowing the holders of Class B Shares to accept the offer and subject to certain other stated conditions provided in the articles, including the acceptance of the offer by the majority holder.

Holders of Class B Shares are entitled to elect 25% of the Board of Directors of Quebecor. Holders of Class A Shares may elect the other members of the Board of Directors.

(b) Issued and outstanding capital stock

| | Class A Shares | | Class B Shares | |
|------------------------------------|-------------------|---------------|--------------------|-----------------|
| | Number | Amount | Number | Amount |
| Balance as of December 31, 2021 | 76,984,034 | \$ 8.6 | 162,273,507 | \$ 956.6 |
| Shares purchased and cancelled | – | – | (4,202,951) | (24.8) |
| Balance as of June 30, 2022 | 76,984,034 | \$ 8.6 | 158,070,556 | \$ 931.8 |

Repurchase of shares

On August 4, 2021, the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.6% of issued and outstanding Class B Shares as of July 30, 2021. The purchases can be made from August 15, 2021 to August 14, 2022, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

On April 27, 2022, the Corporation received approval from the Toronto Stock Exchange to amend its normal course issuer bid in order to increase the maximum number of Class B Shares that may be repurchased to 10,000,000 Class B Shares, representing approximately 6.8% of the Class B Shares public float as of July 30, 2021. No other terms of the normal course issuer bid have been amended.

On August 3, 2022, the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.8% of issued and outstanding Class B Shares as of July 29, 2022. The purchases can be made from August 15, 2022 to August 14, 2023, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

During the six-month period ended June 30, 2022, the Corporation purchased and cancelled 4,202,951 Class B Shares for a total cash consideration of \$123.1 million (4,073,200 Class B Shares for a total cash consideration of \$131.5 million in 2021). The excess of \$98.3 million of the purchase price over the carrying value of Class B Shares repurchased was recorded in reduction of retained earnings (\$107.5 million in 2021).

Dividends

On August 3, 2022, the Board of Directors of the Corporation declared a dividend of \$0.30 per share on Class A Shares and Class B Shares, or approximately \$70.5 million, payable on September 13, 2022, to shareholders of record at the close of business on August 19, 2022.

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

12. STOCK-BASED COMPENSATION PLANSStock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participate, for the six-month period ended June 30, 2022:

| | Outstanding options | |
|--|----------------------------|---------------------------------------|
| | Number | Weighted average exercise price |
| Quebecor | | |
| As of December 31, 2021 | 2,379,600 | \$ 30.74 |
| Exercised | (19,999) | 26.52 |
| Cancelled | (137,785) | 31.04 |
| As of June 30, 2022 | 2,221,816 | \$ 30.76 |
| Vested options as of June 30, 2022 | 429,526 | \$ 29.44 |
| TVA Group | | |
| As of December 31, 2021 and June 30, 2022 | 369,503 | \$ 2.09 |
| Vested options as of June 30, 2022 | 82,664 | \$ 3.53 |

During the three-month period ended June 30, 2021, 5,000 stock options of Quebecor Media were exercised for a cash consideration of \$0.3 million. During the six-month period ended June 30, 2021, 15,300 stock options of Quebecor Media were exercised for a cash consideration of \$1.0 million.

Deferred share unit plan

The deferred share unit ("DSU") is based either on Quebecor Class B Shares or on TVA Group Inc. Class B Non-Voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. DSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. As of June 30, 2022, 92,930 DSUs based on Quebecor Class B Shares and 127,464 DSUs based on TVA Group Class B Shares were outstanding under these plans (96,909 and 128,064 respectively as of December 31, 2021)

Stock-based compensation expense

For the three-month period ended June 30, 2022, a reversal of the charge of \$0.1 million was recorded related to all stock-based compensation plans (a reversal of the charge of \$1.9 million in 2021). For the six-month period ended June 30, 2022, a charge of \$2.1 million was recorded related to all stock-based compensation plans (\$1.7 million in 2021).

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS

| | Cash flow hedges ¹ | Translation of investments in foreign associates | Defined benefit plans ² | Equity investment | Total |
|------------------------------------|----------------------------------|--|--|----------------------|-----------------|
| Balance as of December 31, 2020 | \$ 29.6 | \$ – | \$ (163.5) | \$ – | \$ (133.9) |
| Other comprehensive income | 0.2 | – | 119.7 | – | 119.9 |
| Balance as of June 30, 2021 | 29.8 | – | (43.8) | – | (14.0) |
| Other comprehensive income (loss) | 2.9 | (17.6) | 7.8 | 1.6 | (5.3) |
| Balance as of December 31, 2021 | 32.7 | (17.6) | (36.0) | 1.6 | (19.3) |
| Other comprehensive (loss) income | (12.0) | (5.0) | 152.7 | (1.1) | 134.6 |
| Balance as of June 30, 2022 | \$ 20.7 | \$ (22.6) | \$ 116.7 | \$ 0.5 | \$ 115.3 |

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 7-year period.

² Re-measurement gains in the consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2022 are mainly due to an increase in the discount rate since December 31, 2021, net of a decrease of the fair value of defined pension plan assets.

14. 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 and convertible debentures 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 on the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative 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 fair value of embedded derivatives related to convertible debentures is determined by option-pricing models using Level 2 market inputs, including volatility, discount factors, and the underlying instrument's implicit interest rate and credit premium.

QUEBECOR INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the three-month and six-month periods ended June 30, 2022 and 2021
(tabular amounts in millions of Canadian dollars, except for per share data and option data)
(unaudited)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of June 30, 2022 and December 31, 2021 are as follows:

| Asset (liability) | June 30, 2022 | | December 31, 2021 | |
|---|----------------|--------------|-------------------|--------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Long-term debt¹ | \$ (6,603.4) | \$ (5,977.7) | \$ (6,554.0) | \$ (6,660.4) |
| Convertible debentures² | (149.0) | (149.0) | (139.5) | (139.5) |
| Derivative financial instruments | | | | |
| Foreign exchange forward contracts | 2.6 | 2.6 | 0.9 | 0.9 |
| Cross-currency swaps | 403.4 | 403.4 | 381.4 | 381.4 |

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 carrying value and fair value of convertible debentures consist of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives.

15. COMMITMENTS

On June 17, 2022, Videotron entered into an agreement with Rogers Communications Inc. ("Rogers") and Shaw Communications Inc. ("Shaw") to acquire Freedom Mobile Inc. ("Freedom Mobile") for \$2.85 billion on a cash-free and debt-free basis. The agreement, which is conditional on regulatory approval, provides for the acquisition of the Freedom Mobile brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term undertaking by Shaw and Rogers to provide Videotron with transport services (including backhaul and backbone) and roaming services. This agreement will support the expansion of the Corporation's telecommunications services in Ontario and Western Canada. The transaction is conditional, among other things, on clearance under the Competition Act and the approval of Innovation, Science and Economic Development Canada and would close substantially concurrently with closing of the acquisition of Shaw by Rogers. Videotron has secured the committed debt financing required for this transaction.

QUEBECOR



Supplementary Disclosure

**Quarter / 6-Month Period
Ended June 30, 2022**

For additional information, please contact
Hugues Simard, Chief Financial Officer,
at 514 380-7414, investor.relations@quebecor.com

QUEBECOR INC.

Supplementary Disclosure June 30, 2022 Basic Data Per Share

| | 2nd Quarter | | YTD | |
|--|---------------|-------------|---------------|-------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Adjusted income from continuing operating activities | \$0.68 | \$0.65 | \$1.22 | \$1.17 |
| Adjustments : | | | | |
| (Loss) gain on valuation and translation of financial instruments | (0.01) | 0.03 | (0.04) | 0.01 |
| Unusual items | (0.01) | (0.18) | (0.01) | (0.18) |
| Total | (0.02) | (0.15) | (0.05) | (0.17) |
| Net income attributable to shareholders | \$0.66 | \$0.50 | \$1.17 | \$1.00 |
| Weighted average number of shares outstanding (in millions) | 236.7 | 245.0 | 237.9 | 245.8 |

QUEBECOR INC.

Supplementary Disclosure June 30, 2022 Capital Structure

(all amounts in millions of Canadian dollars)

Quebecor Inc.

| | | |
|---------------------------|-----------|-------------|
| Mortgage loan due in 2022 | \$ | 43.9 |
| | \$ | 43.9 |

Quebecor Media Inc.

| | | |
|---|----|----------------|
| Revolving credit facility due in 2025 (availability: \$300) | \$ | 5.0 |
| 5 3/4% Senior Notes due in 2023 | | 1,095.7 |
| | | <u>1,100.7</u> |

Videotron Ltd.

| | | |
|---|--|----------------|
| Revolving credit facility due in 2026 (availability: \$1,500) | | 263.5 |
| 5 3/8% Senior Notes due in 2024 | | 772.4 |
| 5 5/8% Senior Notes due in 2025 | | 400.0 |
| 5 3/4% Senior Notes due in 2026 | | 375.0 |
| 5 1/8% Senior Notes due in 2027 | | 772.4 |
| 3 5/8% Senior Notes due in 2028 | | 750.0 |
| 3 5/8% Senior Notes due in 2029 | | 643.6 |
| 4 1/2% Senior Notes due in 2030 | | 800.0 |
| 3 1/8% Senior Notes due in 2031 | | 650.0 |
| | | <u>5,426.9</u> |

TVA Group Inc.

| | | |
|--|--|-------------|
| Revolving credit facility due in 2023 (availability: \$75) | | 31.9 |
| | | <u>31.9</u> |

Other debt

| | | |
|----------------------------------|-----------|----------------|
| Total Quebecor Media Inc. | \$ | 6,559.5 |
|----------------------------------|-----------|----------------|

| | | |
|--|-----------|----------------|
| TOTAL LONG-TERM DEBT ¹ | \$ | 6,603.4 |
|--|-----------|----------------|

| | | |
|---|--|---------|
| Bank indebtedness | | 21.6 |
| Exchangeable debentures - Quebecor Inc. | | 2.1 |
| Convertible debentures (cost if settled in cash at maturity) - Quebecor Inc. ² | | 150.0 |
| Lease liabilities | | 178.6 |
| (Asset) liability related to derivative financial instruments | | (406.0) |

Cash and cash equivalents :

| | | |
|----------------|-----------|------------|
| TVA Group Inc. | | 2.4 |
| Other | | 6.7 |
| | \$ | 9.1 |

¹ Excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs. See Note 8 to Consolidated Financial Statements.

² Based on the market value of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Inc. Class B share on June 30, 2022, subject to a floor price of approximately \$25.07 and a ceiling price of approximately \$31.33.

QUEBECOR INC.

Supplementary Disclosure June 30, 2022 Consolidated Net Debt Leverage Ratio

(all amounts in millions of Canadian dollars, except ratios)

| | 2022 | | 2021 | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 |
| Total long-term debt ¹ | \$6,603.4 | \$6,376.4 | \$6,554.0 | \$6,284.7 | \$7,714.5 |
| Add (deduct): | | | | | |
| (Asset) liability related to derivative financial instruments | (406.0) | (305.4) | (382.3) | (389.6) | (489.3) |
| Lease liabilities | 178.6 | 180.3 | 183.2 | 181.6 | 183.0 |
| Bank indebtedness | 21.6 | 25.2 | - | 5.6 | 5.6 |
| Cash and cash equivalents | (9.1) | (26.9) | (64.7) | (480.7) | (1,999.3) |
| Consolidated net debt excluding convertible debentures | \$6,388.5 | \$6,249.6 | \$6,290.2 | \$5,601.6 | \$5,414.5 |
| Divided by: trailing 12-month adjusted EBITDA | \$1,952.6 | \$1,962.6 | \$1,973.2 | \$2,001.2 | \$1,994.3 |
| Consolidated net debt leverage ratio | 3.27x | 3.18x | 3.19x | 2.80x | 2.71x |

¹ Excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs. See Note 8 to Consolidated Financial Statements.

TELECOMMUNICATIONS

Supplementary Disclosure June 30, 2022 Operating Results

| | 2022 | | 2021 | | |
|--|---------|---------|---------|---------|---------|
| | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 |
| Revenue-Generating Units ('000) ¹ | 6,191.1 | 6,203.4 | 6,189.6 | 6,146.6 | 6,121.0 |
| Mobile Telephony Lines ('000) | 1,661.0 | 1,626.4 | 1,601.9 | 1,571.3 | 1,530.4 |
| Homes Passed ('000) ² | 3,597.6 | 3,584.1 | 3,572.6 | 3,560.8 | 3,548.0 |
| Internet Subscribers ('000) | 1,846.1 | 1,846.1 | 1,840.8 | 1,832.7 | 1,810.2 |
| Penetration of Homes Passed ² | 51.3% | 51.5% | 51.5% | 51.5% | 51.0% |
| Television Subscribers ('000) | 1,393.5 | 1,406.4 | 1,418.6 | 1,428.0 | 1,441.4 |
| Penetration of Homes Passed ² | 38.7% | 39.2% | 39.7% | 40.1% | 40.6% |
| Wireline Telephony Lines ('000) | 785.7 | 803.6 | 824.9 | 847.4 | 872.4 |
| Penetration of Homes Passed ² | 21.8% | 22.4% | 23.1% | 23.8% | 24.6% |
| Over-the-Top Video Subscribers ('000) | 504.8 | 520.9 | 503.4 | 467.2 | 466.6 |

| | 2nd Quarter | | | YTD | | |
|------------------------------------|----------------|----------------|---------------|------------------|------------------|---------------|
| | 2022 | 2021 | VAR | 2022 | 2021 | VAR |
| (in millions) | | | | | | |
| Revenues | | | | | | |
| Internet | \$304.9 | \$301.8 | 1.0% | \$603.5 | \$598.4 | 0.9% |
| Television | 200.4 | 211.3 | -5.2% | 397.7 | 424.5 | -6.3% |
| Mobile telephony | 191.8 | 174.8 | 9.7% | 379.1 | 345.3 | 9.8% |
| Wireline telephony | 73.7 | 80.7 | -8.7% | 148.9 | 161.4 | -7.7% |
| Mobile equipment sales | 73.0 | 63.0 | 15.9% | 136.8 | 123.5 | 10.8% |
| Wireline equipment sales | 20.5 | 50.2 | -59.2% | 52.8 | 96.9 | -45.5% |
| Other | 48.3 | 46.6 | 3.6% | 97.2 | 92.4 | 5.2% |
| Telecommunications | \$912.6 | \$928.4 | -1.7% | \$1,816.0 | \$1,842.4 | -1.4% |
| Adjusted EBITDA | | | | | | |
| Telecommunications | \$487.5 | \$481.5 | 1.2% | \$947.5 | \$932.4 | 1.6% |
| Cash flows used for: | | | | | | |
| Additions to PP&E | \$96.4 | \$101.3 | | \$185.6 | \$208.9 | |
| Additions to Intangible Assets | 18.8 | 42.1 | | 44.8 | 93.4 | |
| Telecommunications | \$115.2 | \$143.4 | -19.7% | \$230.4 | \$302.3 | -23.8% |
| Mobile Telephony ARPU ³ | \$38.94 | \$38.41 | | \$38.82 | \$38.25 | |
| Total ARPU ³ | \$47.17 | \$47.22 | | \$46.78 | \$46.93 | |

¹ Revenue-generating units (" RGUs ") are the sum of subscriptions to the Internet access, television and over-the-top video services, plus subscriber connections to the mobile and wireline telephony services.

² During the first quarter of 2022, the number of homes passed has been restated for 2021 following a revision of the methodology relating to multiresidential and commercial addresses.

³ Average monthly revenue per unit (" ARPU ") is an indicator used to measure monthly revenues per average revenue-generating unit.

QUEBECOR INC.

Supplementary Disclosure June 30, 2022 Shares Held in Subsidiaries

| | Number of shares | Equity (%) | Voting (%) |
|--|---------------------|------------|------------|
| <u>Shares held by Quebecor Inc.</u> | | | |
| Quebecor Media Inc. | 79,377,062 | 100.0% | 100.0% |
| <u>Shares held by Quebecor Media Inc.</u> | | | |
| TVA Group Inc. | 29,539,364 | 68.4% | 99.9% |

QUEBECOR INC.

Supplementary Disclosure June 30, 2022 Note to Investors

Note to Investors

Investors should note that this Supplementary Disclosure document presents financial information on a consolidated basis for Quebecor Inc. and its Telecommunications reporting segment. The financial figures included in this document are reported in Canadian dollars.

Detailed Financial Information

For a detailed analysis of Quebecor Inc.'s results for the second quarter of 2022, please refer to the Management Discussion and Analysis and Consolidated Financial Statements of Quebecor Inc., available on the Company's website at http://www.quebecor.com/en/quarterly_doc_quebecor_inc or from the SEDAR filing service at <http://www.sedar.com>.

Non-IFRS Financial Measures

The non-IFRS financial measures used by Quebecor Inc. to assess its financial performance, such as adjusted EBITDA, adjusted income from continuing operating activities, cash flows from operations, free cash flows from continuing operating activities and consolidated net debt leverage ratio are not calculated in accordance with or recognized by IFRS. Quebecor Inc.'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. We refer investors to our Management Discussion and Analysis for the second quarter of 2022 under "Non-IFRS Financial Measures" for a complete description of these measures as well as a reconciliation to the most directly comparable measures calculated in accordance with IFRS.

EXHIBIT 4

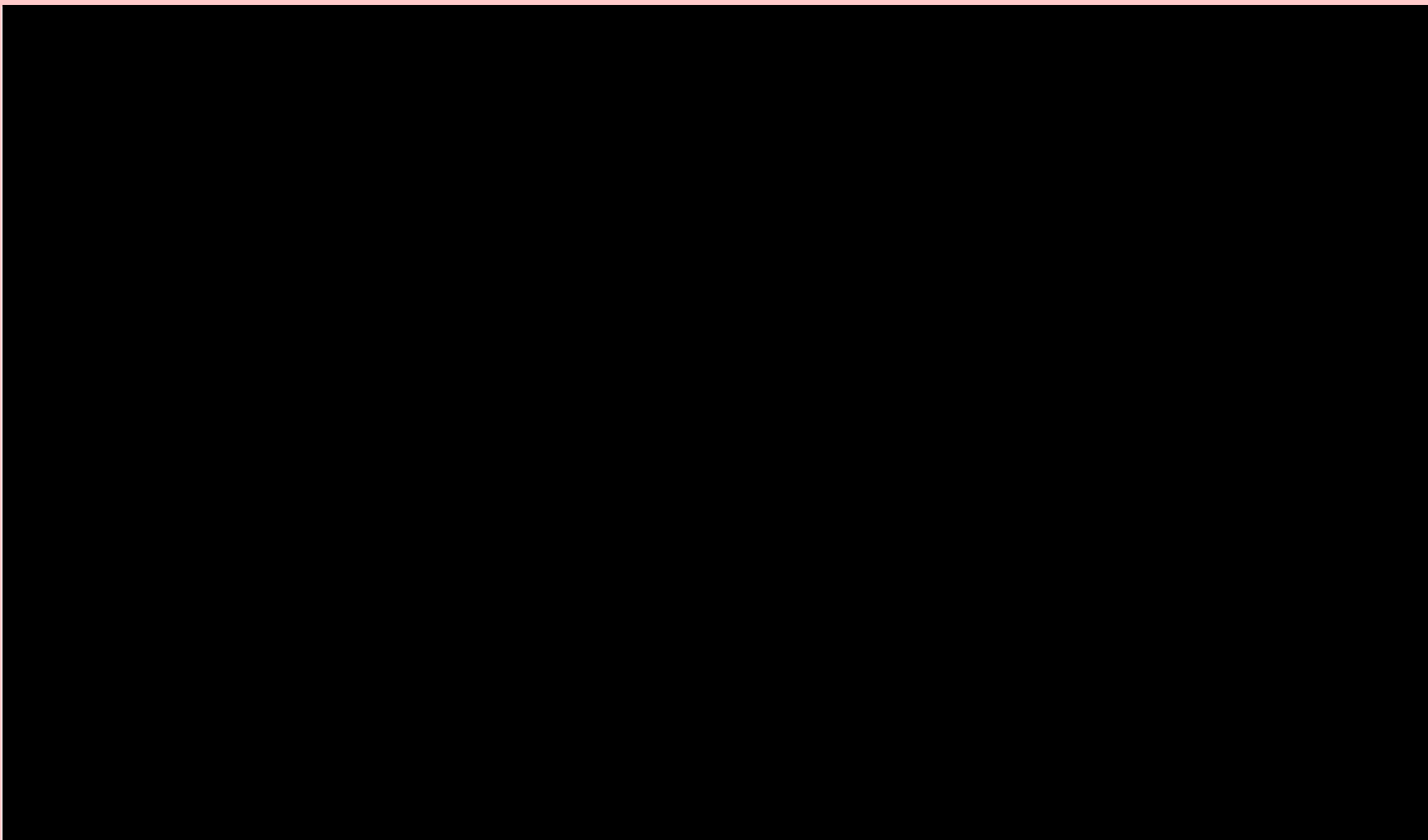


EXHIBIT 5



Legend

- 5G Videotron
- Videotron Network
- Extended Coverage
- Partner Network

EXHIBIT 6

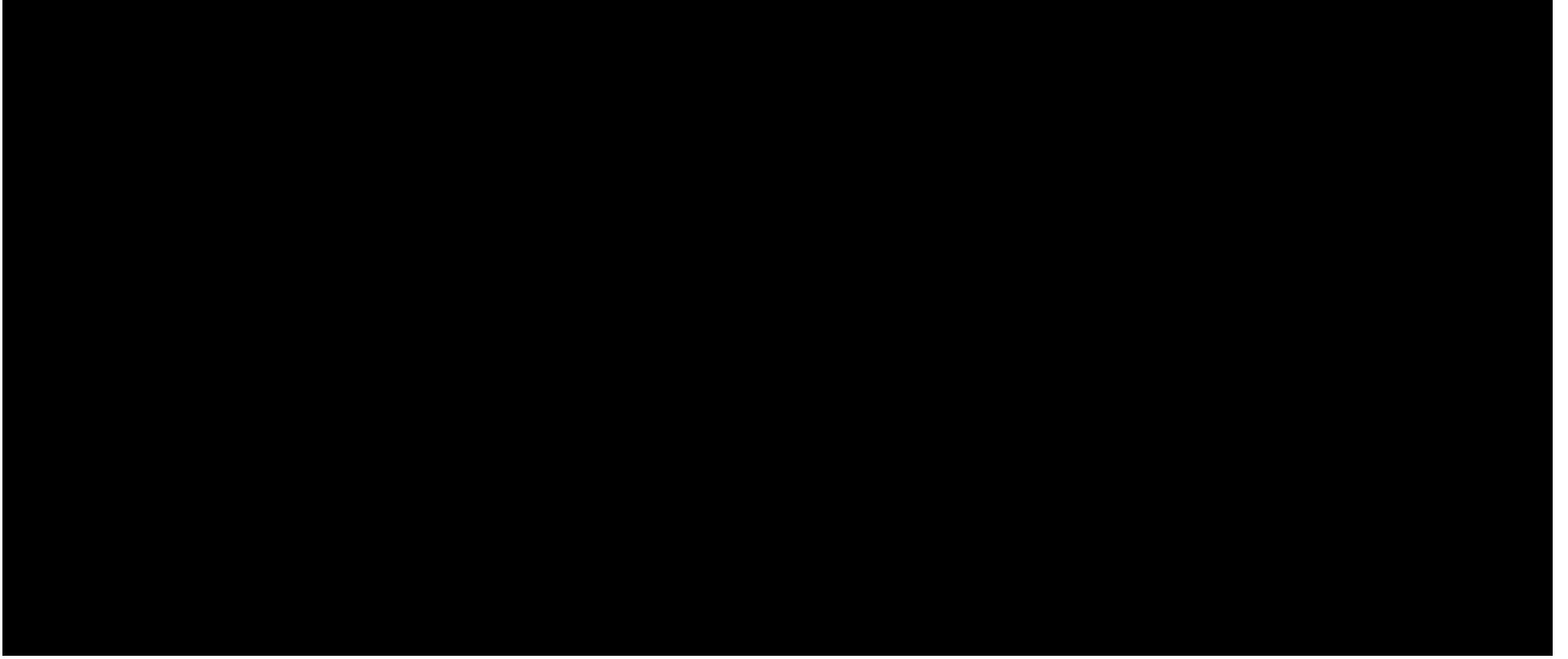




EXHIBIT 7



Confirmation de la transaction entre Cablevision du Nord de Québec et Télébec 2001-04-30

M. Pierre Brochu, président et chef de la direction de Télébec et de Northern Telephone et M. Roland Hamel, propriétaire de Cablevision du Nord de Québec (CNQ) ont signé aujourd'hui les documents confirmant la transaction qui fait de Télébec l'unique actionnaire de CNQ. Cette signature concrétise l'entente entre les deux entreprises annoncée le 21 juin 2000 et approuvée le 6 février dernier par le CRTC. « Nous sommes très heureux de la conclusion de cette transaction et nous remercions Monsieur Hamel qui exprime sa confiance en notre entreprise en passant aujourd'hui le flambeau de CNQ à Télébec. Cette acquisition nous permet maintenant d'accélérer l'implantation et l'accès à l'autoroute de l'information pour notre clientèle de l'Abitibi-Témiscamingue et du nord de l'Ontario » a déclaré Pierre Brochu à l'issue de la séance de signature. L'acquisition de CNQ s'inscrit d'ailleurs dans la stratégie globale de croissance de Télébec et répond à des besoins spécifiques en matière de services intégrés de télécommunications à la fine pointe de la technologie en régions périphériques. M. Louis Gaudreau, vice-président au développement des nouveaux marchés et chef de la stratégie de Télébec et de Northern Telephone a pour sa part déclaré : « Nous poursuivrons, de concert avec nos nouveaux partenaires, le développement des services évolués en matière de télédistribution, dont la télé numérique, et nous augmenterons notamment la pénétration des services d'accès Internet à haute vitesse ». Bernard Gauthier, qui assumera désormais la présidence de CNQ et des trois autres entreprises de télédistribution acquises en 1999, Electro-Vision de La Tuque, Télécâble Blouin en périphérie de Mont-Laurier et Câble Média Plus de Saint-Michel-des-Saints a déclaré « Nous sommes maintenant en mesure de mieux répondre aux besoins de notre clientèle, d'assurer un service de qualité et de conserver les emplois en régions ». « L'acquisition de CNQ par Télébec constitue une valeur ajoutée à notre offre de services intégrés, représente un facteur important de croissance régionale et intensifie notre rôle d'agent de développement économique en Abitibi-Témiscamingue et dans le nord de l'Ontario » de conclure Pierre Brochu. Renseignements : Julie Charlebois Directrice - Communications et affaires publiques (819) 824-7023 1 800 567-6485 poste 7023>

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EXHIBIT 8



Competition Bureau
Canada

Bureau de la concurrence
Canada

Delivering Choice

A Study of Competition in Canada's
Broadband Industry

Canada

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EXECUTIVE SUMMARY

Purpose of the Study

Broadband internet access is, and will continue to be, the engine of the digital economy. Canadians use broadband services to work and play, to be entertained, and to participate fully in a wide range of economic and social activity. Accordingly, healthy competition in the broadband sector is key to ensuring that all Canadians can benefit from all that the internet brings to our lives.

This report is the result of a year-long market study undertaken by the Competition Bureau (Bureau) to evaluate the state of competition in Canada's broadband industry. In conducting this study, the Bureau has surveyed consumers and industry participants alike, with the goal of better understanding how internet service providers in Canada compete for consumers' business. Through this report, the Bureau communicates the results of what it has learned so that industry participants, regulators, policy-makers, and the general public can benefit from its effort.

The results of this study paint a largely positive picture. Most Canadians are well-served by world class broadband networks, and the Bureau's research shows that Canadians are generally satisfied with their internet service provider. While some consumers may only think about their telephone or cable company when it comes to buying internet services, the Bureau's research has found that more than 1,000,000 Canadian households rely on smaller competitive providers to obtain internet services, and that the competitive impact of this class of providers continues to grow.

These marketplace alternatives exist, at least in part, as a result of industry regulation. The Bureau is hopeful that this study can play a meaningful role in the development of such regulation going forward. Throughout this report, the Bureau articulates key questions, based on its research, that it believes will be important to address in the process of crafting and refining these important regulations. For example:

- Do smaller competitors act as a sufficient alternative to larger competitors for all types of Canadian broadband users?
- Why are smaller competitive providers less successful in parts of the country beyond Southern Ontario and Southern Quebec?

- What effect will 5G wireless technologies have on the broadband internet industry? What evidence of a positive competitive impact should a regulator require to adapt regulatory rules?
- How can a regulator balance the positive aspects of greater competition from smaller competitors with any negative effects that it may have on the incentive for larger players to continue to invest in world-class broadband networks?
- Is there a case for further regulation to address industry issues going forward?

Key Findings of the Study

The vast majority of internet users in Canada access broadband internet services through wired networks deployed by telephone and cable companies. Since it is unlikely that additional wired connections will be made available in the future, Canada's telecommunications regulator imposes a mandatory wholesale access obligation to ensure consumer choice and greater levels of competition. Under this wholesale access regime, independent competitors gain access to parts of existing telephone, cable, and fibre optic networks at regulated wholesale rates, and in turn use these connections to serve consumers in direct competition with network owners.

A key goal of this study is to assess the performance of Canada's wholesale access regime. In this vein, the Bureau's study found four key facts. First, wholesale-based competitors, who use the access regime to serve customers, currently provide services to more than 1,000,000 Canadian households. Second, consumers who are served by wholesale-based competitors report higher satisfaction with their provider than those who use traditional providers. Third, wholesale-based competitors act as a competitive alternative for countless other households, who use their presence to negotiate lower prices and other inducements from other competitors. And finally, several facilities-based competitors, who provide services using their own underlying physical networks, have recently launched flanker brands, at least in part as a competitive response to wholesale-based competitors. In these respects, the wholesale access regime appears to be fulfilling its promise to bring about greater consumer choice and increased levels of competition for Canadian consumers.

However, the market performance of wholesale-based competitors takes nothing away from the important marketplace role played by their facilities-based counterparts. These providers, which are typically telephone and cable companies, serve the significant majority of Canadians, while at the same time making the substantial investments necessary to deploy, maintain, and upgrade the physical networks that connect Canadian homes to the internet. These competitors engage in an important form of dynamic competition, working to outdo each other in order to offer the

highest speeds and most reliable networks. Of importance, the Bureau notes the potential negative effects that a wholesale access regime can have on the incentive for facilities-based competitors to make the necessary investments to ensure that Canadians are served by world class networks. In this regard, the Bureau underscores the importance of setting wholesale access rates at the correct level to ensure that investment incentives are maintained, while at the same time ensuring sufficient scope for wholesale-based competitors to continue to offer competitive discipline in the marketplace.

In this study, the Bureau relied on public opinion research to better understand consumer perspectives in the industry. This research had three overarching findings. First, Canadian consumers are generally happy with both the performance of their existing internet service provider, and their choice among providers where they live. A significant exception exists for consumers in remote and rural areas of Canada, who typically have fewer, and less modern, options for internet services. Second, more than two-thirds of the consumers who participated in the Bureau's public opinion research purchase internet services alongside other telecommunications or broadcasting services in a bundle. And finally, there does not appear to be one single type of broadband consumer in Canada; rather, significant groups of consumers tend to be motivated by a diversity of factors. For example, some seek the fastest connections with the largest download caps, while others may care more about ensuring that they get the best bargain possible. These factors can have significant implications for understanding the competitive reality of the broadband sector.

Finally, a noteworthy part of this study involves a survey of alternative methods of internet access, such as wireless and satellite technologies. Presently, almost nine in ten Canadian households access the internet over wired connections, and it appears that this will continue, at least for the immediate future. Fifth generation wireless networks may bring the technological capability to deliver internet services to Canadian homes at speeds equal to or better than existing connections, but it remains to be seen exactly how these services will be deployed in Canada, and what effect they will have on competition for broadband services.

With the knowledge gained through this study, the Bureau will continue to act as a voice for competition. In particular, the Bureau intends this report to be a helpful input to both future regulatory reviews and future matters under the *Competition Act*.

1. INTRODUCTION

Key Messages

- This Study is the result of a year-long effort by the Bureau to better understand competition in respect of residential broadband internet services.
- As a result of this Study, the Bureau is better prepared for future developments and events in the Canadian broadband industry, including the CRTC's upcoming hearing on wireline wholesale regulation.
- The analysis in this Study is based on information obtained from public and industry sources, as well as original public opinion research designed to illuminate important consumer perspectives on the industry.

Context of this Study

From May 2018 to June 2019, the Bureau undertook a market study of competition in respect of residential broadband internet services. Broadband internet services are the type of high-speed connections that most Canadians use to access the internet at home. This study has examined competition in respect of the broadband internet services that play a vital role in our modern economy, and has allowed the Bureau to remain current on industry developments.

The Bureau is an independent law enforcement agency that ensures Canadian businesses and consumers prosper in a competitive and innovative marketplace. The Bureau promotes competition by, among other things, advocating for greater reliance on competitive market forces. More competition generally leads to lower prices for consumers, as well as increased choice and greater innovation.

One way the Bureau promotes competition is through market studies like this one. Market studies allow the Bureau to view an industry through a general competition lens. In conducting market studies, the Bureau may identify relevant laws, policies, regulations or other factors that may impede competition. This is different than the Bureau's law enforcement activities, which aim to investigate whether the law has been contravened, and bring enforcement action where appropriate.¹

¹ For more information on Market Studies, see the Bureau's Market Studies Information Bulletin, available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04390.html>.

Scope of Study

This study focuses on residential broadband internet services. It does not evaluate or elaborate on other aspects of the Canadian telecommunications or broadcasting industries, except insofar as they are relevant to consumer choices in respect of broadband internet services.

This study is not a full-scale competition analysis of the industry. In the context of market studies, the Bureau does not have formal investigative powers to compel information from those who have, or are likely to have, relevant information. Therefore, in conducting market studies, the Bureau must rely on voluntary cooperation of stakeholders to access the information needed to perform the study. This limitation means that, in some areas, the Bureau may not be able to draw firm conclusions about the competitive realities of an industry.²

Why Study Broadband?

Broadband internet is the engine of the digital economy. A wide range of activities, both social and economic, are fueled and catalyzed by the internet. Accordingly, a major reason for undertaking this study is to ensure that the Bureau remains up to date with the current structure, competitive reality, and relevant regulations that govern the industry.

Additionally, the Canadian Radio-television and Telecommunications Commission (CRTC), which regulates aspects of the Canadian broadband marketplace, will be reviewing its broadband industry regulation in the near future.³ The Bureau has a mandate to assist regulators in matters respecting competition.⁴ Accordingly, this study is an opportunity for the Bureau to gain advanced knowledge of the industry before the commencement of this important review.

Methodology

The Bureau uses a multitude of approaches to assessing competition-related topics in this study. A complete description of the methodologies used by the Bureau in undertaking this study is set out in Appendix B. Figure 1 presents a brief overview of some of the key methodological tools used in this study.

² This Study will not pre-determine the Commissioner of Competition's position in any current or future investigation or competition advocacy project.

³ CRTC. (2018) "CRTC Forecast 2019-2020". Available online at: <https://crtc.gc.ca/eng/backgrnd/vis.htm>.

⁴ See, for example, sections 125 and 126 of the *Competition Act*.

Figure 1: Key Methodologies Used in this Study



Use of Follow-On Questions Rather than Recommendations

Consistent with the Bureau's role as Canada's competition expert, some Bureau market study reports make formal recommendations to regulators and policy-makers. However, this report takes a different approach. Instead, in parts of this report, the Bureau articulates a series of follow-on questions that arise from the discussions and analyses set out therein. These questions may serve as key motivators for future work in this industry and, in the Bureau's opinion, are important questions necessary to conceptualize and define competition analysis in future fora.

Use of Consumer Quotes in this Report

In conducting this study, the Bureau solicited the views of Canadians through an online survey hosted on the Bureau's website. Through this survey, a wide range of consumers submitted their views. Quotes from these submissions are included in parts of this report to underscore the real world considerations that have driven this study.

2. INDUSTRY OVERVIEW

Key Messages

- Most Canadian households access the internet through wired networks operated by their telephone or cable company.
- In areas of the country that are already served by modern telephone and cable networks, it is unlikely that additional wired networks will be deployed in the future, given how costly and difficult it is to connect a substantial number of Canadian homes.
- Accordingly, to ensure consumer choice and increase competition, the CRTC mandates that independent competitors be allowed to use the networks of telephone and cable companies to provide internet services to Canadian households.
- In more densely populated areas of Canada, virtually all households have access to both telephone and cable networks; in rural areas, coverage is less extensive.

Broadband Internet Options in Canada

Consumers purchase broadband internet services from Internet Service Providers (ISPs). While there are a variety of technologies through which these services can be delivered,⁵ about 87% of Canadians who purchase broadband internet services do so through wired networks owned by their telephone or cable company.⁶ These networks provide the type of high speed, high capacity connections necessary for Canadians to take full advantage of the digital economy.

Deploying wired networks is expensive, challenging, and risky. Companies who wish to do so incur significant costs both in terms of actually putting wires into the ground, and in terms of the regulatory approvals necessary to deploy such infrastructure. For example, telephone companies in Canada are currently replacing their existing copper wire networks with modern, fibre optic

⁵ See Part 5 of this report.

⁶ CRTC. (2018) "CRTC Communications Monitoring Report 2018" (CMR) at Figure 5.1. Available online at: <https://crtc.gc.ca/eng/publications/reports/policymonitoring/2018/>.

cables, and the cost of doing so is reportedly in the order of more than one thousand dollars for each home that is connected.⁷

Given the significant costs of deploying wired networks, it is likely not economical for a new enterprise to “overbuild” a new network on top of existing telephone and cable networks.⁸ This is, in part, because simply placing wires does not come with any guarantee that those wires will be used. Once the wires are placed, that new network still must compete with existing networks in order to attract a sufficient number of customers at sufficient levels of revenue to pay off their investments.⁹ At the current cost of deployment, it does not appear economically viable for additional wired networks to provide additional choice for Canadian consumers.

Accordingly, at this basic level, market forces will generally only deliver two wired internet choices into the homes of most Canadians. Along with this limited choice come obvious concerns whether choice between only two providers is enough to deliver competitive outcomes. The CRTC, recognizing these concerns, has historically opted to use regulation to increase competition and consumer choice in respect of broadband internet services. Since the advent of broadband internet in the late 1990s, the CRTC has mandated the largest telephone and cable companies in Canada to provide wholesale access to their networks. Using this wholesale access, independent competitors can then link in and use the network infrastructure of telephone and cable companies to provide broadband internet services to consumers in direct competition with those network owners.¹⁰

⁷ Dobby, C. “Rewired: Why Bell is spending billions to run fibre-optic cable directly to your home”. *The Globe and Mail*. September 22, 2017. Available online at: <https://www.theglobeandmail.com/report-on-business/bce-bell-fibre-telecom/article36366245/>

⁸ See, for example, CRTC 2015-326. Available online at: <https://crtc.gc.ca/eng/archive/2015/2015-326.htm>. There are examples of where this has happened. See, for example, Stratford, Ontario, where a third party company is building a new fibre optic network: Bridge, T. (2018) “Fibre project ahead of schedule”. *The Stratford Beacon Herald*. August 3, 2018. Available online at: <https://www.stratfordbeaconherald.com/news/local-news/fibre-project-ahead-of-schedule>.

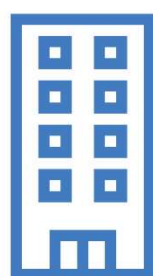
⁹ *Supra* note 7.

¹⁰ See, for example, CRTC 97-8, available online at: <https://crtc.gc.ca/eng/archive/1997/dt97-8.htm>; CRTC 99-11, available online at: <https://crtc.gc.ca/eng/archive/1999/DT99-11.HTM>; CRTC 2018-17, available online at: <https://crtc.gc.ca/eng/archive/2008/dt2008-17.htm>; and CRTC 2015-326, available online at: <https://crtc.gc.ca/eng/archive/2015/2015-326.htm>.

Wholesale-Based Competitors

Using this wholesale access, dozens of third party providers have established themselves as broadband providers, and are actively competing against telephone and cable companies in the provision of internet services to Canadian consumers. These ISPs, referred to in this report as “wholesale-based competitors”, invest in networking equipment and purchase connections into a telephone or cable company’s network, and then buy capacity on those networks at regulated rates. Wholesale-based competitors then market their services in direct competition with telephone and cable companies, which are referred to in this report as “facilities-based competitors”. Figure 2 provides brief definitions to better understand these two classes of competitors.

Figure 2: Facilities-Based and Wholesale-Based Competitors



Facilities-based competitors

They own the broadband networks and use them to provide services



Wholesale-based competitors

They use the networks of facilities-based competitors to provide services

There is some misunderstanding about exactly how wholesale-based competitors deliver services to the marketplace. Wholesale-based competitors are not simply “resellers”, who sell existing internet plans on behalf of a telephone or cable company. Instead, wholesale-based competitors, through their investments, control a significant range of service variables, including the capacity limits and prices of their internet plans.¹¹ Although wholesale-based competitors are often

¹¹ See, for example, the Written Submissions of BCE Inc. at Part 3.3, available online at: <https://www.competitionbureau.gc.ca/eic/site/cb->

services associated with modern cable or fibre optic networks, only 37% of rural and remote homes have access to these connections.¹⁷

“The services provided to northern communities disconnect us from essential services like mental health support, education, and other opportunities. It results in feelings of isolation and as though we aren’t a part of Canada.” – Rural Internet User in Northern Canada¹⁸

However, recent announcements pledge progress on this front. The 2019 Budget includes significant, long-term funding to support internet deployment in rural and remote regions of Canada.¹⁹ And the CRTC’s Broadband Fund initiative, which recently began implementation, similarly commits funds to this end.²⁰

Conclusion on Industry Overview

Most Canadian households are served by two wired networks – one owned by a telephone company, and one owned by a cable company – and a significant majority of Canadians use these wired networks to access the internet. However, deploying additional wired networks is costly, difficult, and unlikely to occur; accordingly, to ensure consumer choice and greater competition, Canadian regulators have put in place a wholesale access regime, whereby independent companies can use parts of these existing telephone and cable networks to provide broadband internet services to Canadian households. This has resulted in the establishment of a class of competitors known as wholesale-based competitors.

The Bureau recognizes that internet access and internet options are not the same across all of Canada. Consumers in rural and remote parts of the country often have fewer choices and less access to the fast and reliable wired networks that consumers in more densely populated parts of Canada enjoy. The Government of Canada and the CRTC both have programs in place with the goal of addressing this imbalance.

¹⁷ See CMR, *supra* note 6, at Tables 5.18 and 5.19.

¹⁸ Comments supplied via the Bureau’s informal survey. See Appendix B for more details.

¹⁹ Government of Canada. (2019) “Part 3: Connecting Canadians”. *Budget 2019*. Available online at: <https://www.budget.gc.ca/2019/docs/plan/chap-02-en.html#Part-3-Connecting-Canadians>.

²⁰ CRTC. (2019) “Closing the Broadband Gap”. Available online at: <https://crtc.gc.ca/eng/internet/internet.htm>.

3. MARKETPLACE RESULTS OF THE WHOLESALE ACCESS REGIME

Key Messages

- Existing statistics are not a perfect indicator of the marketplace performance of wholesale-based competitors.
- The market share of wholesale-based competitors has been growing over the past ten years. In the areas of Canada where wholesale-based competitors have focused their marketing efforts, they possess a market share in the range of 15-20%.
- What is important, from a competition perspective, is not just the market share that any particular competitor has, but whether or not they act as a viable alternative for consumers.

Has the Wholesale Access Regime Resulted in Increased Competition?

Canada's wholesale access regime is designed to increase competition and consumer choice by lowering barriers to entry for wholesale-based competitors to provide internet services in competition with facilities-based competitors. The key question is – how is the regime working? Have wholesale-based competitors been able to bring about meaningful options for consumers?

How Wholesale-Based Competitors Market Themselves

Wholesale-based competitors typically price cheaper than facilities-based competitors. According to CRTC statistics, facilities-based competitors receive, on average, revenues of \$58.32 per subscriber per month, whereas wholesale-based competitors offer services at approximately a 15% discount to this figure.²¹ Other studies indicate even greater discounts by wholesale-based competitors, ranging up to 35% for certain types of plans.²²

²¹ See CMR, *supra* note 6, at Infographic 5.5.

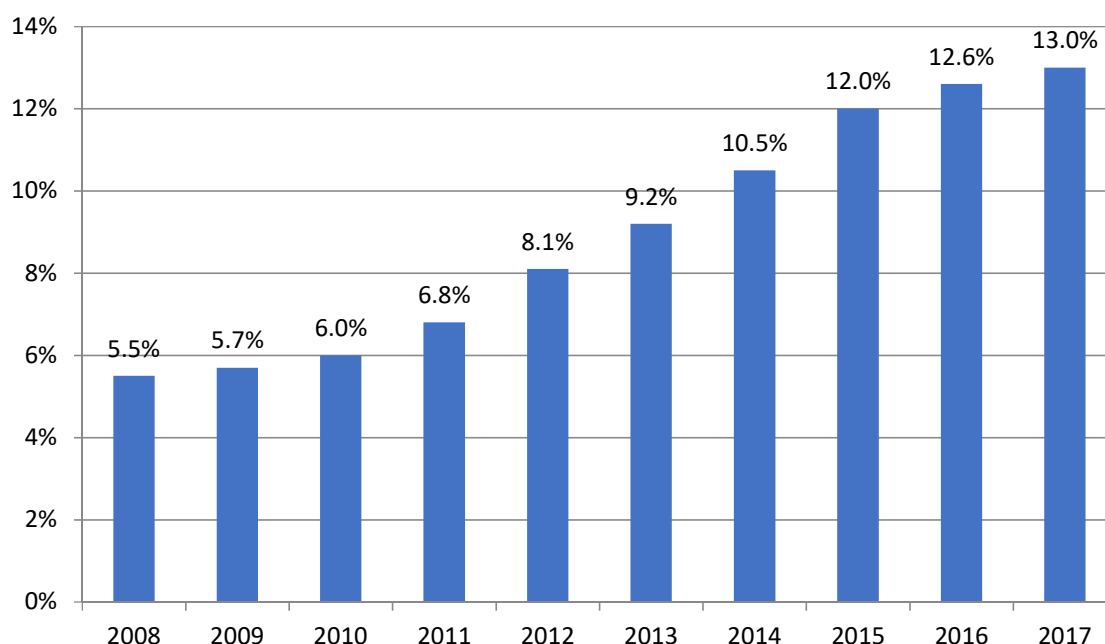
²² Wall Communications Inc. (2018) "5.2 Canadian Broadband Service Prices". *Price Comparisons of Wireline, Wireless and Internet Services in Canada and with Foreign Jurisdictions - 2018 Edition*. Available online at: <https://www.ic.gc.ca/eic/site/693.nsf/eng/00169.html#5.2>.

Many wholesale-based competitors have historically focused on marketing internet-only services, without significant bundling offers beyond home phone services. More recently, a number of larger wholesale-based competitors have introduced television services and, with that, the ability to offer a bundle of internet, television, and home phone services, much like facilities-based competitors.²³

Market Share Analysis

To understand whether wholesale-based competitors act as an effective alternative to facilities-based competitors, a good place to start is with the CRTC's *Communications Monitoring Report*. This report, published on an annual basis, measures market shares for large facilities-based competitors, and compares them to the market share of all other providers, including wholesale-based competitors.

Figure 3: Share of Canadian internet subscribers served by ISPs other than large telephone and cable companies



²³ See Part 7 of this report.

Figure 3 reports the market share of ISPs other than Canada's large telephone and cable companies.²⁴ This class of ISPs has experienced an upward swing in market share over the past 10 years, growing from 5.5% in 2008 to 13% in 2017.

However, these market share figures may not represent the actual competitive reality in Canada for two reasons. First, these figures include subscribers of some smaller facilities-based competitors, including a nation-wide ISP that offers satellite and fixed wireless services, and not just those of wholesale-based competitors. Second, performing a market share analysis at a national level will not always represent the actual competitive reality for Canadian consumers in more local areas. For example, since wholesale-based competitors have tended to focus their marketing efforts on highly populated areas in Southern Ontario and Southern Quebec, any nation-wide market share estimate will tend to understate the effect that wholesale-based competitors have in these areas, and overstate the effect of these providers in the other areas of the country.

To address these deficiencies, the Bureau worked with industry stakeholders to estimate market shares for wholesale-based competitors in major centres across Canada as at December 31, 2018. Based on confidential information, the Bureau is able to construct approximate market shares for the Greater Toronto and Hamilton Area; the Montreal, Quebec Area; the National Capital Region; and the Southern Ontario Region.²⁵

Figure 4 reports market shares for the four regions where sufficient information was made available to the Bureau.²⁶ These market shares indicate that, in the regions studied, approximately one out of every six households was served by a wholesale-based competitor at the end of 2018.

In other areas of the country, the Bureau was not able to estimate market shares owing to either a lack of necessary data, or difficulty in comparing data sets between different providers. However, through conversations with industry participants, the Bureau believes that market shares for wholesale-based competitors are in the order of 5% for the cities of Calgary,

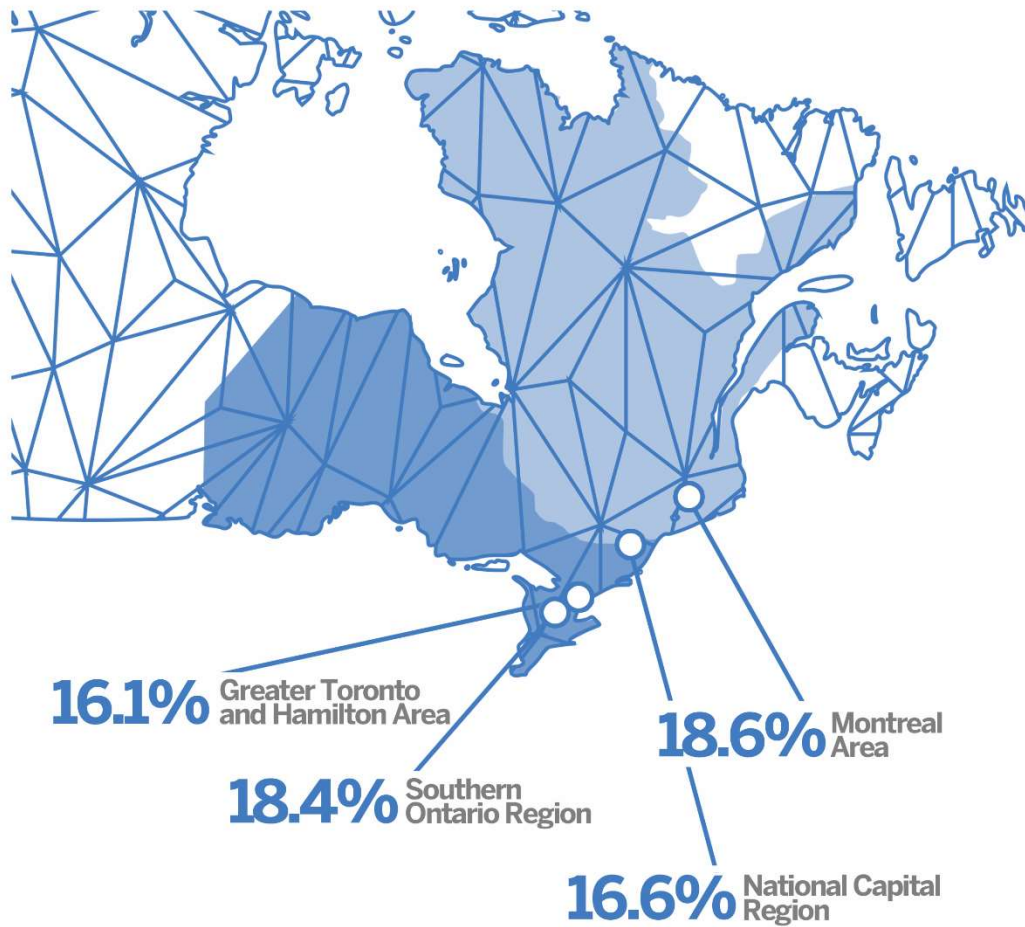
²⁴ Data compiled from past CRTC Communications Monitoring Reports. Available online at: <https://crtc.gc.ca/eng/publications1.htm>.

²⁵ The Southern Ontario Region includes the cities of Kitchener, Waterloo, Guelph, Cambridge, and London, Ontario. For more information on the methodology used in this analysis, see Appendix B.

²⁶ These market shares are estimates, as telephone and cable networks cover different geographic regions that do not precisely conform to city boundaries. Care has been taken, in constructing these market shares, to align the geographic regions of the relevant provider, however this is not a precise exercise, and there is some judgement associated with choosing the boundaries of a region.

Edmonton, and Vancouver. In total, the Bureau was able to confirm that wholesale-based competitors serve more than 1,000,000 Canadian households.

Figure 4: Approximate Market Shares for Wholesale-Based Competitors, 2018



Some market participants claim that wholesale-based competitors tend to focus their efforts on specific types of consumers.²⁷ If that is true, then the market share figures presented above are

²⁷ See, for example, the Written Submissions of Rogers Communications Canada Inc. at paragraph 17, available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Rogers_Submission_to_Competition_Bureau_Market_Study-Broadband_Services-31Aug2018.pdf/\\$file/Rogers_Submission_to_Competition_Bureau_Market_Study-Broadband_Services-31Aug2018.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Rogers_Submission_to_Competition_Bureau_Market_Study-Broadband_Services-31Aug2018.pdf/$file/Rogers_Submission_to_Competition_Bureau_Market_Study-Broadband_Services-31Aug2018.pdf), and BCE Inc. at paragraph 37, *supra* note 11.

conservative, and wholesale-based competitors may in fact have higher market shares in those consumer segments on which they focus. The Bureau attempted to measure these market shares directly, but was unable to obtain sufficient data from market participants to further segment market shares on other characteristics (such as speed and capacity levels of different internet packages, and whether or not the household is internet-only, or whether it bundles internet services with other services, such as television or home phone).²⁸

Contestability is Key

Through this analysis, the Bureau has learned that wholesale-based competitors have been able to obtain market shares in the order of 15-20% across the areas where they focus their marketing efforts. And the Bureau is aware that countless other households use the presence of wholesale-based competitors to negotiate better rates with other competitors in the marketplace.

But ultimately, what is important for a competition analysis is not just the market share of various providers. Rather, in a competitive marketplace, consumers must be willing and able to switch among providers.²⁹ This is an offshoot of an economic theory called contestability theory – which holds that even competitors with a high market share must respond to the threat of entry or expansion when other competitors are seen by consumers as an effective alternative in the marketplace.³⁰ This very issue is at the heart of the analysis in this study, and informs the rest of this report.

Conclusion on Marketplace Results of the Wholesale Access Regime

Existing statistics aimed at quantifying the outcomes of the wholesale access regime may not adequately represent the competitive reality of the Canadian broadband industry. To address this, the Bureau obtained marketplace information from a variety of stakeholders. This information shows that dozens of wholesale-based competitors have been established across Canada, and that, in the areas of the country where wholesale-based competitors have focused their marketing efforts, they served approximately one in every six households at the end of 2018. This translates into more than 1,000,000 Canadian households that are served by a wholesale-based competitor.

²⁸ Additional information in this respect is available in Part 4 of this report.

²⁹ See, for example, paragraphs 5.10 to 5.12 in the Bureau's *Merger Enforcement Guidelines* (MEGs). Available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03420.html>.

³⁰ Baumol, W.J., Panzar, J.C., and Willig, R.D. (1982) *Contestable Markets and the Theory of Industrial Structure*. Harcourt Brace Jovanovich: New York, N.Y.

However, despite these numbers, what is ultimately important from the perspective of a competition analysis is whether Canadians view wholesale-based competitors to be a real competitive alternative in the marketplace. This factor is assessed further throughout this report.

Questions Arising from Review of Marketplace Results of the Wholesale Access Regime

- Can statistics be collected and made available by regulators to better capture the market share of wholesale-based competitors in both local areas and for different types of consumers?
- How do wholesale-based competitors market their services? If these providers only target certain customer groups, what implications does this have for competition in other customer groups, and the success of the wholesale access regime in general?
- To what proportion of the marketplace do wholesale-based competitors act as a compelling competitive alternative?
- Why are wholesale-based competitors less successful in parts of the country beyond Southern Ontario and Southern Quebec? Is this a result of structural or strategic factors that make consumers in these areas less likely to choose a wholesale-based competitor?

4. CONSUMER ANALYSIS

Key Messages

- Consumers, except those in rural and remote regions of Canada, are generally satisfied with both their current ISP and their choice among ISPs.
- Price is a significant factor in a consumer's choice of ISP and internet package, but other factors are actually more important in aggregate, including upload and download speeds, monthly download limits, and whether the ISP is wholesale- or facilities-based.
- Marketplace offers where internet services are bundled with other services can have a significant impact on ISP choice among certain, but not all, population groups.
- A significant proportion of consumers are not aware of wholesale-based competitors, and feel that they need more information to properly assess their offerings.
- Consumers who have switched ISPs in the last two years tend to consider that switching is easier than those who have not.
- There is no typical broadband consumer in Canada; consumer preferences vary significantly based on several factors.

The Importance of Consumer Research

Understanding consumer behaviour is important to any competition analysis. To better comprehend this important facet of competition, the Bureau commissioned public opinion research³¹ to clarify Canadian consumers' perceptions of the broadband industry, as well as their habits in purchasing broadband internet services.

This public opinion research consisted of two phases. First, the Bureau's public opinion research experts conducted a series of focus groups with Canadians to better understand the range of consumer preferences and attitudes regarding broadband internet services in Canada.³² Using

³¹ Government of Canada. (2018) "Public Opinion Research in the Government of Canada". Available online at: <https://www.tpsgc-pwgsc.gc.ca/rop-por/index-eng.html>.

³² For more information on these focus group sessions, see Appendix B.

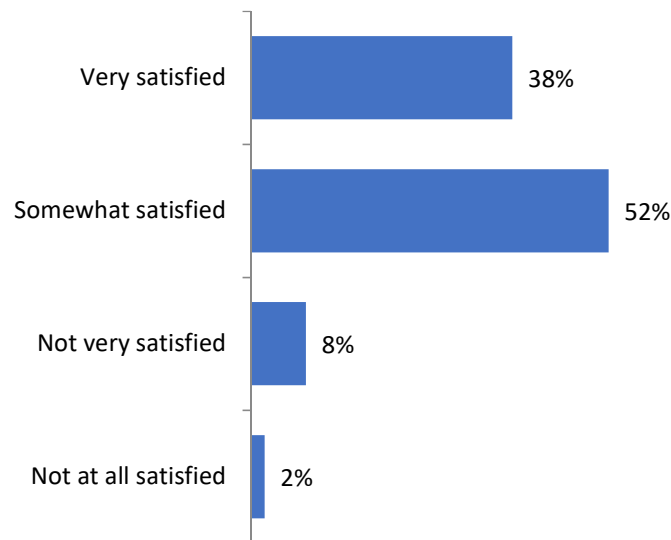
the knowledge gained from these focus groups, as well as the results of an online survey on the Bureau's website,³³ the Bureau's public opinion research experts then directed an online survey of 2,005 Canadians to quantitatively measure, where possible, consumer sentiments in the marketplace.³⁴

Given the complexity of consumer decision making, the Bureau also retained a behavioural economist to assist with both the design of its public opinion research, and to conduct a behavioural experiment, which is further elaborated below.

Consumer Satisfaction

Consumers expressed satisfaction with both their current internet provider and their options in choosing an ISP. Figure 5 shows that 90% of those surveyed agreed that they were either "very satisfied" or "somewhat satisfied" with their current internet provider. Figure 6 further shows that 78% of respondents indicated that they were either "very satisfied" or "somewhat satisfied" with the choice of ISPs in the area where they live.

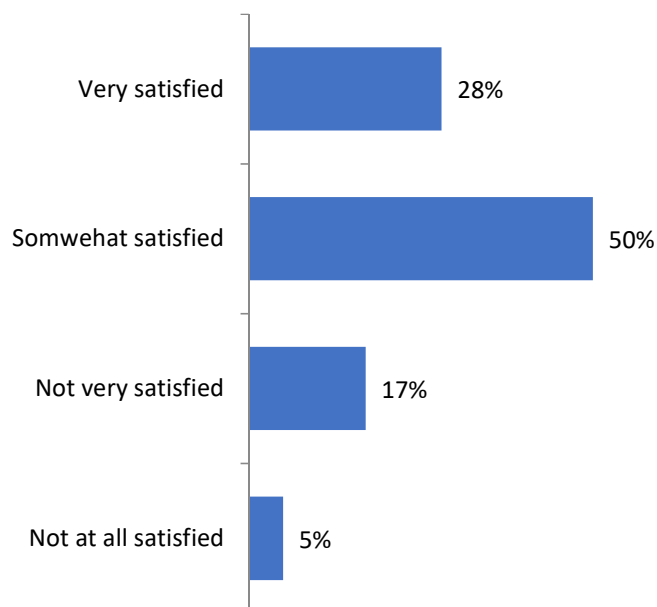
Figure 5: Consumer satisfaction with existing internet service provider



³³ For more information on this informal survey, see Appendix B.

³⁴ For more information on this online survey, see Appendix B.

Figure 6: Consumer satisfaction with choice of internet service providers



Of interest, current customers of wholesale-based competitors were materially more likely to respond that they are “very satisfied” with both their current ISP and their choice of ISPs than those who purchase services from facilities-based competitors.

Consumers in rural Canada expressed less overall satisfaction. Rural consumers who participated in the Bureau’s focus groups demonstrated significant dissatisfaction with both the quality of their current services and their choice of ISPs.³⁵ Many participants in these groups noted concerns about a general lack of options between ISPs and the reliability of services available, including whether promised speeds are actually delivered by providers.

“Our internet connection isn't very reliable. Price is high compared to other companies in more urban/suburban areas.” – Rural Internet User

Those who responded that they were not “very satisfied” with their ISP were given the opportunity to elaborate on their response. Of those consumers, 77% indicated dissatisfaction with the cost of their internet service, while 40% indicated concerns about the quality of service that they receive.³⁶

³⁵ The Bureau also received many similar comments from the informal survey described in greater detail in Appendix B. Of note is that, in the online survey conducted by the Bureau’s public opinion research experts, these feelings did not result in substantially lower levels of overall satisfaction.

³⁶ Survey respondents were able to select more than one reason why they were not “very satisfied”. This explains why these two factors total greater than 100%.

Aspects of Internet Services That Matter Most to Consumers

To better understand the factors that contribute the most in deciding on an internet package, the Bureau's public opinion research experts conducted a conjoint analysis. In this analysis, consumers were asked to choose between a number of internet packages that featured a variety of different attributes, such as differing prices, upload and download limits, download speeds, type of provider, and aspects of service, including the average time spent waiting for customer service calls and the percentage of time that services are unavailable due to outages. By repeating this exercise multiple times and observing the choices made by consumers, those aspects that are of highest importance to consumer choice become more apparent.

Perhaps not surprisingly, the single largest factor driving consumer choice is price. 36.6% of consumer decisions were driven by prices. But, interestingly, this means that other factors actually have a greater combined effect on consumer choices than just price itself.

The second, third, and fourth most important factors all weigh relatively equal in consumer decision-making. Monthly upload and download limits (21.0%), download speeds (18.2%) and type of provider (14.7%) are important factors in internet choice, while average wait time for customer service (6.8%) and reliability of service (2.7%) are meaningfully less important to consumers.

"I stick with [my provider] since they don't charge for overages on your data ... We need a high cap since we don't want cable and would rather use Netflix and our family plays a lot of online games." – Urban Internet User in Western Canada

There is some variation in the relative weighting of each attribute. For example, price is more important to residents of British Columbia and Ontario than it is to those who live in Quebec. Price is also more important for: (1) consumers in urban areas; (2) those who purchase services from wholesale-based competitors, and (3) those in the lowest income group.³⁷ Younger consumers, aged 18-34, place more importance on download speeds, and customers of wholesale-based competitors place greater importance on monthly download limits. Existing customers of facilities-based competitors, and those aged 65 and older, tend to factor the type of provider more significantly into their decision making.

³⁷ This group includes all households whose annual income is less than \$40,000.

The Role of Bundling in Consumer Choice

ISP choice is not always a matter of simply finding the right combination of price and performance for internet services. Nearly two thirds of those who participated in the Bureau’s public opinion research online survey bundle at least one other service along with their internet services, and four in ten bundle three or more services together.³⁸ This means, for example, that when a consumer chooses their ISP, they may not be focused solely on internet performance, but also may factor in relevant attributes of other services, such as television or home phone.

Bundling can make sense from a consumer’s perspective. Certain providers offer a financial incentive to do so, by offering discounts when two or more products are purchased together. And, even when there is no monetary saving from a bundle, consumers can perceive a benefit from receiving only one monthly bill and only having to deal with one company for a number of different services.

There are some groups of consumers that are more likely to purchase internet services as part of a bundle. First, customers of facilities-based competitors are substantially more likely to purchase a bundle of services than customers of wholesale-based competitors.³⁹ Additionally, older consumers tend to bundle more frequently than younger consumers, and residents of Quebec tend to bundle more often than those in other regions.

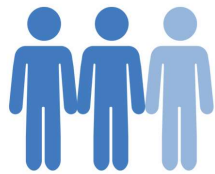
For those surveyed who purchase bundles, internet service is bundled with television service and/or home phone service most of the time. Wireless phone services, however, are less frequently bundled with internet service – nearly four out of five consumers who have a bundle reported that their wireless phone is not part of it. Some relevant statistics concerning bundling are set out in Figure 7 below.

“I have been with [my provider] for many years now and I like that I can bundle all my services together.” – Suburban Internet User in Ontario

³⁸ In this study, the Bureau considers two or more services to be “bundled” if they are obtained from the same provider, regardless of whether the consumer receives a discount from their provider from doing so.

³⁹ This may be related to the fact that several large wholesale-based competitors have not historically offered television products that compare to those of large providers; however, several such providers have recently launched television services. See Part 7 of this report for further information. This is also consistent with claims made by certain industry participants that wholesale-based competitors have historically targeted their offers at certain consumer groups, including those who do not wish to purchase bundles.

Figure 7: Bundling Statistics from Public Opinion Research Survey



Two thirds of respondents have their internet services bundled with another service



Television service is the most likely to be bundled with internet

2 in 5

respondents have three or more services bundled together

But the key question still remains – to what extent does bundling drive consumer decision making in respect of internet services? To better understand the effect of bundling, the Bureau’s behavioural economist designed an experiment that was conducted by the Bureau’s public opinion research experts as part of their consumer survey.

This experiment was a randomized control trial, which shows how the perceived cost savings and convenience created by a bundle may influence consumer choice. This experiment presented a control group of internet consumers with a choice between two packages – one where services are bundled, and another where services are obtained from separate providers – and then offered the same choices to different treatment groups with the addition of specific messages designed to highlight the potential benefits of a bundle (*e.g.*, the convenience or cost savings associated with purchasing multiple products together).

The results of this analysis show that consumers are not solely motivated by rational cost-benefit analyses or objective product information. Specifically, simply highlighting the potential to save money without providing information about actual dollar savings increased the percentage of participants choosing the bundle by 22 percentage points, compared to a generic bundle that did

not explicitly highlight any of the ostensible benefit. Similarly, highlighting the convenience of the bundle increased preference for the bundle by 15 percentage points.⁴⁰

These results imply that consumers find messaging about cost savings and convenience to be persuasive in decision making. This suggests that cognitive and psychological factors are important in determining consumer bundling preference, and that consumers are not solely driven, in this area, by rational cost-benefit analyses or objective product information. A 2016 study corroborates this observation, showing that subscribers to bundles in Korea were 25.2% less likely to switch ISPs than those who did not subscribe to bundled services.⁴¹

Consumer Sentiment toward Types of Internet Providers

Perceptions can play an integral role in consumer choice. It is logical that consumers may be hesitant to purchase a service when they have lingering questions about its quality, and even more so when it comes to a product as vital as internet services. Accordingly, the Bureau's public opinion research experts posed a series of questions to consumers to gauge their existing perceptions regarding both facilities-based and wholesale-based competitors.

Likely the most striking result of this analysis is the fact that approximately one third of consumers are simply not sure what a wholesale-based competitor is, and find it difficult to judge their service offerings without additional information.⁴² This is consistent with the messages conveyed by focus group participants that there remains a lack of knowledge and awareness when it comes to wholesale-based competitors.

For those who felt that they had enough information to respond to the survey, there are small but significant differences in consumer perceptions in some key areas. For example, these respondents felt that facilities-based competitors are somewhat better in providing reliable service and making repairs when problems arise. Additionally, a significant number of these respondents feel that wholesale-based competitors price significantly lower than facilities-based competitors.

⁴⁰ Perceived monetary savings and convenience not only increased preference for bundled home internet service but also caused participants to have a more favourable attitude towards the bundle and a greater interest in receiving more information about it.

⁴¹ Lee, S. (2017). "Does bundling decrease the probability of switching telecommunications service providers?" *Review of Industrial Organization*, 50(3), 303-322.

⁴² Not surprisingly, knowledge of wholesale-based competitors is higher in those parts of Canada where wholesale-based competitors have a greater market share, such as Ontario.

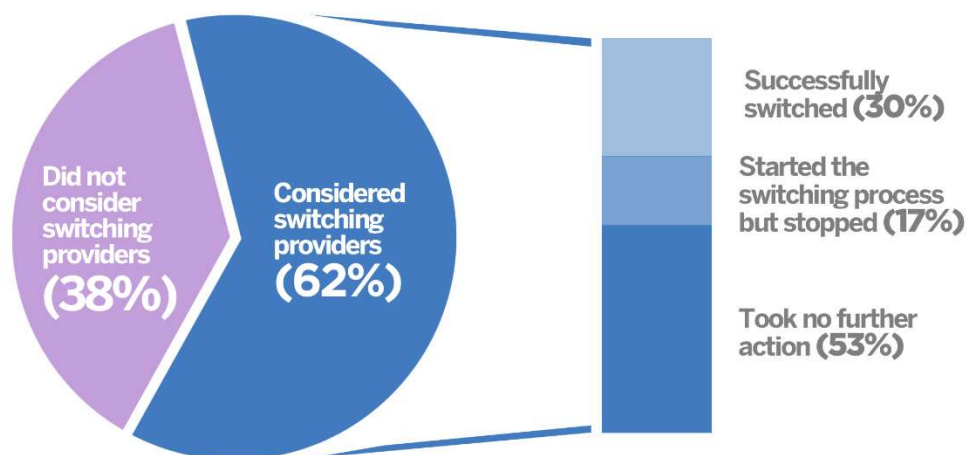
Consumer Switching Behaviour

A hallmark of consumer choice is the ability to easily switch between providers. Without this fundamental feature of the marketplace, consumers become captive to a supplier, and have limited or no opportunity to try alternatives.

Accordingly, the Bureau's public opinion research experts surveyed consumers about their experiences in switching ISPs during the past two years. The results of this analysis are presented in Figure 8.

More than half of the consumers surveyed considered switching from their current ISP to another during the past two years. Of those who considered switching, approximately 30% actually made the switch; 17% started the process of switching but ultimately decided to stay with their current provider; and the remaining 53% took no further action beyond simply considering a switch.

Figure 8: Consumer switching statistics



There are some demographic similarities in respect of switching behaviour. Younger subscribers, aged 18-34, were almost three times more likely to switch providers in the past two years than those aged 65 or older. Residents of Manitoba and Saskatchewan were less likely to have considered switching, whereas those in Ontario and the Atlantic provinces thought about switching more frequently.

Not surprisingly, there is a strong relationship between the extent to which a consumer is satisfied with their current ISP and their desire to switch. Of those who responded that they were

“very satisfied” with their current ISP, only four in ten even considered switching, and only two in ten actually made a switch.

Another interesting way to view this data is to examine which type of competitor is receiving a high proportion of switchers as compared to their existing market shares. Doing so provides a picture of what future market shares could look like. The survey results indicate that wholesale-based competitors gain subscribers in greater proportion to their existing market shares, consistent with the CRTC data presented in Part 3 of this report.

“I am happy with my recent switch to [a wholesale-based competitor]. I only wish there were more companies like them, willing to provide high quality services at lower prices.”

– Rural Internet User in Western Canada

Of course, a key element in understanding switching behaviour is comprehending the reasons that motivate consumers to switch. Two thirds of those who switched ISPs in the past two years were motivated to do so by cost, whereas four in ten, either in addition to or instead of concerns about cost, cited issues with their service, such as reliability, speed of services, or customer service issues with their old provider. Approximately one quarter of switchers did so because they moved from one location to another, and either were required to choose a new provider, or used that opportunity to switch. Those who switched from a facilities-based competitor to a wholesale-based competitor were more likely to cite cost as a significant driver of their decision, whereas those who switched from one facilities-based competitor to another were more likely to cite service issues as a cause.

Challenges to Switching ISPs

The Bureau’s research shows that changing ISPs can be an intimidating idea for at least some consumers. If a consumer is forced to go without internet services between the time of disconnection from their old ISP to the time of connection with their new one, they risk being cut off from an ever-connected world. Also, it is difficult to assess the reliability of a new ISP before signing up and experiencing it firsthand. Economists refer to these inconveniences as “switching costs”, and give them significant importance in competition assessment.⁴³

⁴³ See, for example, paragraph 4.14 of the MEGs, *supra* note 29.

Accordingly, the Bureau's public opinion research experts asked consumers who have switched in the past two years to describe any issues or challenges that they faced in making the switch. The largest group of these respondents reported no significant issue with their transition. The next two most frequent responses were: (1) the effort associated with returning equipment, such as modems, to their former provider, and (2) the downtime between disconnection and re-connection causing the consumer to go without internet services at home. Each of these factors were reported by about one in four respondents. Significantly, contractual provisions were only mentioned as an issue by fewer than one in ten respondents; it is significant to note that ISPs do not generally appear to be using restrictive contracts to ensure that consumers stay loyal.⁴⁴

"I have considered switching internet many times but am not sure of all the factors that would apply. For example, I am unsure if there would be service disruption to our internet. I also am uncertain of the quality and consistency I would get if I switched to another company. These are especially important factors since I am in the process of starting an online business." – Urban Internet User in Ontario

Two other groups were also asked about the perceived difficulties of switching ISPs. For both those respondents who started the switching process but did not follow through with it, and for those who thought about switching but did not take steps to do so, the main negative perceptions included the effort involved to return equipment, financial costs associated with switching, and the likelihood that their current provider would match or give them a better price if they threatened to switch.

Interestingly, those who have switched in the past two years were less likely to believe that frictions associated with switching were significant. For example, the hassle of returning equipment was mentioned as a negative factor by only 24% of those who had switched, but was brought up by 34% of those who started the switching process, and nearly 50% of those who thought about switching but did not take any steps toward doing so.

⁴⁴ For further information on why restrictive contracts are incorporated into competition analysis see, for example, the MEGs, *supra* note 29, at paragraph 7.14.

Types of Broadband Consumers in Canada

The responses provided in the Bureau's public opinion research survey show a diversity of opinions among broadband consumers in Canada. For example, through the survey, some consumers indicated a strong desire to purchase a bundle of services from the same provider, whereas others prefer to purchase a mix of services from one or more providers. Similarly, some consumers reported that the process of switching ISPs was easy, whereas others thought that switching could be difficult.

Given these varying perspectives, the Bureau wanted to get a sense of what the typical types of Canadian broadband consumers are, and better understand how preferences vary between consumer groups. To better classify different types of consumers, the Bureau's behavioural economics expert performed a cluster analysis, which quantitatively identifies survey respondents who had similar responses, in order to identify the various types of consumers in terms of characteristics that can be easily comprehended.

This analysis identified four main types of internet customers in Canada. Each is discussed further:



Loyal

Loyal Customers: Loyals stick with the brand they trust. They value customer service and network reliability and tend to purchase their internet from facilities-based competitors. Loyals are the least likely to consider switching their internet services. They are also most likely to bundle their internet with other services, and tend to live outside of large urban centers.



Speed-seeker

Speed-Seekers: Speed-seekers have a need for speed. They're less concerned about brand and customer service, and more concerned with having a download speed and usage limits that support their data needs. Speed-seekers tend to be younger and are most likely to have switched their internet provider in the past two years.



Deal-seeker

Deal-Seekers: When it comes to their internet service, for deal-seekers, price is king. Deal-seekers care much more about price than other qualities like brand and customer service. Deal-seekers tend to live in large urban centers and are more likely to subscribe to their internet services through a wholesale-based competitors than are Loyal Customers and Speed-Seekers.



Balanced

Balanced Consumers: This group of consumers generally takes a balanced approach to choosing their internet service. They consider download speed and price as well as brand, reliability and customer service. Balanced consumers are most likely to be female and are most likely to purchase their internet service from a wholesale-based competitor.

How Consumer Preferences Influence Competition Analyses

The goal of competition analysis is to determine whether consumers are well-served by a vibrant selection of providers. Such analysis can be straightforward when consumers share similar preferences, because then the task often becomes a question of which providers exist that could serve those consumers' demands.

However, competition analysis can get significantly more complicated when groups of consumers exhibit different underlying factors that drive their choice of supplier. In such a circumstance, not all providers may offer the services and pricing options that respond best to each consumer group. For example, if there is a group of consumers that cares most about ensuring that they have the speediest and most reliable internet connection, and are not particularly price sensitive, then an analysis that focuses solely on pricing differentials between ISPs can be misleading in understanding the options available to that group of consumers. Similarly, if there is a group of consumers who are highly loyal to a set of providers, then it can be equally wrong to assume that those consumers will choose a lower priced option simply because it exists.

Given the diversity of consumer preferences in this industry, competition analysis should consider how the marketplace serves each of the groups identified in the Bureau's research. By understanding the factors that each consumer group values the most, competition analysis can

rightly focus in on the group of ISPs that are likely to contain the best choices for each group.⁴⁵ Otherwise, such analysis runs the risk of finding that there is a wealth of competition when, in fact, this is not consistent with how actual consumers view their choices.

Conclusion on Consumer Analysis

The Bureau's consumer analysis revealed a wealth of findings about consumer behaviour in respect of broadband services. First, Canadians are generally satisfied with both their current ISP and their choice among ISPs. Second, Canadians indicated a strong preference toward purchasing telecommunications and broadcasting services in a bundle, and noted that a variety of factors in addition to price are important to their choice of ISP. And, of significant importance, there does not appear to be one single type of broadband consumer in Canada; rather different groups have different factors that they respond most significantly to when choosing a broadband supplier. Ultimately, these findings raise significant questions that are important to any competition analysis in the Canadian broadband industry.

Questions Arising from Consumer Analysis

- How do existing ISPs serve each of the different consumer groups identified in the Bureau's analysis? What are the implications for competition in each group?
- Do wholesale-based competitors act as a sufficient alternative to facilities-based competitors for all consumer types?
- Is there a case for regulation to address consumer switching difficulties or otherwise make consumers more aware of their options for internet services?
- Will there be changes in the future that affect consumer perceptions of either facilities-based or wholesale-based competitors?

⁴⁵ In a more technical sense, the question is whether different types of providers, or even different packages offered by providers, should be considered as separate relevant product markets for the purpose of competition analysis. The survey methods used in this study are generally not sufficient, on their own, to make this conclusion, but the fact that they indicate that there are multiple consumer groups with different underlying demands suggests that this is a question worth studying. For more information, see Part 4 of the MEGs, *supra* note 29.

5. ALTERNATIVE BROADBAND PROVIDERS

Key Messages

- In addition to the wired networks operated by telephone or cable companies, Canadians can access broadband internet services through alternative technologies, including third party fibre optics, mobile wireless, fixed wireless, and satellite.
- Given current pricing levels and certain technological limitations, it is not likely that consumers who have wired connections are likely to switch to fixed wireless, mobile wireless, or satellite technologies.
- Fifth generation wireless services may offer a new inroad into households at speeds and pricing comparable to wired connections. However, at this point, it remains to be seen how this technology will be deployed in Canada.

Context for Discussion of Alternative Broadband Providers

Although a significant majority of Canadians obtain internet services through traditional telephone and cable networks, a smaller number use alternative broadband providers. Particularly in the less densely populated areas of the country, where deployment of wired infrastructure has more challenging economics, these alternative technologies are relied on to a greater extent.⁴⁶

During this study, several facilities-based competitors noted that these alternative access technologies exist in the marketplace, and made varying claims about their role in serving Canadian consumers.⁴⁷ But to what extent do these alternative technologies act as effective alternatives for consumers, and how do they bring competitive discipline to the marketplace?

⁴⁶ In the survey conducted by the Bureau's public opinion research experts, approximately 16% of households in rural and remote communities use these alternative methods for internet access, compared to only 4% of households in more densely populated areas.

⁴⁷ See, for example, Part 2.0 of TELUS's Written Submissions, available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Submissions to Competition Bureau Abridged.pdf/\\$file/Submissions to Competition Bureau Abridged.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Submissions%20to%20Competition%20Bureau%20Abridged.pdf/$file/Submissions%20to%20Competition%20Bureau%20Abridged.pdf).

Types of Alternative Broadband Providers

There are four types of alternative internet technologies that the Bureau has reviewed: third party fibre optic networks, mobile wireless, fixed wireless, and satellite. Each is discussed in greater detail, and Figure 9 provides an image-based overview for three of these technologies.

The first is third party fibre optic providers. These providers, such as Beanfield Metroconnect in Toronto, Ontario and Novus Communications in Vancouver, British Columbia, deploy fibre optic networks and offer broadband internet services as a facilities-based competitor to telephone and cable companies. Additionally, and although it is more common to see this phenomenon in the United States, some municipal governments, such as the government of Olds, Alberta, have deployed publicly-owned fibre optic networks, which are referred to in the industry as “Municipal Fibre”.⁴⁸

The second alternative technology is one that most Canadians are familiar with: the mobile wireless networks that are used for cell phones. A number of providers across Canada offer data services using mobile wireless networks at speeds that meet or exceed home internet packages.⁴⁹

The third alternative access technology surveyed by the Bureau is fixed wireless. These networks use towers and radio equipment, much like mobile networks, but instead provide wireless connections to a fixed antenna at a customer’s premise. Fixed wireless is a more popular network type in rural areas, where deploying wired infrastructure can be difficult and costly.

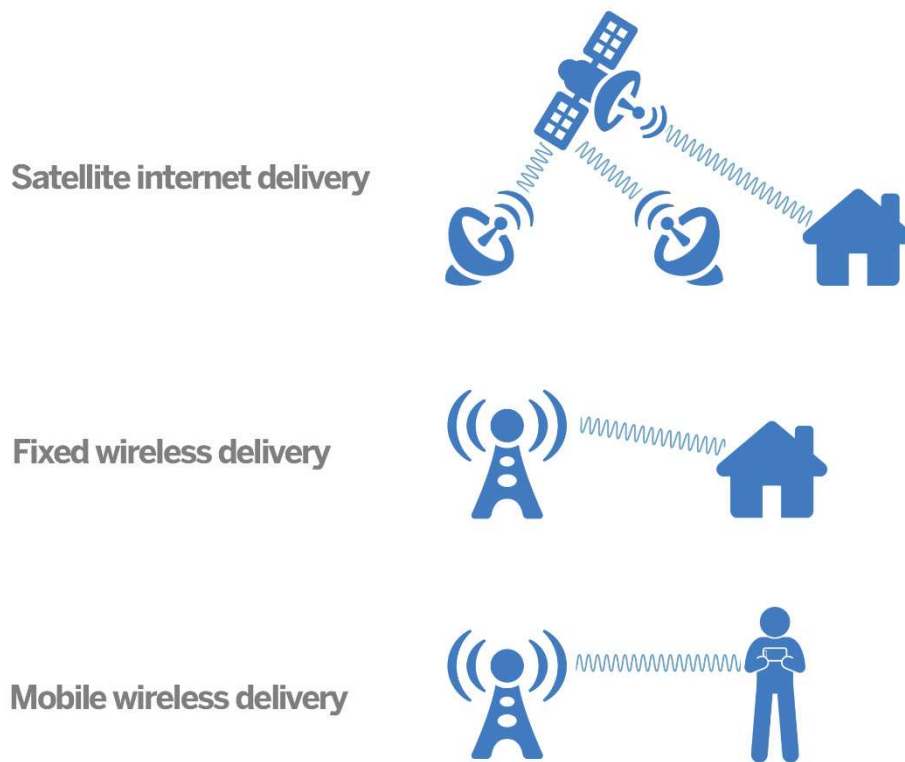
The fourth alternative technology is satellite internet. This technology is similar to fixed wireless, insofar as it involves a wireless connection to an antenna at a customer’s premise, but satellite internet relies on communications satellites, rather than terrestrial towers, to transmit data. The major advantage of satellite access is its ubiquity. A significant majority of Canada’s territory is covered by satellite, including some extremely remote areas. Significant improvements continue to be made in satellite internet technology, including the planned deployment of new, low-Earth-orbit satellite constellations that promise higher speeds and greater throughput than existing technologies.⁵⁰

⁴⁸ Olds, Alberta. (2019) “O-Net”. Available online at: <http://www.o-net.ca/>.

⁴⁹ PC Mag. (2018) “Fastest Mobile Networks Canada 2018”. Available online at: <https://www.pcmag.com/article/363549/fastest-mobile-networks-canada-2018>.

⁵⁰ See, for example, Telesat. (2019) “Telesat LEO – Why LEO?”. Available online at: <https://www.telesat.com/services/leo/why-leo>. See also the Written Submissions of Hughes Network Systems Canada ULC, available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Hughes Canada Competition Bureau Notice of Market Study 08312018 Final.pdf/\\$file/Hughes Canada Competition Bureau Notice of Market Study 08312018 Final.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Hughes%20Canada%20Competition%20Bureau%20Notice%20of%20Market%20Study%2008312018%20Final.pdf/$file/Hughes%20Canada%20Competition%20Bureau%20Notice%20of%20Market%20Study%2008312018%20Final.pdf).

Figure 9: Some Alternative Broadband Access Technologies



Pricing and Competitive Impact Analysis

As these alternative methods exist to provide internet services in Canada, the relevant question for a competition analysis is the extent to which they act as a viable alternative to consumers. What is important, in a competition analysis, is not just whether one product has the same end use as another but, rather, whether consumers see different products as being sufficiently good alternatives.⁵¹

⁵¹ See Part 4 of the MEGs, *supra* note 29.

To understand these types of consumer judgements, competition authorities around the world typically rely on the hypothetical monopolist test.⁵² This test asks the question of how consumers would respond if the price of their current internet subscription increased by a small amount – for example, would they continue to purchase from their existing provider, or would they change their internet subscription to an alternative? In some cases, the Bureau relies on statistical information about consumer purchases to make such determinations. However, in this case, such information is not readily available.

When the hypothetical monopolist test is difficult or impractical to apply, there are other ways to think about consumer responses. In particular, the Bureau’s guidance directs the analyst to think about three factors: end use, technical characteristics, and relative price levels.⁵³

As a primary matter, the Bureau notes the similarity between traditional telephone- and cable-based internet access, and that provided by third party fibre optic networks. Based on the information available in this study, it seems likely that internet services provided over third party fibre optic networks could be considered as a close alternative to services provided over telephone- and cable-based networks.⁵⁴

Similarly, it is fairly clear that mobile wireless internet access can be considered a substitute for only a small number of extremely light internet users. Even some of the more generous mobile wireless plans available in Canada today top out in the order of 10-20 gigabytes of download capacity per month. Given the ubiquity of home streaming,⁵⁵ and the fact that streaming video on Netflix or YouTube uses 2.5-3.0 gigabytes per hour,⁵⁶ mobile wireless subscriptions offer relatively low capacity services, compared to usage limits in the hundreds of gigabytes per month, if usage is even limited, in traditional wired broadband plans. This significant limitation makes mobile wireless likely to be an insufficient alternative for all but extremely light internet users.

⁵² *Ibid.*

⁵³ See paragraph 4.14 of the MEGs, *supra* note 29. The analyst is also directed to examine any costs associated with switching from one access method to another. However, in this instance, given the significant differences in both technical characteristics and relative price levels, the analysis does not need to proceed to switching costs. For more information on perceived switching costs between various internet providers, see Part 4 of this Report.

⁵⁴ Any such analysis would necessarily be informed by pricing comparisons; however, such analysis is not undertaken in this study.

⁵⁵ See, for example, CRTC. (2018) “Online Video”. *Harnessing Change*. Available online at: <https://crtc.gc.ca/eng/publications/s15/v1.htm>.

⁵⁶ See CMR Infographic 5.8, *supra* note 6.

In respect of fixed wireless and satellite internet access, a more thorough review of end use, technical characteristics, and relative price levels illustrates their relation to wired internet connections.

In terms of end use, there is significant similarity between traditional wired internet connections and their fixed wireless and satellite counterparts. Each is used to access the internet, and each is theoretically capable of delivering a consumer to a range of internet-based activities.

However, in terms of technical characteristics, it is less clear that fixed wireless- and satellite-based services should be considered as close substitutes for wired services for three reasons. First, there are questions about the quality of fixed wireless and satellite technologies that could render them as insufficiently valuable for some applications, such as streaming and online gaming.⁵⁷ Second, the Bureau is aware of some consumer complaints that actual delivered speeds using fixed wireless and satellite connections may be relatively slow compared to wired networks that promise the same speeds. Third, in respect of satellite connections specifically, real capacity concerns exist; according to the CRTC, current satellite networks could only serve approximately 2% of Canadian households.⁵⁸ In total, the evidence is mixed on whether fixed wireless and satellite internet sources could be considered a sufficiently close substitute to wired services for a large number of consumers in respect of technical characteristics. Further analysis would be required to be conclusive in this respect.

“I give [my local fixed wireless company] credit for providing internet service where other companies don't. Unfortunately it's not terribly reliable, and you sure wouldn't want to try to use it for something like Netflix, because as soon as you try to stream even a small one or two minute video, it slows to a crawl”. – Fixed Wireless user in Rural Ontario

⁵⁷ In respect of fixed wireless see, for example, CRTC 2019-42, in which two fixed wireless providers noted a significant difference between the technical capabilities of wired and fixed wireless networks. <https://crtc.gc.ca/eng/archive/2019/2019-42.htm> In respect of satellite, one of Canada's largest satellite internet providers notes that satellite may not be suitable for certain applications like online gaming, VPN services, and real-time stock trading: <https://www.xplornet.com/support/troubleshooting/about-satellite-latency/>

⁵⁸ See CMR Infographic 5.7, *supra* note 6.

In respect of relative price levels, Table 1 presents prices for internet packages between four telephone, cable, fixed wireless, and satellite internet options for households in Ottawa, Ontario.⁵⁹ This table shows that prices for wireless technologies can be significantly higher than their wired counterparts. In particular, a fixed wireless package with the same characteristics costs approximately 30% more than a package delivered over the telephone or cable networks.⁶⁰ With this in mind, it seems unlikely that a small increase in the price of internet services over wired network would cause a large number of consumers to switch their internet to a fixed wireless or satellite alternative.

Table 1: Prices of Certain Internet Plans⁶¹

| Provider | Attributes | Price |
|--------------------------------|--|-----------------------|
| Bell | 50Mbps/10Mbps; Unlimited Monthly Downloads | \$67.95 |
| Rogers | 75Mbps/10Mbps; Unlimited Monthly Downloads ⁶² | \$69.99 |
| Xplornet Fixed Wireless | 25Mbps/1Mbps; Unlimited Monthly Downloads | \$89.99 ⁶³ |
| Xplornet Satellite | 10Mbps/1Mbps; 100 GB Monthly Download | \$89.99 ⁶⁴ |

Finally, the CRTC reports that just 5% of Canadian households use fixed wireless or satellite to access the internet in 2017.⁶⁵ While this statistic is not determinative in and of itself, it does indicate that fixed wireless and satellite internet services are not presently the best choice for the vast majority of Canadian households. Rather, the Bureau interprets this figure – along with a similar figure showing that 26% of rural households use fixed wireless or satellite⁶⁶ – as evidence that fixed wireless and satellite are only particularly good options in those regions of Canada where modern wired connections are not available.

⁵⁹ Prices vary based on the particular region that a consumer is located; however, the Bureau's analysis shows a similar trend of price differentials across most provinces in Canada.

⁶⁰ CRTC statistics show similar pricing differentials; see CMR Infographic 5.5, *supra* note 6.

⁶¹ All prices as presented on company websites as of June 6, 2019.

⁶² Rogers also offers a 10Mbps/1Mbps package with 100 GB of monthly downloads for \$49.99 per month.

⁶³ Xplornet offers a price of \$59.99 per month for the first three months, and \$99.99 per month thereafter, with a 1 year commitment. The average price per month in this first year, therefore, is \$89.99, and then \$99.99 for each year thereafter.

⁶⁴ Xplornet offers a price of \$59.99 per month for the first three months, and \$99.99 per month thereafter, with a 1 year commitment. The average price per month in this first year, therefore, is \$89.99, and then \$99.99 for each year thereafter.

⁶⁵ See CMR Figure 5.11, *supra* note 6.

⁶⁶ See CMR Infographic 5.7, *supra* note 6.

In total, the Bureau is skeptical that fixed wireless and satellite services could reasonably be considered as close substitutes for wired services today. It is not clear why a consumer who has the option to buy wired services would pay more money to access a service that may have relatively weaker technical capabilities.⁶⁷ Accordingly, little weight should be given to claims that traditional wired internet providers are subject to substantial competitive discipline from these alternative technologies.

Potential for 5G Wireless Technologies

However, this conclusion could change in the future. New, fifth generation (5G) wireless services are currently being deployed around the world, and may ultimately deliver high speed, high capacity fixed wireless connections that are similar to those currently available through wired networks.⁶⁸

What is unclear at this early stage of 5G deployment is how and whether this will translate into new competitive options for Canadians. If 5G enables new providers to compete for a significant number of Canadian households, this additional choice could result in the lower prices and increased levels of innovation that are characteristic of greater competition. At this point, so early in the deployment of 5G in Canada, it is difficult to predict exactly what the future holds.

Conclusion on Alternative Broadband Providers

In addition to traditional telephone and cable networks, Canadians can and do access the internet through a range of alternative technologies. However, a review of the marketplace role for these technologies leaves questions about the extent to which they act as significant competitive alternatives to existing wired connections. It will be important, as 5G wireless technologies mature and become available to consumers, to re-assess the extent to which these services will bring additional competitive discipline to the marketplace.

⁶⁷ This conclusion is consistent with past CRTC findings. See, for example, paragraph 126 of CRTC 2015-326, available online at: <https://crtc.gc.ca/eng/archive/2015/2015-326.htm>.

⁶⁸ 5GCC. (2019) "5G Primer". Available online at: <https://www.5gcc.ca/5g-primer/>.

Questions Arising from Analysis of Alternative Providers

- In what circumstances, or for which groups of consumers, should one or more of fixed wireless, mobile wireless, and satellite internet be considered part of the same relevant market as wired broadband internet connections?
- How could the competitive reality in Canada's broadband industry change following the introduction of 5G wireless services?
- If 5G could bring about significant new competitive discipline, what effect should this have on the wholesale access regime? What evidence of a positive competitive impact should a regulator require to adapt regulatory rules?

6. FACILITIES-BASED COMPETITORS

Key Messages

- In order to keep up with ever-increasing demands for bandwidth and capacity, facilities-based competitors must invest significant amounts of money to grow the speed and capability of their networks.
- Rivalry between facilities-based competitors is an important source of dynamic competition that leads to higher speeds and more capable networks.
- Wholesale access regulation can have a negative effect on the willingness of facilities-based competitors to make the necessary investments to maintain and evolve their networks.

The Role of Facilities-Based Competitors

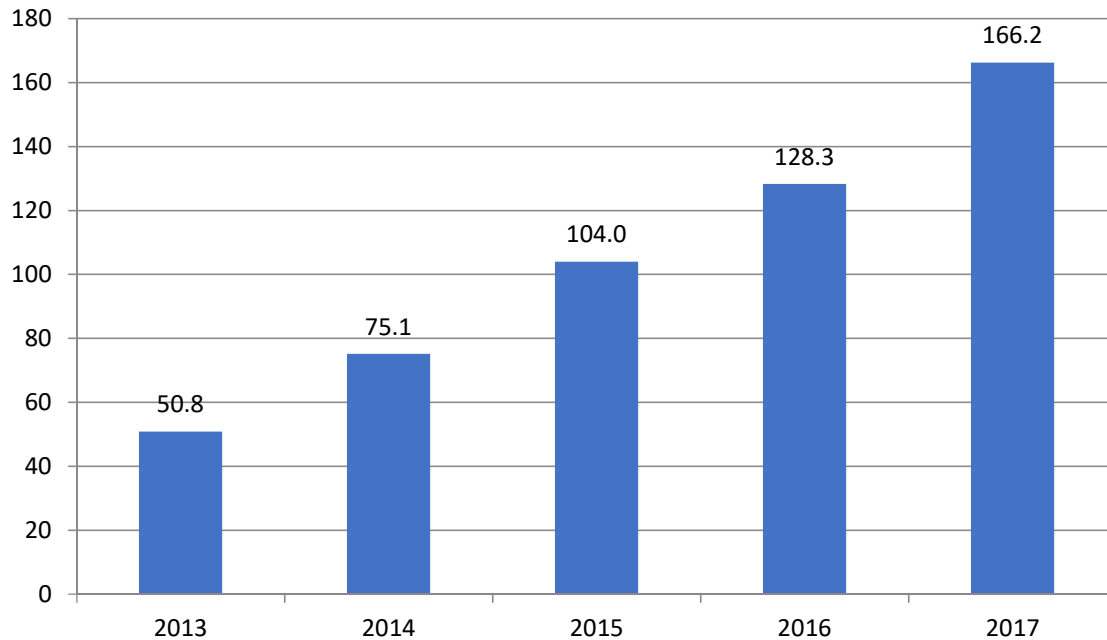
Facilities-based competitors, which are typically telephone or cable companies, deploy, maintain, and upgrade the physical networks that connect Canadian homes to the internet. While the wholesale access regime implemented by the CRTC is important in increasing competition in the marketplace, facilities-based competitors, in large part, determine the robustness, speed, and reliability of Canada's networks.⁶⁹

Maintaining and ensuring quality services for Canadians is not something that should be taken lightly. Even once a network is established, there is an ongoing need for investment by network owners to ensure that the network grows and changes in response to changing consumer demands. Figure 10 presents statistics, collected by the CRTC, showing the monthly internet usage of users served by large facilities-based competitors in Canada. These statistics show that internet traffic on these providers, over the period of 2013-2017, has grown at a compounded annual growth rate of approximately 35%; in other words, the average consumer's internet usage doubles a bit more often than every three years. Meeting this significant increase in demand requires sizeable investments by facilities-based competitors; in 2017 alone, these competitors

⁶⁹ Some aspects of the robustness, speed, and reliability of services provided by wholesale-based competitors is determined by how a wholesale-based competitor manages its network. See, for example, Part 3.3 of the Written Submissions of BCE Inc., *supra* note 11.

invested almost \$10 billion in their networks, which equates to approximately 45% of the total revenues that they earned in this period.⁷⁰

Figure 10: Monthly Internet Usage per Subscriber on Large Facilities-Based Networks, 2013-2017 (GB)⁷¹



Dynamic Competition

Both facilities-based and wholesale-based competitors work every day to attract customers to their services. But, on a different level, facilities-based competitors engage in a dynamic form of competition to successively introduce better networks over time through investments in new technologies.

Since the advent of the internet, facilities-based competitors have engaged in this dynamic competition to provide the best networks with the greatest speeds and most impressive capabilities. For example, following the popularization of dial-up internet in the 1990s, cable and telephone companies made the investments necessary to provide always on, higher speed broadband networks. This race to provide better connections continues to this day.

⁷⁰ See CMR Infographic 4.5, *supra* note 6.

⁷¹ See CMR Table 5.9, *supra* note 6.

Right now, the industry is at an important point, as traditional telephone networks reach the end of their useful life. Telephone networks were initially deployed in the late 1800s, using copper lines to transmit voice signals. In significant parts of Canada, that same technology is still used today in the “last mile” connection from a telephone company’s local distribution point and an end user’s dwelling. Not surprisingly, these wires are significantly limited in that they can only provide internet connections up to a maximum of 50 Mbps.⁷²

Cable networks, on the other hand, were deployed much more recently (typically in the 1960s and 1970s), using a different type of wire that is capable of delivering significantly higher speeds. With the systems in place today, cable providers offer speeds up to 1 Gbps, and even these speeds are not the limit of what the technology can deliver.⁷³

Accordingly, telephone companies today are faced with an existential challenge in respect of their ability to provide competitive internet services. They cannot squeeze meaningfully faster speeds out of their aging infrastructure, and must either make very large investments, or face competitive extinction. Without the billions of dollars of investments required to run fibre optic cables from local distribution points to every household in Canada, telephone companies will be forever stuck at being able to offer 50 Mbps service in a world where their competitors can offer speeds that are an order of magnitude faster and beyond.⁷⁴ To meet this challenge, telephone companies have started to deploy fibre optic cables to households (a topology referred to as “fibre to the home” or FTTH⁷⁵).

This is just the most current example of leap frogging. Approximately 10 years ago, telephone companies were forced with a similar investment decision to replace copper cables higher up in their network. This deployment, referred to as “fibre to the node” or FTTN, was equally necessary at that time in order to keep pace with speed improvements offered by cable companies.

⁷² Technically, these networks can deliver faster services by combining, or “bonding”, several telephone lines together. But, even doing this does not, in a practical way, boost speeds to the types that cable and fibre optic networks can achieve.

⁷³ Even cable networks need to replace parts of their existing networks with fibre optic cables to achieve these speeds. See, for example, Cogeco. (2019). “Cogeco Communications Announces Plans to Invest More Than \$1 Billion in the Operation and Expansion of Its Broadband Network in Ontario and Québec”. June 5, 2019. Available online at: <https://www.globenewswire.com/news-release/2019/06/05/1864767/0/en/Cogeco-Communications-Announces-Plans-to-Invest-More-Than-1-Billion-in-the-Operation-and-Expansion-of-Its-Broadband-Network-in-Ontario-and-Qu%C3%A9bec.html>.

⁷⁴ *Supra* note 72.

⁷⁵ This topology is also referred to as “fibre to the premise” or FTTP.

This type of dynamic competition benefits consumers in at least two ways. First, it is logical that better networks provide better results for consumers: faster, less congested connections that grow and change more or less in tune with consumer demand. Second, once the investment in new networking equipment and physical lines has been made, companies have a strong incentive to compete hard and win customers in order to generate revenues sufficient to recoup those investments.

This race to provide the most robust networks is an important source of dynamic competition. It results in consumers having access to the fastest speeds and best connections while, at the same time, driving substantial investment in the Canadian economy. And, at least over the past 20 years, it has been a self-sustaining form of competition, as both telephone and cable companies jockey to establish themselves as market leaders.

Wholesale Regulation and Investment Incentives

Ultimately, in order for network investments to happen, a company needs to be sure that it will be able to earn sufficient revenues to pay off the cost that investment. Canada has a general policy of allowing market forces to determine how and where networks are deployed⁷⁶ and, when making network investment decisions, companies are guided by the costs of doing so, on one hand, and the profits that they can expect to earn, on the other. Network investments are substantial, and it can take more than ten years for the companies who make these investments to earn sufficient revenues to recoup.⁷⁷

Wholesale regulation can have a negative effect on these investment decisions. Typically, when a company makes any sort of capital investment, it does so with an understanding that it will obtain the full stream of profits from that investment. However, wholesale access regulation diminishes the expected profits of the investment, as some of the profits flowing from the investment are instead earned by wholesale-based competitors using that network to serve consumers. Without access to the full stream of profits, investment becomes less likely to happen.

⁷⁶ Exceptions to this include subsidies for deployment of networks in the rural and remote areas of the country where market forces are unlikely to deliver modern networks. See Part 2 of this report for more information.

⁷⁷ RBC, for example, estimates payback periods for fibre to the home deployments at 11-18 years. See RBC. (2015) "Fibre-to-the-home: Playing the long game". Available online at: <https://ca.rbcwealthmanagement.com/delegate/services/file/617544/content>.

One way to maintain the investments is for facilities-based competitors to be compensated so that their stream of expected profits is sufficient to ensure that investments continue to happen. The CRTC rightly recognizes the need for such an incentive and, when setting the rates that wholesale-based competitors must pay to facilities-based competitors, includes rate components that are designed to maintain investment incentives.⁷⁸

There is wide debate in the industry regarding whether or not wholesale rates are set at appropriate levels. Facilities-based competitors claim that wholesale-based competitors gain access to networks at rates that are below the actual costs of the facilities-based competitor, which has significant negative effects on investment incentives.⁷⁹ At the same time, some wholesale-based competitors point to examples where a facilities-based competitor has set retail prices at levels that are less than the regulated fees that a wholesale-based competitor would have to pay in order to offer those same services to that customer.⁸⁰ This is a “Goldilocks” problem – set rates too low, and facilities-based competitors are less likely to invest; set rates too high, and wholesale-based competitors are not able to bring pricing discipline to the marketplace.

On balance, with the information and expertise available to the Bureau, it is difficult to assess which side is correct. Regulatory costing is a complicated and time-consuming exercise that requires a wide range of expertise and confidential business information that is not easily accessible to the Bureau in a market study. The Bureau notes that the CRTC has announced that it will hold a hearing in the coming months to review its approach to wholesale rate setting.⁸¹ This will be an appropriate forum to explore these issues and ensure that regulation strikes the correct balance for the future of the industry.

⁷⁸ See CRTC 2016-396 at Footnote 9. Available online at: <https://crtc.gc.ca/eng/archive/2016/2016-396.htm>.

⁷⁹ See, for example, page 10 of the Written Submission of Bragg Communications Inc.. Available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Eastlink_Submission--Competition_in_Broadband-2018-08-31.pdf/\\$file/Eastlink_Submission--Competition_in_Broadband-2018-08-31.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/Eastlink_Submission--Competition_in_Broadband-2018-08-31.pdf/$file/Eastlink_Submission--Competition_in_Broadband-2018-08-31.pdf).

⁸⁰ See, for example, pages 46-47 of the Written Submission of TekSavvy Solutions Inc. Available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf/\\$file/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf/$file/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf).

⁸¹ See CRTC “Forecast 2019-2020”, supra note 3.

Real World Examples of Investment Incentive Issues

It is important to note that the investment incentives issue is not merely theoretical. In conducting this study, the Bureau requested confidential business records from facilities-based competitors to better understand how wholesale regulation affects real world network investment decisions. Some facilities-based competitors did not supply responsive records, citing the cost and difficulty of producing the necessary information. Others provided real-world examples of how their investment decisions incorporate varying assumptions about regulation, such as varying wholesale rate levels and different market shares earned by wholesale-based competitors.⁸² In these records, the Bureau observed real world examples where profitable investments become unprofitable under differing regulatory treatment.

On both a theoretical level, and based on the business records that the Bureau has reviewed, this negative effect on investment incentives will most likely be felt at the fringes of a network. Some areas may be so densely populated, strategically important, or otherwise relatively cheap to deploy that investment will occur except under the most onerous conditions. That means that the strongest reduction in investment is most likely to be felt in areas where population is relatively sparser. This has significant implications for rural and remote customers, who tend to have fewer and less advanced internet access options in Canada.⁸³

Conclusion on Facilities-Based Competitors

Facilities-based competitors drive the types of dynamic competition that result in better, higher quality networks for Canadians. At the same time, this form of competition requires substantial investments in physical networks, and the willingness of facilities-based competitors to make these investments can be dulled by wholesale access regulation. Ultimately, regulators are faced with the difficult challenge of setting wholesale rates at an appropriate level to preserve investment, on the one hand, while at the same time providing sufficiently low rates to allow wholesale-based competitors to act as a significant competitive force in the marketplace, on the other.

⁸² In this exercise, the Bureau places greater weight on contemporaneous business records than ex post recollections. The Bureau also notes that these records were produced on a voluntary basis and, therefore, the Bureau cannot be sure that contradictory information does not exist within these companies.

⁸³ For more information, see Part 2 of this report.

Questions Arising from Discussion of Facilities-Based Competitors

- How can a wholesale regime balance the positive aspects of greater competition with any negative effects that it may have on investment incentives?
- Is there a simpler or easier-to-implement method of setting wholesale rates? Is there value in exploring ex post assessment of the efficacy of existing rates, and more flexible adjustment of rates over time?
- Once networks are entirely fibre-optic based, what will be the driver of dynamic competition between facilities-based providers?

7. WHOLESALE-BASED COMPETITORS

Key Messages

- Wholesale-based competitors serve more than 1,000,000 Canadian households, and act as an important competitive alternative in countless more.
- Recent competitive responses, such as the introduction of flanker brands by facilities-based competitors, are an indication of the important competitive role that wholesale-based competitors play.
- Wholesale-based competitors may continue to grow in competitive significance now that a larger number of them offer television services and have an increased ability to bundle.
- Wholesale-based competitors must rely on facilities-based competitors for many go-to-market services, such as customer installs. It remains important to minimize the extent to which one type of competitor must depend on the other going forward.

The Role of Wholesale-Based Competitors

Dozens of wholesale-based competitors currently provide services to more than 1,000,000 Canadian households.⁸⁴ Moreover, those households that subscribe to wholesale-based competitors tend to be more highly satisfied with their internet provider.⁸⁵ But, in assessing competition, the mere presence of a competitor in the marketplace is not always determinative.⁸⁶ Instead, what is often more important is that a competitor has an effect on the prices and terms charged across the marketplace. This is the focus of this section of the report: how do wholesale-based competitors move the marketplace and improve outcomes for consumers and the economy in general?

⁸⁴ See Part 3 of this report.

⁸⁵ See Part 4 of this report.

⁸⁶ See Part 7 of the MEGs, *supra* note 29.

Competitive Effect of Wholesale-Based Competitors

As a first step, it is worth digging deeper to understand the range of wholesale-based competitors that currently serve the marketplace. Of the dozens of these competitors that have established themselves to date, the majority remain somewhat small and atomistic. The remaining few, however, have larger numbers of subscribers, ranging into the order of hundreds of thousands of Canadian households.

It is difficult to expect very small wholesale-based competitors to carry sufficient weight in the marketplace to elicit a strong competitive reaction from large facilities-based competitors. Facilities-based competitors (and, indeed, larger wholesale-based competitors) serve such a large number of households that losing a small number of customers to a competitor may not be sufficient to evoke a strong competitive response.⁸⁷

Ultimately, what is important is that consumers view wholesale-based competitors as an effective option for internet services. As long as it is sufficiently easy for competitors to establish themselves as an alternative in the eyes of consumers, then larger competitors will have to take their presence into account when making decisions on how to bring their products to market.⁸⁸ For example, larger competitors will often match other marketplace offers, or provide some other inducement, when one of their customers threatens to switch to a rival. At this micro level, the presence of smaller competitors results in a real competitive effect to the benefit of consumers in the form of lower prices or other inducements.

On a broader level, however, it is worth thinking about proactive, rather than just reactive, responses from larger competitors. In this context, a proactive response is a positive action by a competitor that is designed to react to the marketplace actions of another competitor. Presently, this can be seen by the launch of “flanker brands” offering broadband internet services, such as Fido Home Internet,⁸⁹ Virgin Mobile Home Internet,⁹⁰ and Fizz Internet,⁹¹ by some of Canada’s largest facilities-based competitors (Rogers, Bell, and Vidéotron, respectively). These flanker brands offer plans that are similar to those of wholesale-based competitors in terms of lower prices and other consumer benefits. The Bureau generally sees this type of activity as being positive for competition, as it places pressure on all market participants to lower prices, minimize

⁸⁷ *Ibid.*

⁸⁸ *Supra* note 30.

⁸⁹ See Fido Home Internet, operated by Rogers at: <https://www.fido.ca/pages/#/internet>.

⁹⁰ See Virgin Mobile Home Internet, operated by Bell at: <https://www.virginmobile.ca/en/internet/index.html>.

⁹¹ See Fizz Internet, operated by Vidéotron at: <https://fizz.ca/en/internet>.

costs, and compete their hardest in order to win customers. However, the *Competition Act* also explicitly contemplates that the use of “fighter brands” can have negative effects on competition and economic welfare if they are used selectively in order to push rivals out of the marketplace, or otherwise harm competitive outcomes.⁹²

Despite this positive evidence about the beneficial effects of wholesale-based competitors, there are also concerns about the efficacy of wholesale-based competitors in a more broad sense. For example, several facilities-based competitors, in the context of this study, reported that they do not consider wholesale-based competitors to be a significant competitive threat to their business.⁹³ And, the Bureau’s consumer research underlines the hesitation and uncertainty in the minds of some consumers as to whether wholesale-based competitors can deliver services on par with their facilities-based counterparts. While there is reason to be impressed by the competitive presence of wholesale-based competitors, there is also reason to hesitate when considering how far this competitive effect will manifest into the future.

Locality of Wholesale-Based Competitors

The Bureau notes that some wholesale-based competitors tend to be more effective in and around the cities in which they are based. For example, the Bureau’s internal analysis has found that wholesale-based competitors presently have a market share in excess of 20% within the home city of a certain wholesale-based competitor. This is perhaps not surprising, given the local market knowledge and degree of local involvement that some wholesale-based competitors exhibit.⁹⁴

Additionally, some wholesale-based competitors have taken significant steps to become facilities-based competitors in local areas. Two examples of this are TekSavvy in Chatham, Ontario and Start.ca in London, Ontario, both of which have commenced projects to deploy fibre optic networks in their home cities. With these networks in place, these companies, who started

⁹² *Competition Act* paragraph 78(1)(d). Available online at: <https://laws-lois.justice.gc.ca/eng/acts/c-34/index.html>.

⁹³ Source: confidential interviews with certain market participants.

⁹⁴ For example, Start.ca, a wholesale-based competitor based in London, Ontario, sponsors both a summer concert event in the city (<https://rockthepark.ca/site/>) and the city’s Junior hockey team (<http://londonknights.com/sponsors>), among other such activities.

out as wholesale-based competitors, are establishing facilities-based services in competition with telephone and cable companies, as well as other facilities-based competitors.^{95,96}

But What about Bundles?

Of those households surveyed in the Bureau’s public opinion research, nearly two-thirds bundle internet services with other telecommunications or broadcasting services, such as home phone or television.⁹⁷ Based on this statistic, it seems reasonable that, for a large segment of consumers, an internet provider may only be a practical alternative if they can offer a full range of such services.

Historically, few wholesale-based competitors have offered television services.⁹⁸ Despite the “cord cutting” narrative, three-quarters of Canadian homes continued to purchase traditional television services in 2017.⁹⁹ Because of these facts, at the commencement of this study, the Bureau raised the question of whether the wholesale access regime is sufficient to ensure choice for all consumers, rather than just those consumers who are willing to purchase “stand alone” internet services.¹⁰⁰

However, since that time, several major wholesale-based competitors, including Distributel,¹⁰¹ Start.ca,¹⁰² and TekSavvy¹⁰³, have launched or expanded their television services in significant geographic areas. The addition of television services to the suite of services that these wholesale-based competitors can provide is likely to make these providers a more attractive alternative to consumers who wish to purchase a full range of services from a single provider. It remains to be

⁹⁵ Jackson, E. (2018) “Why indie internet provider TekSavvy is building its own fibre network for the first time”. *The National Post*. July 26, 2018. Available online at: <https://business.financialpost.com/telecom/why-indie-internet-provider-teksavvy-is-building-its-own-fibre-network-for-the-first-time>.

⁹⁶ Start.ca. (2019). “Say hello to lightning-fast fibre internet”. Available online at: <https://www.start.ca/get-fibre>.

⁹⁷ For more information, see Part 4 of this report.

⁹⁸ Notable exceptions are vMedia and Cik Telecom, among others.

⁹⁹ See CMR Infographic 1.1, *supra* note 6.

¹⁰⁰ Competition Bureau. (2018). “Market Study Notice: Competition in Broadband Services”. Available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04360.html>.

¹⁰¹ Distributel Communications Limited. (2017) “Distributel Purchases Strategic IPTV Service Provider”. November 2, 2017. Available online at: <https://www.newswire.ca/news-releases/distributel-purchases-strategic-iptv-service-provider-654686543.html>.

¹⁰² De Bono, N. (2018) “London-based Start.ca takes on Bell, Rogers by offering TV service”. *London Free Press*, November 30, 2018. Available online at: <https://lfpres.com/business/local-business/start-ca-takes-on-bell-rogers-offering-tv-service>.

¹⁰³ See, for example, TekSavvy Solutions Inc. (2019) “TekSavvy TV Launching in Chatham, Ontario”. February 1, 2019. Available online at: <https://www.newswire.ca/news-releases/teksavvy-tv-launching-in-chatham-ontario-870925085.html>.

seen whether these new services are sufficiently attractive to consumers to elicit a significant competitive response from traditional, facilities-based competitors.

Key Issues in the Regulatory Landscape

Wholesale-based competitors do not own the entire underlying network infrastructure that they use to provide services. However, access to this infrastructure is often necessary during the installation of service in a customer's house, or when repairs are needed to damaged wires. In these circumstances, under the wholesale access regime, wholesale-based competitors must rely on facilities-based competitors for these services.

For example, when a wholesale-based competitor wants to hook up a new customer, it must contact the owner of the underlying network, and confirm that the service will be activated on a certain date. These arrangements regularly require that one of the network owner's technicians attend the customer's premise to ensure that the line is active, connect a modem, and verify that the service is working.

This reliance on a competitor is a source of conflict in the industry. Wholesale-based competitors, during this install process, lose touch with their customers and, when customers have an issue, resolving the issue can require a significant coordination effort between the wholesale-based competitor and the underlying network owner – coordination that can be opaque, confusing, and annoying for the consumer. There are also more serious allegations that install technicians, during the installation appointment, may disparage a wholesale-based competitor, or otherwise try to “win” a customer back to the network owner.¹⁰⁴

Ultimately, what is important for competition is that the independence of both facilities-based and wholesale-based competitors is maximized. Facilities-based competitors have a right to manage and control their own assets, and are required to participate in the wholesale access

¹⁰⁴ See paragraph 125 of the Written Submissions of TekSavvy Solutions Inc. Available online at: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapi/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf/\\$file/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapi/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf/$file/TekSavvy-Submission-CompetitionBureau-ABRIDGED.pdf).

regime only by way of regulation.¹⁰⁵ Accordingly, to ensure the best competitive outcomes, reliance of one competitor on another should be minimized wherever possible.¹⁰⁶

The CRTC is aware of these reliance issues, and is currently in the process of updating its regulatory supervision of interactions between wholesale-based and facilities-based competitors.¹⁰⁷ In this regard, the CRTC administers a “Competitor Quality of Service” regime, whereby facilities-based competitors are required to report to the CRTC certain performance-based metrics describing their relationships with wholesale-based competitors. For example, facilities-based competitors must report the average amount of time it takes for them to hook up a customer of a wholesale-based competitor, as well as a similar metric for repair services. The CRTC indicates the seriousness with which it takes these requirements by noting its ability to impose administrative monetary penalties for non-compliance.¹⁰⁸

There are also complaints in the industry about the pace at which regulatory decisions are made. While recognizing that evidence-based regulatory decision making in this industry is complex and requires significant effort and thought, the speed of this decision-making can have real effects on the marketplace. For example, in the interest of moving quickly, the CRTC often sets wholesale access rates on an interim basis, with final determinations to be made at a future date. Presently, some market participants claim that existing rates have been in an interim state for more than five years.¹⁰⁹ Furthermore, when rates are updated, there is a real potential that they can change dramatically – and even by an order of magnitude.¹¹⁰ The uncertainty associated with longer regulatory reviews can have significant negative effects on the marketplace, whereby both wholesale-based and facilities-based competitors are equally unsure of how regulatory rules will be established, and what impacts these rules may have on their businesses.¹¹¹

¹⁰⁵ See, for example, the comments of the CEO of BCE Inc. during its Q1 2019 Earnings Call. “BCE Inc. (BCE) CEO George Cope on Q1 2019 Results - Earnings Call Transcript”. Available online at: <https://seekingalpha.com/article/4259096-bce-inc-bce-ceo-george-cope-q1-2019-results-earnings-call-transcript?part=single>.

¹⁰⁶ The Bureau recognizes that, in achieving this goal of independence, regulators should consider the likely costs of changes alongside their likely benefits.

¹⁰⁷ See CRTC 2018-123, available online at: <https://crtc.gc.ca/eng/archive/2018/2018-123.htm>.

¹⁰⁸ *Ibid.* at paragraphs 120-121.

¹⁰⁹ See Page 12 of the Written Submissions of TekSavvy Solutions Inc. *Supra* note 104.

¹¹⁰ See CRTC 2016-396, available online at: <https://crtc.gc.ca/eng/archive/2016/2016-396.htm>.

¹¹¹ The Bureau recognizes that regulatory decision-making timelines can be exacerbated by parties’ actions that result in delays.

Conclusion on Wholesale-Based Competitors

Wholesale-based competitors fulfill a meaningful competitive presence in the marketplace. They currently serve more than 1,000,000 Canadian households, and act as an alternative for countless others, who use the presence of wholesale-based competitors to negotiate lower prices and better terms from other competitors in the marketplace. Facilities-based competitors are taking strategic actions to respond to the competitive threat posed by wholesale-based competitors, and the recent introduction of television services by several large wholesale-based competitors could elicit additional responses in the future.

Ultimately, it remains important that regulators continue to monitor the marketplace effects of wholesale-based competitors as a way of judging the success of the underlying wholesale access regime. At a high level, one of the best ways to ensure vigorous competition in broadband services is to maximize the independence of wholesale-based and facilities-based competitors, as well as working to minimize regulatory uncertainty. Competition brought about by the wholesale access regime delivers choice and lower prices to consumers; it remains important that this competition be preserved and capitalized on going forward.

Questions Arising from Discussion of Wholesale-Based Competitors

- Will recent integration by wholesale-based competitors into delivery of television services make them a more effective option for a wider base of consumers?
- Are there practical ways to further reduce the dependence of wholesale-based competitors on facilities-based competitors in the future?
- Is there a case for further regulation to address industry issues with the wholesale access regime?
- Is there a way to accelerate regulatory decision making and implementation in respect of the wholesale access regime, while at the same time respecting and preserving the evidence-based nature of these proceedings?

CONCLUSION

Given broadband's role as a key input into the Canadian economy, it is important to promote and protect competition in this industry. Doing so avoids negative spill-over effects into a broad range of economic activity that could result from less-than-competitive marketplace outcomes.

The Canadian broadband industry is unique in respect of its wholesale access regime. The Bureau's research tends to indicate that this regime is working to deliver increased choice and competition to consumers. A diversity of competitors, both wholesale- and facilities-based, compete daily to win customers and provide Canadians with access to world-class broadband networks. Balancing today's marketplace results with the longer-term need to maintain the incentive for continued investment in Canada's communications networks is a delicate matter, and will remain a challenge into the future.

The Bureau hopes that this study will spark further conversation about broadband regulation and competition going forward. Some of the issues discussed in this report are not novel and have, in fact, been unresolved for some time. Other parts of this report, such as the Bureau's consumer analysis, take a more novel approach relying on public opinion research. It is hoped that this report will feed into future industry thinking and regulatory decision-making.

Ultimately, the Bureau's perspective is that, as we proceed through tomorrow's challenges, competitive forces should remain at the centre of regulatory policy. Competition is the key organizing principle of Canada's economy, and it is the best way to ensure that consumers and businesses are well served by low prices, greater consumer choice, and increased levels of innovation. Through this study and its future efforts, the Bureau will continue to advocate for the benefits of competition in this important industry.

APPENDIX A SUMMARY OF QUESTIONS RAISED BY THIS STUDY

Questions Arising from Review of Marketplace Results of the Wholesale Access Regime

- Can statistics be collected and made available by regulators to better capture the market share of wholesale-based competitors in both local areas and for different types of consumers?
- How do wholesale-based competitors market their services? If these providers only target certain customer groups, what implications does this have for competition in other customer groups, and the success of the wholesale access regime in general?
- To what proportion of the marketplace do wholesale-based competitors act as a compelling competitive alternative?
- Why are wholesale-based competitors less successful in parts of the country beyond Southern Ontario and Southern Quebec? Is this a result of structural or strategic factors that make consumers in these areas less likely to choose a wholesale-based competitor?

Questions Arising from Consumer Analysis

- How do existing ISPs serve each of the different consumer groups identified in the Bureau's analysis? What are the implications for competition in each group?
- Do wholesale-based competitors act as a sufficient alternative to facilities-based competitors for all consumer types?
- Is there a case for regulation to address consumer switching difficulties or otherwise make consumers more aware of their options for internet services?
- Will there be changes in the future that affect consumer perceptions of either facilities-based or wholesale-based competitors?

Questions Arising from Analysis of Alternative Providers

- In what circumstances, or for which groups of consumers, should one or more of fixed wireless, mobile wireless, and satellite internet be considered part of the same relevant market as wired broadband internet connections?
- How could the competitive reality in Canada's broadband industry change following the introduction of 5G wireless services?
- If 5G could bring about significant new competitive discipline, what effect should this have on the wholesale access regime? What evidence of a positive competitive impact should a regulator require to adapt regulatory rules?

Questions Arising from Discussion of Facilities-Based Competitors

- How can a wholesale regime balance the positive aspects of greater competition with any negative effects that it may have on investment incentives?
- Is there a simpler or easier-to-implement method of setting wholesale rates? Is there value in exploring ex post assessment of the efficacy of existing rates, and more flexible adjustment of rates over time?
- Once networks are entirely fibre-optic based, what will be the driver of dynamic competition between facilities-based providers?

Questions Arising from Discussion of Wholesale-Based Competitors

- Will recent integration by wholesale-based competitors into delivery of television services make them a more effective option for a wider base of consumers?
- Are there practical ways to further reduce the dependence of wholesale-based competitors on facilities-based competitors in the future?
- Is there a case for further regulation to address industry issues with the wholesale access regime?

- Is there a way to accelerate regulatory decision making and implementation in respect of the wholesale access regime, while at the same time respecting and preserving the evidence-based nature of these proceedings?

APPENDIX B METHODOLOGY

This Appendix provides additional detail on the methodologies used by the Bureau in conducting this study.

Market Study Notice

Generally speaking, the first phase of a market study involves the publication of a Market Study Notice on the Bureau's website. This Notice defines the preliminary scope for a market study, and provides interested parties with information on how to participate in the study. A Market Study Notice was published for this study on May 10, 2018.¹¹²

Stakeholder Interviews

In this Study, the Bureau conducted more than 20 oral interviews with industry stakeholders, including a large number of face-to-face interviews at locations across Ontario and Quebec.¹¹³ These interviews took place during Summer and Fall 2018, with follow-up conversations as necessary during Winter and Spring 2019.

The Bureau used these interviews to:

1. Establish relationships with industry stakeholders;
2. Better explain and contextualize the study; and
3. Encourage future co-operation with the study, including in respect of written submissions and request for information responses, as discussed below.

Written Submissions

As a key part of the study, the Bureau requested that interested parties provide written submissions explaining their positions on the matters being examined. In total, the Bureau received 20 written submissions totaling more than 1,000 pages of information. Where the Bureau received permission to do so, these submissions (or public versions thereof that redact commercially sensitive information) were published on the Bureau's website.¹¹⁴

¹¹² Competition Bureau. (2018) "Market Study Notice: Competition in Broadband Services". Available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04360.html>.

¹¹³ Owing to the confidentiality provisions of the *Competition Act*, the Bureau cannot specify the identities of those who provided information to the Bureau in connection with this study.

¹¹⁴ Competition Bureau. (2018) "Submissions – Market Study: Competition in Broadband Services". Available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04387.html>.

These written submissions, in addition to notes taken during stakeholder interviews, allowed the Bureau to better comprehend both the ongoing issues in the industry and the historical context that has shaped the industry's development.

Market Study Update

In October 2018, after reviewing information gathered through oral interviews and written submissions, the Bureau released a Market Study Update document which refined the scope of the study, and articulated specific research questions to guide the analyses that were planned to be undertaken.¹¹⁵ By publicizing this document, the Bureau was able to communicate these updates to stakeholders, which spurred further conversations and set a context for the requests for information discussed below.

Informal Survey

As an initial step in the process of understanding consumer perspectives, the Bureau published an online survey on its website that was available from October 2018 to January 2019.¹¹⁶ In total, the Bureau received more than 42,000 survey responses, which were used as an input into the design of the public opinion research discussed below. The quotes cited in this report come from responses to this informal survey.

Public Opinion Research – Focus Groups

To initially understand the range of consumer opinions regarding broadband internet services in Canada, the Bureau's public opinion research experts held a series of 12 focus groups across Canada. Between December 12, 2018 and January 24, 2019, two sessions were held in each of Toronto, Ontario; Halifax, Nova Scotia; Montreal, Quebec; Edmonton, Alberta; and Vancouver, British Columbia. Two additional sessions were held via teleconference with rural households in Alberta, British Columbia, and Ontario. In each area, including the session with households in rural Ontario, one session was conducted with younger individuals (18 to 39 years) while the second session, including the session with households in rural Alberta and British Columbia, was conducted with older individuals (40 and up). Ten sessions were conducted in English and two sessions were conducted in French.

¹¹⁵ Competition Bureau. (2018) "Competition Bureau Broadband Market Study Update". Available online at: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04399.html>.

¹¹⁶ Competition Bureau. (2018) "Competition Bureau seeking input from consumers to help guide its Broadband Market Study". Available online at: <https://www.canada.ca/en/competition-bureau/news/2018/10/share-your-views-on-high-speed-internet-services.html>.

Qualitative research provides insight into the range of opinions held within a population, rather than the weights of the opinions held, as would be measured in a quantitative study. The results of this type of research should be viewed as indicative rather than projectable to the population.

The results of these focus groups were used: (1) to increase the Bureau's general familiarization with the range of opinions held by Canadian consumers; and (2) to assist the Bureau's public opinion research experts and behavioural economics expert in designing quantitative research.

Additional details about these focus groups can be found in a report entitled "[Competition Bureau Market Study: Consumer Switching in Broadband Providers](#)" delivered by Environics Research Group to Innovation, Science, and Economic Development Canada on **August 7, 2019**.

Public Opinion Research – Survey

The Bureau's public opinion research experts conducted an online survey with 2,005 Canadian households who have a home internet subscription from March 6 to 14, 2019. The sampling method for this survey was designed to complete interviews with at least 2,000 Canadians aged 18 and over who have home internet subscriptions. Quotas were set by age, gender, and region.

The quantitative research was conducted with respondents from an online panel. Since the samples used in online panel surveys are based on self-selection and are not a random probability sample, no formal estimates of sampling error can be calculated. Although opt-in panels are not random probability samples, online surveys with the general population resemble a random sample closely if they are well designed and employ a large, well-maintained panel.

The results of this survey were used by the Bureau in the discussion found in Part 4 of this report. Additional details about the survey can be found in a report entitled "Competition Bureau Market Study: Consumer Switching in Broadband Providers" delivered by Environics Research Group to Innovation, Science, and Economic Development Canada on **August 7, 2019**.

As part of the Bureau's analysis of survey results, and in support of an OECD initiative regarding Gender and Competition,¹¹⁷ the Bureau employed a gender lens to better understand how research results vary among genders. Ultimately, two significant differences were found between the genders studied in this survey:

- 1) Women respondents were more likely to report that they share decision-making responsibility with another member of their household in respect to broadband services,

¹¹⁷ OECD. "Gender and Competition". Available online at: <http://www.oecd.org/daf/competition/gender-and-competition.htm>.

whereas men were more likely to respond that they are the sole decision maker in the household; and

- 2) Women respondents were more likely to be “Balanced Consumers” in the Bureau’s typology of Canadian broadband consumers.

Requests for Information

In the context of market studies, the Bureau does not have formal investigative powers to compel information from those who have, or are likely to have, relevant information. Therefore, in conducting market studies, the Bureau must rely on voluntary cooperation of stakeholders to access the information needed to perform the study.

To better understand and verify the claims expressed by industry stakeholders in oral interviews and written submissions, the Bureau requested certain follow-on information from ten market participants. These requests asked for a variety of business records, confidential filings from past CRTC proceedings, narrative responses, and data describing business operations. Market participants were asked to respond to these requests within approximately five weeks, although many responses were received beyond this time period.

Ultimately, compliance with the requests was mixed. While all industry participants responded to the requests for information, some did not provide all of the information requested, claiming that they could not compile the necessary information on the timelines that the Bureau requested, and that certain information could not be produced owing to contractual confidentiality obligations.

Data Analysis

The Bureau requested and received certain data describing industry participants’ subscriber numbers and revenue information. With these data, the Bureau wished to do two types of analyses: (1) market share calculations; and (2) a form of econometric events study or cross-sectional analysis designed to better understand the impact that wholesale-based competitors have on competition.

Not one industry participant fully complied with the Bureau’s requests for data, however many participants did supply some form of responsive information. With this information, the Bureau was able to complete the market share analysis presented in Part 3 of this Report. Access to richer information would have allowed the Bureau to calculate market shares on the basis of

revenues and other plan characteristics (e.g., speeds, download caps, number of products in a bundle), rather than only on the basis of total subscribers in a geographic area.

With the data received, the Bureau was not in a position to perform any advanced econometric analyses. Either the data received was provided at too high of a geographic level (e.g., at the provincial or national level, rather than the local level), or was not provided with the correct periodicity (e.g., annually rather than monthly) to provide reliable results. Accordingly, the Bureau was not able to make any quantitative estimate of how wholesale-based competitors influence marketplace outcomes. It does bear noting that, even with all of the data that the Bureau requested, it still may have been difficult or impossible to arrive at statistically significant results from these types of analyses due to a variety of factors.

APPENDIX C SUMMARY OF RANDOMIZED CONTROL TRIAL EXPERIMENT

Rationale for Randomized Control Trial

Consumers use heuristics (or ‘rules of thumb’) when making purchase decisions. With this insight about consumers’ heuristic processing, marketers can steer decisions toward a particular product or service. One such marketing tactic is the ‘bundling’ of products and/or services – that is, the practice of combining multiple goods and services into a single package. Bundling has been shown to garner a strategic advantage for marketers by (1) increasing consumers’ perceived value¹¹⁸ of the products and (2) reducing perceived friction costs (i.e., providing convenience to consumers).¹¹⁹

Bundling is common in the telecommunications industry. In advertisements, firms often highlight the increased savings and/or convenience of combining the purchase of broadband internet, cellular phone plans, landline services, and television packages or any mix of two or more of these services from a single company with a single invoice for all services. Consumers respond to these bundled services positively. In fact, bundling has been shown to reduce consumers’ tendency to switch from their current product to a new product. However, the benefits of bundling does not necessarily outweigh future costs (e.g., the cost of cancelling bundled services later) and might prevent consumers from exploring more options in the marketplace to find a home internet service that best suits their needs.

In this project, we conducted rigorous testing to verify the impact of bundling on consumers’ preferences for home internet services and corresponding purchase intentions by using a randomized control trial (RCT). RCT is a common research method used in Behavioural Science and Behavioural Economics because it enables researchers to objectively compare what can occur when cognitive or psychological factors are mitigated as opposed to when they are allowed to create biases in consumer decision-making. For this reason, RCT allows for a more comprehensive understanding of how perceived cost savings and convenience created by the industry practices of bundling may influence consumers’ demand for home internet services in

¹¹⁸ Yadav, M. S., & Monroe, K. (1993). How buyers perceive savings in a bundle price: An examination of a bundle's transaction value. *Journal of Marketing Research*, 30, 350-358; Stremersch, S., & Tellis, G. J. (2002). Strategic bundling of products and prices: A new synthesis for marketing. *Journal of Marketing*, 66, 55-72.

¹¹⁹ Lee, S. (2017). Does bundling decrease the probability of switching telecommunications service providers? *Review of Industrial Organization*, 50(3), 303-322.

terms of their preference for, attitude toward, and information search about bundled services versus non-bundled services.

If consumers' preference is solely driven by rational cost-benefit analyses, or objective product information, simply increasing the salience of benefits associated with bundles (e.g., cost savings or convenience) in consumers' minds should not influence their preference and demand for bundled services. However, if consumers' demand is at least partially driven by cognitive and/or psychological factors, then highlighting these benefits in the product offerings will change consumers' preferences. For example, if perceived friction costs of purchasing broadband services are high, then highlighting convenience can increase consumers' preference for bundles. Similarly, highlighting ostensible cost savings associated with bundles versus non-bundles can also increase consumers' preference for bundles. With this in mind, we designed our RCT to test the role of perceived savings and convenience of bundle offers.





Research Method: Design and Participants

This RCT tested several bundling options and measured both ISP-related present judgments and projected future judgments. Each participant was presented with a pair of options – a bundle option and a non-bundle option – and asked to evaluate them. The bundle offer combined home internet, TV, and home phone services. Group 1 highlighted the cost savings, Group 2 highlighted convenience, and Groups 3 and 4 highlighted neither cost savings nor convenience (see the description of RCT groups below). To delineate the effect of perceived cost savings and perceived friction costs, we kept every product attribute identical between the bundle and non-bundle offers in the treatment groups (Groups 1-3), including their total cost of equivalent services, service items in each offer, download speed, download amount, etc. This way, any difference between any two of these RCT groups could only be attributed to the salience of perceived cost savings or convenience (low friction costs) rather than other product attributes. Group 4 was the control group.





Dependent Measures. We included four types of dependent measures in the RCT: (1) preference, (2) attitude, (3) information search intention, and (4) switching intention. Please refer to the actual survey for more detailed information on how these measures were worded.

Design. The four experimental groups of the RCT are as follows:





- *Group 1: Monetary Savings* - Participants were presented with a non-bundle offer and a bundle offer that highlighted the benefit of cost savings for the bundle offer. The amount of savings was not specified. The total cost of purchasing all three services were identical (\$126.50) between the two offers. This subtle design allowed us to test the power of mere potential savings in driving consumers' preference.

| Bundle | Non-bundle, with budget information |
|---|---|
| <p>\$126.50/month</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p> 100 + Channels</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p> Unlimited Local Calling</p> </div> <div style="width: 45%; border: 1px solid green; background-color: #e0f2f1; border-radius: 5px; padding: 5px; text-align: center;"> <p style="color: red; font-weight: bold;">Save money with a bundle!</p> </div> </div> | <p>\$70.50/month</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p>Internet, TV, and home phone services can be purchased from separate vendors for around \$126.50 in total.</p> |





- *Group 2: Convenience* - Participants were presented with the same non-bundle offer used in the *Monetary Savings* group and a bundle offer that highlighted the convenience of purchasing the bundle offer.

| Bundle | Non-bundle, with budget information |
|---|---|
| <p>\$126.50/month</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p> 100 + Channels</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p> Unlimited Local Calling</p> </div> <div style="width: 45%; border: 1px solid green; background-color: #e0f2f1; border-radius: 5px; padding: 5px; text-align: center;"> <p style="color: red; font-weight: bold;">Single bill! Hassle free!</p> </div> </div> | <p>\$70.50/month</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p>Internet, TV, and home phone services can be purchased from separate vendors for around \$126.50 in total.</p> |

- *Group 3: Generic Bundle* - Participants were presented with the same non-bundle offer used in the *Monetary Savings* group and a generic bundle offer that did not highlight the monetary savings or convenience.

| Bundle | Non-bundle offer, with budget information |
|---|---|
| <p>\$126.50/month</p> <p> 100 + Channels</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p> Unlimited Local Calling</p> | <p>\$70.50/month</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p>Internet, TV, and home phone services can be purchased from separate vendors for around \$126.50 in total.</p> |

- *Group 4: Control (without budgetary information)* - Participants were presented with a generic non-bundle offer that did not have the budgetary information and had the cost of purchasing the à-la-carte internet service (\$70.5). The bundle option was the same generic bundle offer from the *Generic Bundle* group.

| Bundle | Non-bundle, no budget information |
|---|---|
| <p>\$126.50/month</p> <p> 100 + Channels</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> <p> Unlimited Local Calling</p> | <p>\$70.50/month</p> <p> Unlimited Usage Download Speed Up to 100 Mbps Upload Speed Up to 10 Mbps</p> |

Comparing across the *Monetary Savings*, *Convenience*, and *Generic Bundle* groups provides us the opportunity to examine how perceptions of monetary savings or convenience in a bundle offer affected consumers' preference for and attitude toward the bundle offer versus non-bundle offer. Comparison of these treatment groups with the *Control* group revealed whether the preference for the bundle offer changed when the total cost is uncertain (it did, see Figure 1).

Participants. A total of 2,005 ISP users (47.7% males, 51.7% females, 0.5% other; mean age = 48.2 years old) participated in this RCT. The size of each RCT group was similar, ranging from 500 to 504 people. There were participants from each province and territory in Canada. Overall, the sample population was representative such that it had a similar distribution of gender and geographical location as the actual distribution in Canada.

Results of Randomized Control Trial

Although the sample of the RCT is reasonably large (2,005 participants) and representative of the Canadian broadband market in various demographics factors, caution should be exercised in the interpretation and application of the RCT findings. The three key findings of this RCT are as follows:

The Role of Cognitive and Psychological Factors. When monetary savings (Group 1) or convenience (Group 2) was highlighted in the product offerings, consumers' preference for and attitude toward the bundle offer increased.¹²⁰

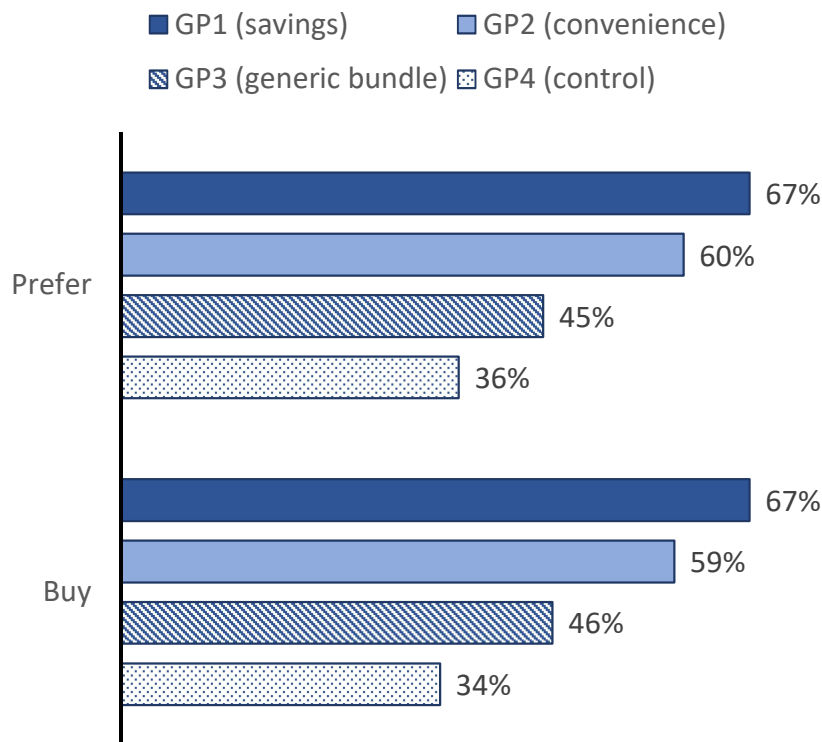
- *Preference.* A greater percentage of participants preferred the bundle offer and indicated that they would purchase it for their home.
- *Attitude.* Participants liked the bundle offer more and considered it more attractive than the non-bundle offer.
- *Information Search Intention.* Participants would like to receive more information about the bundle offer and they were less interested in receiving more information about the non-bundle offer.
- *Switching Intention.* The likelihood of switching to their chosen option did not vary across RCT groups; however, participants' likelihood of switching from their current ISP to the chosen option was higher among those who chose the bundle offer than those who chose the non-bundle offer.¹²¹

¹²⁰ This result was revealed after we controlled for the variance related to participants' age and their sensitivity to the treatment factors – highlighting savings or convenience. See Table 1 for the result without the control for the age-related variance.

¹²¹ Average switching intention: 4.59 for those who preferred the bundle offer and 3.95 for those who preferred the non-bundle offer (7-point scale; 1 = not at all likely, 7 = extremely likely).

The effect of the treatment factors (highlighting savings and convenience) occurred while the product and total cost information was kept constant across the treatment groups. As shown in Figure 1, the range of the shift in market share in the RCT – in terms of the percentage of participants choosing the bundle offer – was 21-31%, depending on the RCT group. This result suggests that consumers’ demand for home internet services is subject to cognitive/psychological factors as opposed to solely driven by rational cost-benefit analyses or objective product information. Given that participants’ attitude toward the bundle and the desire for additional information were consistent with their preference, we focus on participants’ preference and intended purchase choice in the rest of this summary. See Table 1 for summary statistics.

Figure 1. Preference and Purchase Choice for the Bundle Offer¹²²



Inherent Preference for Bundles in Consumer Sub-groups. The following participant subsets had a stronger preference for purchasing the home internet service in a bundle offer:

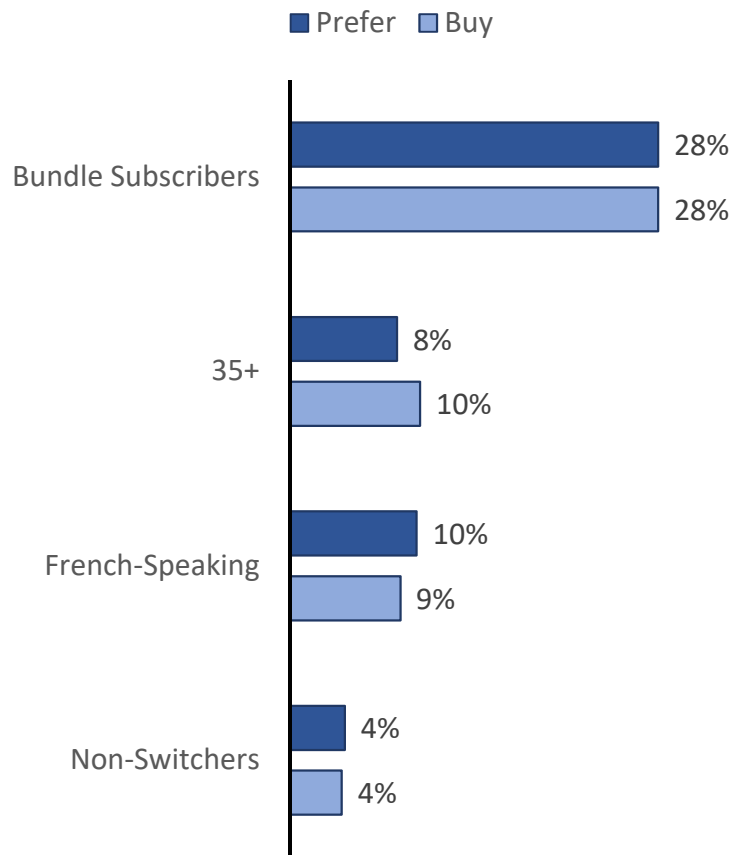
- a. Current bundle subscribers (vs. non-bundle subscribers)
- b. Those 35 years old and above (vs. 34 years old and below)
- c. French-speaking participants (vs. English-speaking participants)

¹²² Estimated marginal means for each RCT group, adjusted for age-related variance in the sample population.

- d. Consumers who have not switched ISPs in the past two years (vs. consumers who have switched)

Among these consumer types, the increase in market share for the bundled home internet service across RCT groups ranged from 4.3% to 28.3% (see Figure 2).

Figure 2. Increase in Market Share for Bundle in the RCT



Highlighting Convenience Increases Bundle Preference. Although participants' overall preference for the bundle offer was higher in Group 1 than Group 2 by 7%, two consumer subgroups showed the opposite pattern. That is, with everything else being equal in ISP packages, merely highlighting the 'convenience' benefit of a bundle offer (Group 2) increased preference for the bundled home internet service even *more* than did highlighting 'savings' among consumers with certain ISP-related experiences:

- Non-bundle subscribers (vs. current bundle subscribers)
- Participants who switched ISPs in the past two years (vs. those who have not switched)

Among these consumer types, their preference for the *Convenience* bundle offer (vs. *Generic Bundle* or *Control* group) increased by 23% to 36% (see Figure 3).

Figure 3. Increase in Market Share for Bundle When ‘Convenience’ was Highlighted

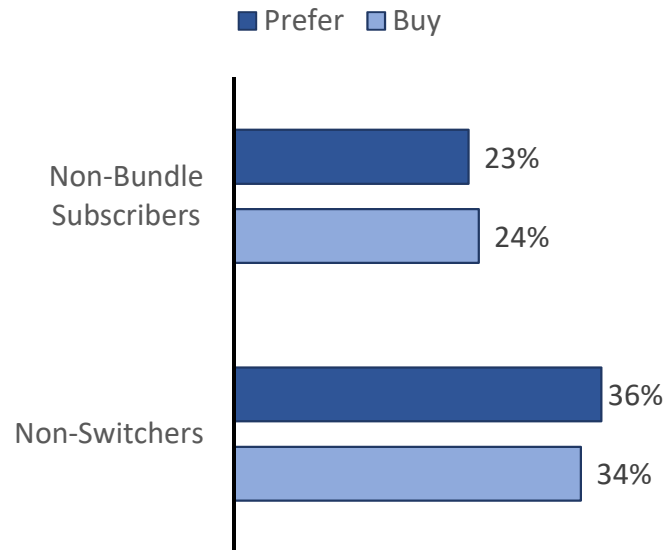


Table 1. Summary Statistics for the Dependent Measures

| | Group 1 | Group 2 | Group 3 | Group 4 |
|---------------------------------|-------------|-------------|-------------|-------------|
| N | 501 | 500 | 504 | 500 |
| Preference-B | 67.0% | 60.0% | 45.0% | 36.0% |
| Purchase Choice-B | 67.0% | 59.0% | 46.0% | 34.0% |
| Attitude-B | 4.68 (0.10) | 4.53 (0.08) | 4.37 (0.08) | 4.19 (0.10) |
| Attitude-NB | 3.85 (0.09) | 3.97 (0.07) | 4.25 (0.07) | 4.61 (0.09) |
| Switching Intention | 4.23 (0.11) | 4.18 (0.09) | 4.34 (0.09) | 4.39 (0.11) |
| Information Search Intention-B | 2.20 (0.06) | 2.33 (0.05) | 2.44 (0.05) | 2.53 (0.06) |
| Information Search Intention-NB | 2.72 (0.05) | 2.61 (0.04) | 2.40 (0.04) | 2.30 (0.05) |
| Raw means ¹²³ | | | | |
| Preference-B | 52.7% | 55.2% | 50.2% | 51.0% |
| Purchase Choice-B | 52.5% | 54.2% | 50.8% | 49.4% |
| Attitude-B | 4.49 (1.59) | 4.47 (1.70) | 4.43 (1.55) | 4.39 (1.74) |
| Attitude-NB | 4.24 (1.52) | 4.10 (1.61) | 4.12 (1.65) | 4.23 (1.63) |
| Switching Intention | 4.32 (1.77) | 4.21 (1.91) | 4.31 (1.88) | 4.30 (1.86) |
| Information Search Intention-B | 2.32 (1.00) | 2.37 (1.02) | 2.40 (1.04) | 2.41 (1.04) |
| Information Search Intention-NB | 2.49 (0.90) | 2.53 (0.94) | 2.48 (0.99) | 2.53 (0.94) |

Note: Standard deviations are in brackets. *N* denotes total cell size. *B* denotes 'Bundle', *NB* denotes 'Non-bundle'.

¹²³ Results without controlling for age-related variance.

EXHIBIT 9

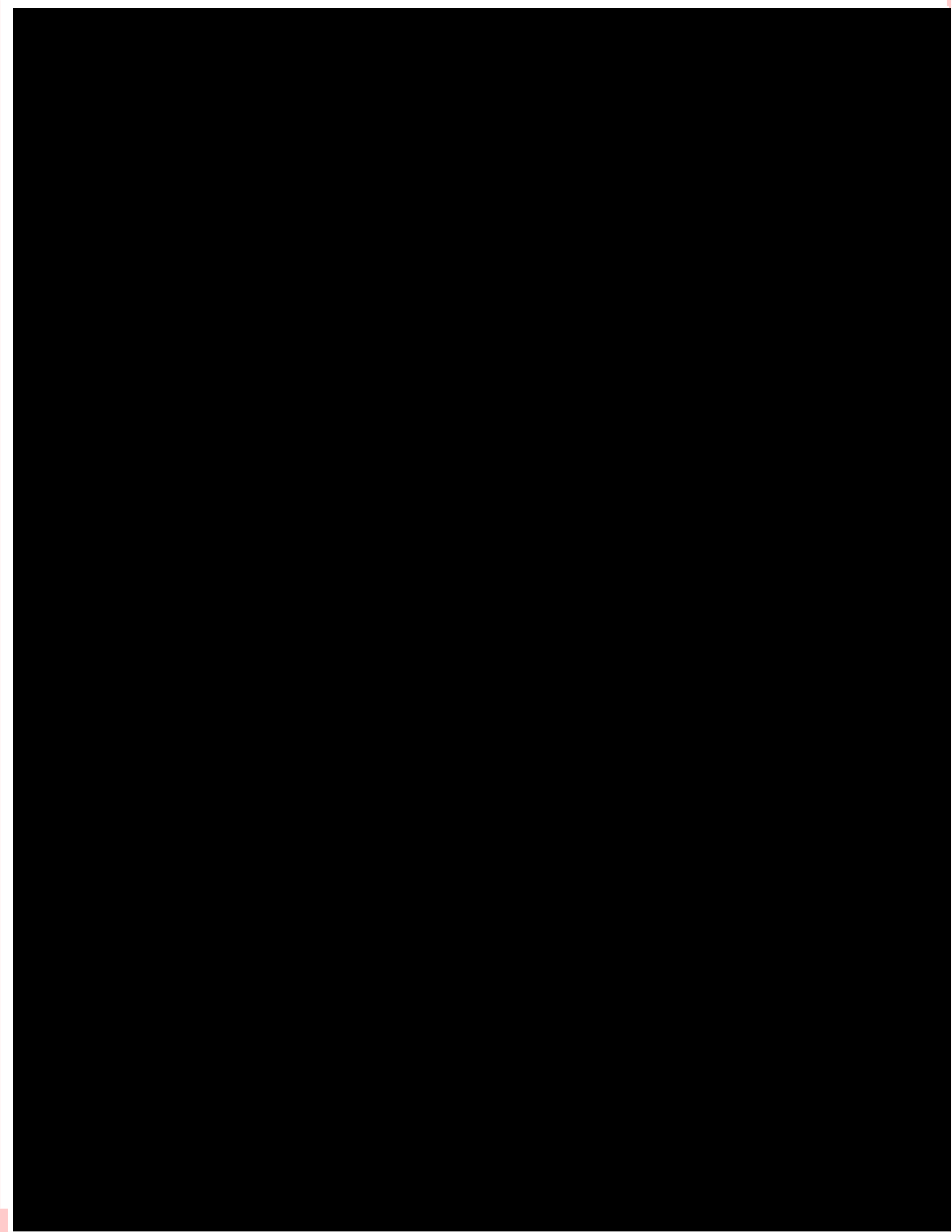


EXHIBIT 10

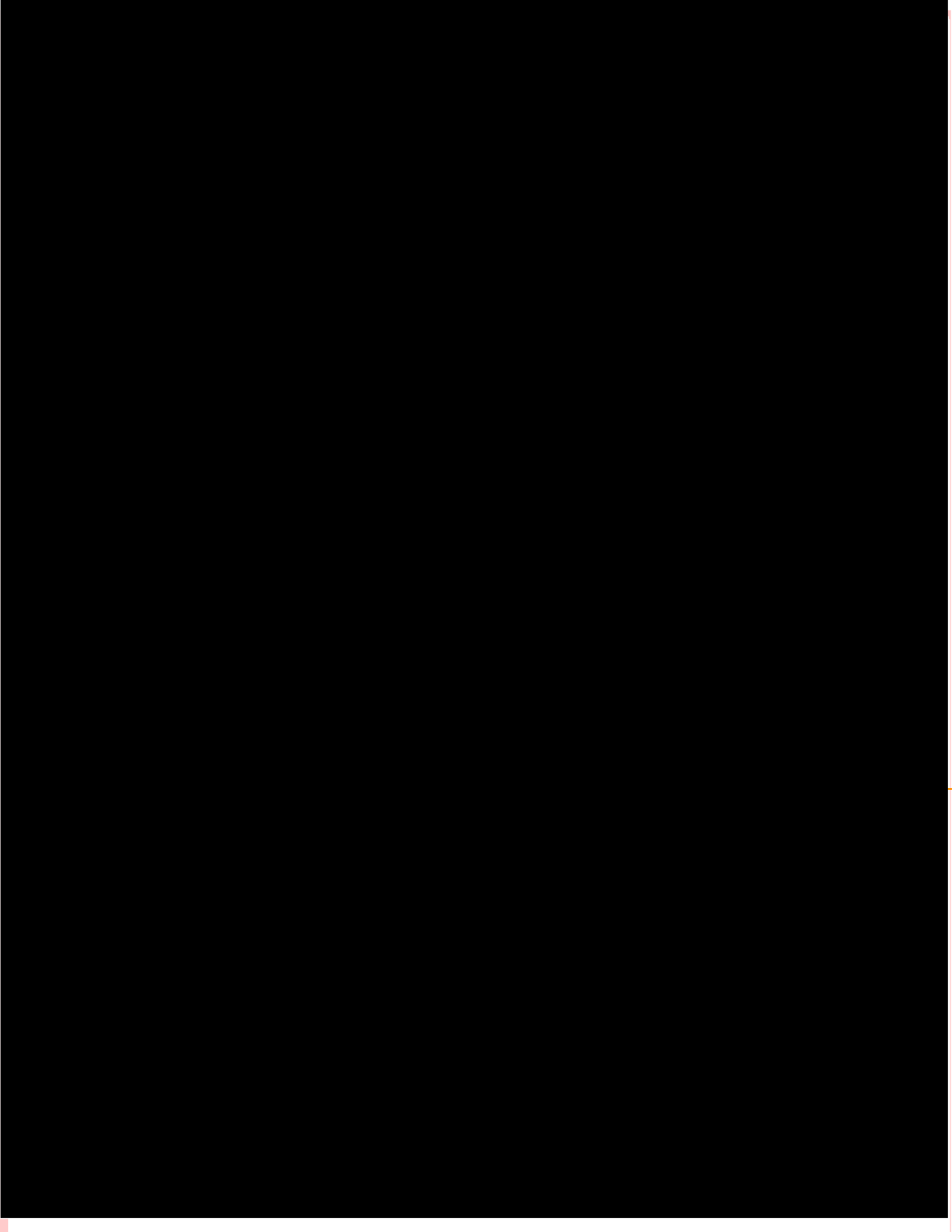


EXHIBIT 11

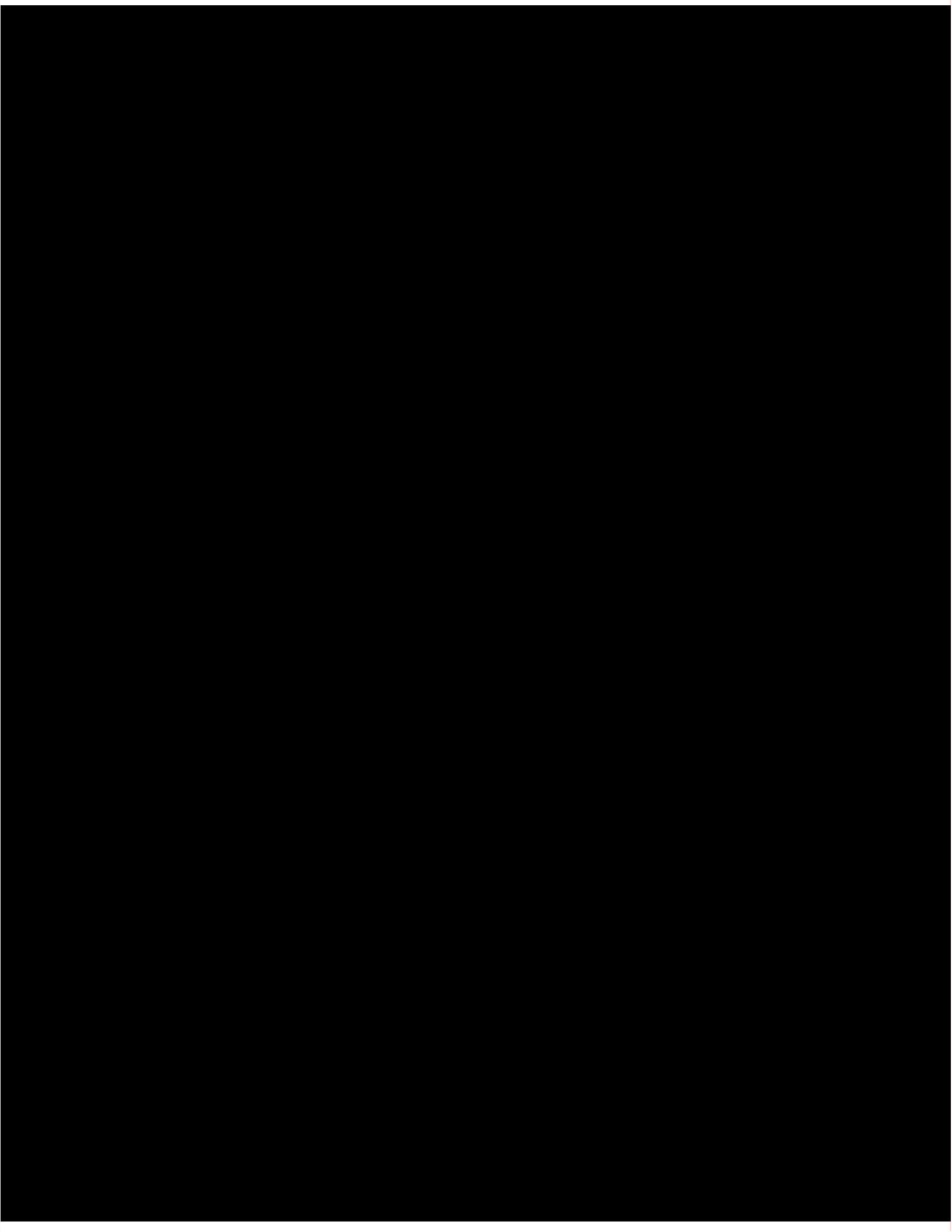


EXHIBIT 12

Rogers and Shaw to come together in \$26 billion transaction, creating new jobs and investment in Western Canada and accelerating Canada's 5G rollout

Rogers to purchase all outstanding Class A Shares and Class B Shares of Shaw for \$40.50 per share in cash, reflecting a ~70% premium to Shaw's Class B Share price

Shaw Family Trust irrevocably agrees to vote in favour of transaction

Rogers will invest \$6.5 billion in Western Canada to build critically needed 5G networks, connect underserved rural and Indigenous communities, and bring added choice to customers and businesses

New technology and network investments will create up to 3,000 net new jobs across Alberta, British Columbia, Manitoba and Saskatchewan

Highlights of the Transaction

- *Rogers to acquire all issued and outstanding Class A Shares and Class B Shares of Shaw for a price of \$40.50 per share in cash, amounting to approximately \$20 billion, which reflects a premium of approximately 70% to Shaw's recent Class B Share price*
- *Transaction valued at approximately \$26 billion inclusive of approximately \$6 billion of Shaw debt, equivalent to 10.7x 2021 Calendar Year EBITDA based on latest consensus estimates, or 7.6x post synergies*
- *Transaction to be funded by cash consideration of \$40.50 to all shareholders, with the exception of approximately 60% of the Shaw family shares which will be exchanged for 23.6 million Class B Shares of Rogers at an exchange ratio of 0.70 reflecting the volume weighted average trading price of Rogers shares over the last 10 days*
- *The transaction is not conditional upon financing, as Rogers has secured committed financing to cover the cash consideration*
- *Pro forma leverage on closing is expected to be just over 5x and Rogers expects to maintain its investment grade rating*
- *Synergies are expected to exceed \$1 billion annually within two years of closing, and the transaction will be significantly accretive to earnings and cash flow per share as of the first year after closing*
- *Rogers pro forma dividend payout ratio declines to below 30% within 24 months of close*
- *Shaw family will become one of the largest shareholders in Rogers*
- *Brad Shaw, and another Director to be nominated by the Shaw family, will join the Rogers Board of Directors when transaction closes*
- *Transaction unanimously approved by the Rogers Board of Directors and unanimously recommended by the Shaw Board of Directors*
- *The Shaw family fully and irrevocably supports the transaction and anticipated benefits to customers, local communities and small businesses in Western provinces and Canada as a whole*

Investments to Create Jobs and Connect Communities

- *Rogers to invest \$2.5 billion to build 5G network in Western Canada, driving economic growth and strengthening innovation sector*
- *New \$1 billion fund dedicated to connecting rural, remote and Indigenous communities to high-speed Internet across the four Western provinces*
- *Additional \$3 billion to support additional network, services, and technology investments*
- *Western head office of combined company to remain at Shaw Court in Calgary; President of Western operations and other senior roles to be based in Calgary*
- *Rogers to maintain and grow local Shaw jobs so that teams across Alberta, British Columbia, Manitoba and Saskatchewan will continue to serve customers and support local communities*
- *The combined company is committed to continue offering affordable wireless plans, with no overage fees, that meet the budgets and needs of Canadians. As part of this commitment, Rogers will not increase wireless prices for Freedom Mobile customers for at least three years following the close of the transaction*

CALGARY and TORONTO, March 15, 2021- Rogers Communications Inc. (“Rogers”) and Shaw Communications Inc. (“Shaw”) today announced that they have reached an agreement for Rogers to acquire all of Shaw’s issued and outstanding Class A Shares and Class B Shares in a transaction valued at approximately \$26 billion inclusive of approximately \$6 billion of Shaw debt (the “Transaction”). The offer price of \$40.50 per share represents a significant premium for Shaw shareholders; further details of the transaction are described below. The transaction is not subject to a financing condition as Rogers has secured committed debt financing, which it will use along with balance sheet cash and the issuance of 23.6 million shares to the Shaw Family Living Trust.

The combination of Rogers and Shaw builds on the strong legacy of two family-founded Canadian companies. The combined entity will have the scale, assets and capabilities needed to deliver unprecedented wireline and wireless broadband and network investments, innovation and growth in new telecommunications services, and greater choice for Canadian consumers and businesses.

As part of the transaction, the combined company will invest \$2.5 billion in 5G networks over the next five years across Western Canada, which will enhance competitiveness, offer consumers and businesses more choice and improved services, help close the digital divide between urban and rural communities, and deliver significant long-term benefits for businesses and consumers.

This transaction will create Canada’s most robust wholly-owned national network, and as a result of the combined spectrum holdings and enhanced capacity, will generate more choice and competition for businesses and consumers, as well as realizing the full benefits of next generation networks for Canadians and Canada’s productivity.

The combination will accelerate the delivery of critical 5G service across Western Canada, from rural areas to dense cities, more quickly than either company could achieve on its own. This will be accomplished by bringing together the expertise and assets of both companies, including Shaw's existing cable, fibre, and wireless networks and Rogers' robust national wireless network and extensive 5G capabilities.

Additionally, Rogers will commit to establishing a new \$1 billion Rogers Rural and Indigenous Connectivity Fund dedicated to connecting rural, remote and Indigenous communities across Western Canada to high-speed Internet and closing critical connectivity gaps faster for underserved areas. As part of this fund, Rogers will consult with Indigenous communities to create Indigenous-owned and operated Internet Service Providers, which would leverage Rogers' expanded networks and capabilities to create sustainable, local connectivity solutions.

The combined company is committed to continue offering affordable wireless plans, with no overage fees, that meet the budgets and needs of Canadians. As part of this commitment, Rogers will not increase wireless prices for Freedom Mobile customers for at least three years following the close of the transaction.

In addition, to help individuals and families access affordable Internet services, Rogers will also expand its *Connected for Success* program nationally to reach every Canadian where the combined company offers Internet services. This first-of-its-kind program is designed to help seniors and low-income Canadians who receive income assistance access low-cost, high-speed Internet, with multiple speed options to meet customers' needs.

The scale created by this combination will enable the level of infrastructure expansion that is critical to drive growth, attract new consumer and business customers, and drive technology adoption. Upgrading Canada's digital infrastructure and accelerating digitization is critical to diversifying and strengthening the country's economy and innovation sector as well as fueling economic recovery.

Once approved, the transaction is expected to generate significant growth and efficiency opportunities to support the accelerated investment into 5G capabilities and expanded urban and high-speed rural connectivity in Western Canada. Anticipated benefits include access to new services and capabilities for Shaw customers as well as savings opportunities for Rogers, such as reduced wholesale charges and network costs and the elimination of duplicative technology and infrastructure associated with greater scale.

"We are proud to join forces with the Shaw family and team as we combine our companies and our 10,000 team members across Alberta, British Columbia, Manitoba, and Saskatchewan, supported by a head office in Calgary. Western Canada is a major driver of our national economy and together we will have the scale, expertise and commitment to deliver the technology infrastructure needed to keep local communities connected, businesses competitive and attract new investment," said Joe Natale, President and CEO of Rogers Communications.

"We're at a critical inflection point where generational investments are needed to make

Canada-wide 5G a reality. 5G is about nation-building; it's vital to boosting productivity and will help close the connectivity gap faster in rural, remote and Indigenous communities.

Fundamentally, this combination of two great companies will create more jobs and investment in Western Canada, connect more people and businesses, deliver best-in-class-services and infrastructure across the nation, and provide increased competition and choice for Canadian consumers and businesses."

"Our two companies have been successful because of the foresight and vision of two great founders who were driven by their unrelenting pioneering spirit and entrepreneurial values. Without a doubt, my father would be proud of this moment, combining forces with the company founded by his old friend to deliver more Canadians world class connectivity, more choice, and better value," said Brad Shaw, Executive Chair & CEO, Shaw. "While unlocking tremendous shareholder value, combining these two great companies also creates a truly national provider with the capacity to invest greater resources expeditiously to build the wireline and wireless networks that all Canadians need for the long term. This transaction will create benefits for generations to come."

Edward Rogers, Chairman of Rogers Communications, said, "Today's announcement brings two iconic Canadian family-founded businesses together with the expertise, combined assets, and scale to deliver the next generation of telecommunications to Canadian consumers and businesses. This is a transformational combination; and extends our company's long legacy of innovation, entrepreneurship, and dedication to world-class service for decades to come."

Create new jobs in Western Canada

In addition to unprecedented broadband and wireless investments that will create up to 3,000 net new jobs, the combined company would expand on Shaw's legacy of commitment to Canada's four Western provinces:

- The combined company will create a headquarters for all Western operations, at Shaw's iconic Shaw Court in downtown Calgary and remain one of the largest private sector employers in Western Canada.
- The President of Western operations and other senior roles will be based in the company's Calgary headquarters, to lead the combined company's operations across Western Canada.
- Brad Shaw, and another Director to be nominated by the Shaw family, will be named to the Rogers Board of Directors to assist in driving the future success of the combined company, following the completion and approval of the transaction.
- Shaw's skilled workforce is integral to the success of the combined company. Following the close of the transaction, Rogers will maintain a strong local employee base in

Western Canada so that local teams can continue to serve local consumer, business and government customers and their communities.

- The combined teams will be 10,000 people strong across Alberta, British Columbia, Manitoba and Saskatchewan and will bring together the best of two corporate cultures that are each passionate about growth, serving customers and contributing to local communities.
- The additional investment of the combined company will continue to diversify the Alberta and British Columbia economies with next generation economic opportunities, while strengthening its commitment to research and development in Western Canada through existing partnerships with the University of Calgary and the University of British Columbia.
- Building on our existing commitment to R&D innovation in 5G in Western Canada through our partnerships with UBC and University of Calgary, Rogers will establish a new National Centre of Technology and Engineering Excellence, located in Calgary, to support the needs of the new combined company, creating hundreds of new high skilled jobs and opportunities to work with Canadian developers to create new consumer and business applications and services.

Support and connect communities

Today approximately 10% of homes in Canada have no Internet access and approximately 600,000 households in Western Canada still cannot access the minimum Internet speeds recommended by the federal government. This connectivity gap has been identified as the number one issue impeding economic growth in rural and remote communities.

Using the companies' combined spectrum assets and infrastructure for 5G across its expanded network, including Rogers national low band 5G spectrum, the combined company will be able to bring the highest quality mobile broadband and fixed wireless Internet services to even more rural communities, in many cases for the first time.

The combined company will help to further close the digital divide by:

- Creating a new \$1 billion Rogers Rural and Indigenous Connectivity Fund to connect rural, remote, and Indigenous communities across Western Canada to high-speed Internet, one of the largest ever commitments of its kind made by the private sector.
- Consulting with Indigenous communities to create Indigenous-owned and operated Internet Service Providers that leverage Rogers expanded networks and capabilities to create sustainable, local connectivity solutions.

- Extending Rogers *Connected for Success* program across Western Canada to bring the first of its kind low-cost broadband program nationally to help seniors and low-income Canadians in every community where the combined company offers Internet services.

Rogers will also build on Shaw's activities and impact to communities and charities, valued at more than \$40 million in 2020. In addition to Rogers existing robust community impact programs, this includes commitments to:

- Continue and augment Shaw's charitable giving programs, including adding new youth scholarships to support the future talent pipeline in emerging technologies.
- Work with the Shaw Charity Classic partners to support and extend the annual PGA TOUR Champions event for up to ten years. The event has raised more than \$61 million for Alberta kids' charities since 2013.

Deliver affordable services and improve choice for customers

In addition to dramatically improved connectivity and accessibility, the combination will deliver choice, competition and affordability to Canadians:

- The combined company is committed to continue offering affordable wireless plans, with no overage fees, that meet the budgets and needs of Canadians. As part of this commitment, Rogers will not increase wireless prices for Freedom Mobile customers for at least three years following the close of the transaction.
- The combined company's coast-to-coast fibre network would create new competition for Bell and Telus for large enterprise and government customers across Canada.
- Today many rural communities are served by only one provider. With Rogers investment in broadband in Western Canada and deployment of spectrum assets and infrastructure for 5G across its expanded network, including its national low band 5G spectrum, Rogers will bring the highest quality mobile broadband and fixed wireless Internet and service to residents of many rural communities for the first time. These new services will deliver significantly better connectivity and offer new choice to these communities.

Details of the Transaction

Under the terms of the Transaction, holders of Shaw Class A Shares and Class B Shares will receive \$40.50 per share in cash. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family, will receive 60% of the consideration for their shares in the form of 23.6 million Class B Shares of Rogers valued on the basis of the volume-weighted average trading price for the 10 trading days for the Rogers Class B Shares ending March 12, 2021, and the balance in cash.

The Transaction will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Alberta). The Transaction requires the approval of two thirds of the votes cast by the holders of Shaw's Class A Shares and Class B Shares at a special shareholders meeting to be held in May 2021 (the "Special Meeting"), voting separately as a class, as well as majority of the minority approval under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions. The Shaw Family Living Trust has irrevocably agreed to vote all of its Class A Shares (representing 79% of the outstanding Class A Shares) and Class B Shares in favour of the Transaction.

The Transaction is subject to other customary closing conditions including court and stock exchange approval, as well as approvals from Canadian regulators. Rogers and Shaw intend to work cooperatively and constructively with the Competition Bureau, the Ministry of Innovation, Science and Economic Development ("ISED") and the Canadian Radio-television and Telecommunications Commission ("CRTC"). Subject to receipt of all required approvals, closing of the Transaction is expected to occur in the first half of 2022.

Under the Arrangement Agreement, Rogers has the right to cause Shaw to redeem its outstanding preferred shares on June 30, 2021 in accordance with their terms by providing written notice to Shaw. As of the date of this news release, Rogers has not exercised this right.

Shaw will continue to pay its regular monthly dividends of \$0.098542 in cash per Class A Share and \$0.09875 in cash per Class B Share, and its regular quarterly dividend on its preferred shares in accordance with their terms.

A Special Committee of independent directors of Shaw has unanimously recommended the Transaction, and Shaw's Board of Directors has unanimously (subject to abstentions of any conflicted Directors) approved the Transaction and unanimously recommends that Shaw shareholders (other than the Shaw Family Living Trust) approve it. Shaw's Directors and senior management have agreed to vote all of their shares in favour of the Transaction.

TD Securities Inc. and CIBC World Markets Inc. have provided an opinion to the Board of Directors and the Special Committee, respectively, to the effect that, subject to the assumptions, limitations and qualifications set out in such opinions, the consideration to be received by Shaw shareholders (other than the members of the Shaw family) in connection with the Transaction is fair, from a financial point of view, to such shareholders.

Further information regarding the Transaction will be contained in a management information circular that Shaw will prepare, file on SEDAR and mail to its shareholders in advance of the Special Meeting. Copies of the arrangement agreement and voting support agreements will also be available on the SEDAR profiles of Rogers and Shaw at www.sedar.com.

Rogers has retained BofA Securities and Barclays as its financial advisors and Goodmans LLP as its legal advisor. Torys LLP is the legal advisor to the Rogers Control Trust. Shaw has retained TD Securities Inc. as its exclusive financial advisor and Davies Ward Phillips & Vineberg LLP and Wachtell, Lipton Rosen & Katz as its legal advisors. CIBC World Markets Inc. is acting as independent financial advisor to the Special Committee and Burnet, Duckworth & Palmer LLP is independent legal advisor to the Special Committee. The Shaw Family Living Trust has retained Dentons Canada LLP as its legal advisor.

Call details

Rogers and Shaw will host a conference call for financial analysts at 8:00 AM Eastern Time today (6:00 AM Mountain Time) to discuss this announcement.

To participate, please dial +1-416-915-3239 or toll-free 1-800-319-4610 before the start of the call. A live audio webcast of the call can be accessed here <https://investors.rogers.com>

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chethan.lakshman@sjrb.ca
(403) 930-8448

Cautionary statement

This news release includes “forward-looking information” within the meaning of applicable securities laws relating to, among other things, the anticipated benefits of the transaction, including corporate, operational, scale and other synergies and the timing thereof, the ability to integrate the business of Rogers and Shaw, Shaw’s ability to redeem the preferred shares and the timing thereof, the timing and anticipated receipt of required shareholder, regulatory court, stock exchange or other approvals, the ability of the parties to satisfy the other conditions to the closing of the transaction and the anticipated timing for closing of the transaction. Forward-looking information may in some cases be identified by words such as “will”, “anticipates”, “expects”, “intends” and similar expressions suggesting future events or future performance.

We caution that all forward-looking information is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause our current objectives, strategies and intentions to change. Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and that it would be unreasonable to rely on such statements as creating legal rights regarding our future results or plans. We cannot guarantee that any forward-looking information will materialize and you are cautioned not to place undue reliance on this forward-looking information. Any forward-looking information contained in this news release represent expectations as of the date of this news release and are subject to change after such date. However, we are under no obligation (and we expressly disclaim any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. All of the forward-looking information in this news release is qualified by the cautionary statements herein.

Forward-looking information is provided herein for the purpose of giving information about the proposed transaction referred to above and its expected impact. Readers are cautioned that such

information may not be appropriate for other purposes. The completion of the above-mentioned proposed transaction is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, court, shareholder and regulatory approvals. Accordingly, there can be no assurance that the proposed transaction will occur, or that it will occur on the terms and conditions contemplated in this news release. The proposed transaction could be modified, restructured or terminated. There can also be no assurance that the strategic benefits and competitive, operational and cost efficiencies expected to result from the transaction will be fully realized. In addition, if the transaction is not completed, and each of the parties continues as an independent entity, there are risks that the announcement of the transaction and the dedication of substantial resources of each party to the completion of the transaction could have an impact on such party's current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of such party.

A comprehensive discussion of other risks that impact Rogers and Shaw can also be found in their public reports and filings which are available under their respective profiles at www.sedar.com.

About Rogers Communications

Rogers is a proud Canadian company dedicated to making more possible for Canadians each and every day. Our founder, Ted Rogers, purchased his first radio station, CHFI, in 1960. We have grown to become a leading technology and media company that strives to provide the very best in wireless, residential, sports, and media to Canadians and Canadian businesses. Our shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

About Shaw Communications

Shaw Communications Inc. is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, video and digital phone. Business provides business customers with Internet, data, WiFi, digital phone and video services. The Wireless division provides wireless voice and LTE data services.

Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Symbol: TSX - SJR.B, SJR.PR.A, SJR.PR.B, NYSE – SJR, and TSXV – SJR.A). For more information, please visit www.shaw.ca

EXHIBIT 13

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Rogers' sale of Shaw wireless assets may come down to how much it can keep

Quebecor, an investor group led by Anthony Lacavera and Halifax-based telco Eastlink are among names being floated as potential suitors

Barbara Shecter

Mar 15, 2022 • March 15, 2022 • 4 minute read • [Join the conversation](#)



Industry minister François-Philippe Champagne has said the Rogers-Shaw marriage is unlikely to move ahead without the jettisoning of at least some of Shaw's wireless operations. PHOTO BY ADRIAN WYLD/THE CANADIAN PRESS

Rogers Communications Inc. may be moving toward a sale of Shaw Communications Inc.'s wireless assets to ensure regulatory approval for the \$26-billion mega-merger of the former telecom rivals, but who ends up buying will be determined by factors including the price tag and whether Rogers is able to keep any of the wireless unit.

STORY CONTINUES BELOW

Sharing power with Ed: Five ideas for Rogers' next CEO



On Monday, media reports indicated Rogers has already set up a data room to entertain prospective buyers ahead of the merger's anticipated June closing. Quebecor Inc., an investor group led by Wind Mobile founder Anthony Lacavera and Halifax-based telco Eastlink are among the names being floated as potential suitors for the assets.

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Lacavera, whose company Globalive founded Wind Mobile more than a decade ago, told Bloomberg News on Monday that he was interested in getting back into the business by buying the assets now owned by Shaw under the Freedom Mobile banner.

“Globalive maintains its interest in Freedom Mobile assets and have indicated (the) same publicly and privately to Rogers,” Lacavera said.

The tie-up of Rogers and rival Shaw was never going to be easy because of their overlapping wireless operations. In a statement earlier this month, François-Philippe Champagne, the federal minister of innovation, science and industry confirmed what analysts had been expecting: the marriage is unlikely to move ahead without the jettisoning of at least some of Shaw’s wireless operations, housed within Freedom Mobile, which grew out of the Wind operations purchased by Shaw in late 2015 for \$1.6 billion.

STORY CONTINUES BELOW



Champagne said “the wholesale transfer of Shaw’s wireless licences to Rogers is fundamentally incompatible with our government’s policies for spectrum and mobile service competition,” adding that he would not permit it.

Lacavera is understood to be working with a group of investors including private equity players in the hunt for the wireless assets. But his group is not alone. Sources say Quebecor Inc., which has long held designs on becoming a national wireless player, is also interested and is seen as a front-runner by some telecommunications analysts.

A spokesperson for the Montreal-based telecommunications and media company declined to comment Monday on Quebecor’s interest in the assets or the Rogers process, but chief executive Pierre Karl Péladeau has been public since the Rogers-Shaw combination was announced about his desire to shake up Canada’s wireless landscape, which he has criticized as an “oligopoly” that makes wireless services unnecessarily expensive for consumers.

STORY CONTINUES BELOW

In a note to clients earlier this month, RBC Capital Markets analyst Drew McReynolds said there were two scenarios in which he could see Quebecor walking away with the prize. In one, the Montreal-based telco would prevail in the first round, while in the other, the assets would be sold to a “Rogers remedy partner” — whatever transaction would get the Shaw deal done — and could eventually be picked up by Quebecor.

The RBC analyst also laid out a scenario in which “a deep-pocketed financial player” picked up the Freedom Mobile assets.

Jerome Dubreuil, an analyst at Desjardins, told his clients in a note earlier this month that Quebecor is among the front-runners because the Montreal-based firm is in a position to make an “attractive” offer for the assets, has some spectrum holdings where Freedom operates, and would get synergies from the

deal. Quebecor is also likely to be viewed by the federal government as a “credible operator” poised to continue competing in the market.

STORY CONTINUES BELOW

However, Dubreuil said it remains “uncertain” that Quebecor will be able to secure the Shaw assets due to factors including bad blood between Rogers and Quebecor over prior business dealings, potential rival bidders and a price tag that could reach \$4 billion.

RECOMMENDED FROM EDITORIAL



Rogers said to begin seeking Shaw wireless buyers for US\$16 billion takeover

Besides Quebecor and the Lacavera-led group, dark-horse contenders include rural internet service provider and mobile network operator Xplornet, and Halifax-based Eastlink, which operates a hybrid fibre optic network and has television, mobile, internet, phone and smart home services.

STORY CONTINUES BELOW

permit, suggesting that “Rogers might be able to retain some of Shaw’s wireless licences.”

Andrew Garas, director of media relations at Rogers, declined to comment on the process Monday. In a joint statement March 3, Rogers and Shaw said the companies “continue to expect the transaction to close in the first half of 2022.”

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Rogers has begun talks with prospective buyers of Shaw's Freedom Mobile

ALEXANDRA POSADZKI > TELECOM REPORTER

ANDREW WILLIS >

PUBLISHED MARCH 13, 2022

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A Freedom mobile store owned by Shaw Communications in Calgary, on Feb. 2.

TODD KOROL/THE GLOBE AND MAIL

A year after Rogers Communications Inc.

[RCI-B-T \(/investing/markets/stocks/RCI-B-T/\)](/investing/markets/stocks/RCI-B-T/) -0.53% ▼ announced a blockbuster, \$26-billion deal to buy Calgary-based telecom Shaw Communications Inc., [SJR-B-T \(/investing/markets/stocks/SJR-B-T/\)](/investing/markets/stocks/SJR-B-T/) -0.47% ▼ the effort to sell Shaw's wireless business, Freedom Mobile, is finally under way.

But in order to close the deal, which would combine two of the country's largest cable systems, Rogers will need to convince Ottawa that Freedom Mobile's new owner will be able to compete effectively against Canada's three big wireless carriers.

Toronto-based Rogers has initiated talks with a number of prospective buyers interested in Freedom, according to two people familiar with the discussions. The Globe and Mail is not identifying the individuals because they are not authorized to discuss the matter publicly.

Shaw's Freedom Mobile faces tough national competition if sold in Rogers deal, BCE executive says

Rogers will work with regulators to ensure Shaw takeover doesn't eliminate fourth player, CEO says

It is unclear how serious the potential buyers are at this stage of the discussions, which are continuing, but there is at least one player who isn't at the table. Quebecor Inc.'s Videotron Ltd., which has made no secret of its interest in Freedom, is absent from the talks, according to another source whom The Globe is not identifying.

Representatives of Rogers and Quebecor declined to comment.

Earlier this month, Innovation, Science and Industry Minister François-Philippe Champagne made it clear that he won't allow Rogers to acquire all of Shaw's wireless licences, as doing so would be incompatible with Ottawa's desire for competition in the sector. The federal ministry is one of three federal bodies reviewing the takeover; Rogers also requires approvals from the Competition Bureau and the Canadian Radio-television and Telecommunications Commission. Rogers has said it expects the takeover to close by the end of June.

Shaw's Freedom Mobile, which operates in Alberta, British Columbia and Ontario, has close to two million wireless subscribers, making it the country's fourth-largest mobile carrier.

Critics have said that allowing it to be acquired by Rogers would lead to higher prices for consumers.

Selling it, however, means finding a buyer who will be able to compete in a capital-intensive industry dominated by Rogers, BCE Inc.'s Bell Canada and Telus Corp., said John Lawford, executive director of the Public Interest Advocacy Centre, an Ottawa-based consumer advocacy group.

"This is, I think, the dilemma," Mr. Lawford said. "The negotiators and the Competition Bureau are sitting there with Innovation, Science and Economic Development Canada thinking, hmm, how is this gonna look?"

Quebecor president and chief executive officer Pierre Karl Péladeau previously said that Videotron is looking to expand outside of its home province of Quebec, either by acquiring Shaw's wireless business or by becoming a mobile virtual network operator, or MVNO. (The CRTC issued a ruling last year forcing the national wireless carriers and SaskTel to open up their networks to eligible regional players who wish to become MVNOs.)

Last year, Quebecor spent \$830-million on licences to use wireless airwaves, with more than half of that investment going into four Canadian provinces outside of its home market: Ontario, Manitoba, Alberta and B.C.

However, Bank of Nova Scotia analyst Jeff Fan recently questioned whether Quebecor has resigned itself to expanding nationally through an MVNO rather than by acquiring Freedom. "That was our impression based on the continued shareholder return, plus the shift in tone in the earnings release and on the call related to national wireless that seemed to focus more on MVNO," Mr. Fan said in a research note. "However, when asked, [Mr. Péladeau] on the call noted that acquiring Freedom from the Rogers-Shaw (as part of the potential remedy divestiture) is still a consideration," he added.

One option, according to Mr. Lawford, would be to split up the assets – which include customer accounts, wireless licences, cellphone towers and stores – between regional telecoms such as Quebecor, rural internet provider Xplornet Communications Inc., which is owned by New York-based infrastructure investment firm Stonepeak Infrastructure Partners, Cogeco Communications Inc. and Bragg Communications Inc.'s Eastlink.

“You can try to do the four-players-in-each-market thing for a while,” Mr. Lawford said in an interview. “They could kind of stumble along for two, three, four years, and then I presume they would just all get bought out again.”

Cogeco has long said it would like to be able to offer wireless services to its existing customers, and CEO Philippe Jetté has left the door open to picking up Shaw’s wireless assets in Ontario. However, Mr. Jetté has made it clear his company is not interested in expanding into Western Canada, where it has no cable network to leverage.

“All the companies that tried to set up a mobile-only operation failed – all of them,” Mr. Jetté said at Scotiabank’s telecom, media and technology conference last week. “It’s very, extremely difficult to do when you have three very capable MNOs that are doing everything they can to block competition.”

Spokespeople for Xplornet and Eastlink both declined to comment.

The federal government’s quest for a fourth national wireless carrier began more than a decade ago, when Stephen Harper’s Conservative government set aside wireless airwaves for new entrants during a 2008 auction. Three wireless startups emerged from the auction: Wind Mobile, which was later renamed Freedom; Public Mobile, which was acquired by Telus Corp.; and Mobilicity, which Rogers later bought.

Shaw, which for years had gone back and forth on whether to get into the wireless sector, bought Freedom in 2016 for \$1.6-billion. Since then, Calgary-based Shaw has poured more than \$1-billion into buying wireless airwaves and upgrading the network, Chima Nkemdirim, vice-president of government relations, told members of Parliament last year during a public hearing into the takeover.

Despite the investments, Freedom is still not producing free cash flow, Mr. Nkemdirim said – demonstrating how difficult it is to compete as the fourth wireless carrier.

The buyer of Freedom Mobile will also need to pour significant funds into deploying 5G. Mr. Fan has previously said that the buyer of Freedom may have to shell out up between \$300-million and \$1.5-billion by 2025 to roll out fifth-generation wireless services and compete with Canada’s big telecoms.

Executives at rival Bell have spoken publicly about the challenges that a divested Freedom Mobile would likely face. “I don’t see how that fourth player could be as strong a competitor as Freedom Mobile has been in the past,” BCE CEO Mirko Bibic said last week during Morgan Stanley’s technology, media and telecom conference.

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BUSINESS

Shaw Wireless Licenses | The way opens for an acquisition by Quebecor



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(Montreal) Ottawa's refusal to acquiesce to the full takeover of Shaw Communications' wireless service licenses by Rogers Communications is good news for two Quebec companies: Quebecor and Cogeco.

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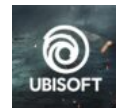
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government.

The minister's statement paves the way for the sale of part of the wireless service licenses to another operator, said Adam Shine of National Bank Financial. "It is very likely that Rogers has taken parallel steps to discuss with parties interested in Shaw's wireless business," said the financial analyst.

Rogers and Shaw have also indicated that they will continue to work with the regulatory authorities in order to conclude the transaction of 26 billion.

The discussions could lead quickly, judge Mr. Shine. "We believe that these efforts will accelerate, because any potential buyer will have to obtain the green light from the government quickly to conclude the transaction at the desired time, that is to say by June. »

Two potential Quebec buyers

Two Quebec companies, Quebecor and Cogeco Communications, had separately opened the door to a possible acquisition of Shaw's assets, but both said they needed to know more about the regulatory context.

On more than one occasion, the president and chief executive officer of Quebecor, Pierre Karl Péladeau, said that Videotron's parent company was considering expanding into other provinces. In November, the leader pointed out that the Quebec market was now "fairly mature" and that he believed that the rest of Canada, where competition is less strong, offered lucrative business opportunities.

In 2021, the Montreal company acquired 294 blocks of spectrum in the 3500 MHz band, for an amount of 830 million. More than half of this investment is concentrated in four Canadian provinces: Ontario, Manitoba, Alberta and British Columbia.

Quebecor's interest in Shaw's assets is clear, says Michael Geist, Canada Research Chair in Internet and E-Commerce Law at the University of Ottawa. "I think it's clear that Quebecor anticipated the government's position and was prepared to make an offer. It would make the company a stronger national player. »

Montreal cable company Cogeco Communications is considering entering the wireless telephony market. The Montreal company is still waiting to find out the regulatory conditions that would allow it to lease access to the network of major Canadian telecommunications companies.

In January, its president and CEO, Philippe Jetté, had not ruled out making an offer for Shaw's licenses if that became possible. "We're considering all the options on the table, but the one that's suggested, it's just not available. We are patient. We will wait to see what happens. »

The action of Quebecor gained, at the close of the Toronto Stock Exchange on Friday, 65 cents, or 2.39%, to \$27.84. Shares of Cogeco Communications rose \$1.16, or 1.15%, to \$101.90.

A matter of competition

Rogers' takeover bid, announced in 2021, is being reviewed by three federal regulators. Among them, the Canadian Radio-television and Telecommunications Commission (CRTC) and the Competition Bureau are two federal agencies that operate, for the most part, independently of government.

TMW Shaw Wireless Licenses | The way opens for an acquisition by Quebecor

transaction in its current form.

“The full transfer of wireless licenses from Shaw to Rogers would be fundamentally inconsistent with our government’s policies regarding spectrum and competition in mobile services. I just won’t allow it,” he said in a statement.

Even though the statement sounds strong, Scotiabank’s Jeff Fan says he’s not surprised. “It is in line with our expectation that ISED and the Competition Bureau will seek the sale of the wireless business, either all or a large portion of the licenses. »

At Quebecor, we said we were satisfied with Mr. Champagne’s statement. A complete takeover of the licenses would have been “contrary to the public interest”, judged Mr. Péladeau.

“While Bell, Rogers and Telus already control 90% of the wireless market share in Canada, it is imperative to implement the conditions favorable to the emergence of real competition in order to provide consumers with more choices, better prices, better services and more innovation,” he said in a statement.

Same story at Cogeco where we welcome the minister’s statement. “Canadians want more choices for their mobile phone services,” responded Youann Blouin, the company’s spokesperson, by email. Allowing Rogers to acquire and merge the operations and licenses that Shaw obtained as a new entrant would erase nearly 15 years of federal policies and run counter to this desire to encourage more competitiveness. »

Selling some of Shaw’s licenses won’t necessarily solve all the competition issues, Geist said. “Even with spin-off assets, there remain concerns that the transaction will reduce competition for many Canadian consumers and that frustrations over high wireless prices remain. »



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EXHIBIT 14



Telecom Regulatory Policy CRTC 2021-130

PDF version

References: 2019-57, 2019-57-1, 2019-57-2, and 2019-57-3

Ottawa, 15 April 2021

Public record: 1011-NOC2019-0057

Review of mobile wireless services

In recent years, demand for mobile wireless services has increased significantly as Canadians have integrated these services into many aspects of their everyday lives. In this environment, it is important to ensure that the regulatory framework for mobile wireless services continues to be responsive to the needs of all Canadians.

In this proceeding, the Commission examined three main issues: (i) competition in the retail mobile wireless service market; (ii) the current regulatory framework for wholesale mobile wireless services, with a focus on wholesale mobile virtual network operator (MVNO) access service; and (iii) the future of mobile wireless services in Canada, with a focus on reducing barriers to infrastructure deployment.

The Commission's determinations in this decision are the result of a public proceeding to review mobile wireless services, including a public hearing held in Gatineau, Quebec.

In assessing the state of competition in the retail mobile wireless service market, the Commission finds that Bell Mobility, RCCI, and TCI (collectively, the national wireless carriers) together exercise market power in the provision of retail mobile wireless services in all provinces except Saskatchewan, where SaskTel exercises sole market power. Bell Mobility exercises market power in the provision of retail mobile wireless services in the Northwest Territories, Nunavut, and Yukon.

While these findings are concerning, there are also positive signs that competition is intensifying. Retail prices, although higher than what would prevail in a fully competitive market, are clearly trending down across Canada, and there is evidence of rivalrous behaviour among wireless carriers. Regional wireless carriers are having an impact on the market in terms of disciplining, to a certain extent, dominant wireless carriers; they have introduced innovative plans and features that have led to new offerings in the market such as unlimited data plans and plans that allow data to be carried over month to month, and have been successful in attracting customers, including customers switching from other wireless carriers.

However, given the extent of retail market power that exists throughout the country, the Commission considers it necessary to apply certain targeted regulatory measures to ensure that the needs of Canadians are met, having regard to the policy objectives of the *Telecommunications Act* and both the 2006 and 2019 Policy Directions.

In considering its regulatory approach, the Commission must take care not to disrupt the competition that is already occurring, but instead foster an environment where this competition can grow and be sustainable over the long term.

In the wholesale market, the Commission is taking the following actions to address its findings of retail market power:

- The Commission mandates the provision of a wholesale facilities-based MVNO access service, which will enable eligible regional wireless carriers to use the networks of Bell Mobility, RCCI, TCI, and SaskTel, where these four exercise market power, to serve new areas while they build out their networks. Terms and conditions for the service are to be filed for approval with the Commission, while rates are to be commercially negotiated between parties, with final offer arbitration by the Commission as a recourse if negotiations fail. The service will be mandated for a period of seven years. This measure aims to bring new competitive choice to millions of Canadians, while also encouraging network expansion and sustainable competition over the longer term.
- The national wireless carriers are required to implement seamless roaming as part of their wholesale roaming service. This measure will benefit consumers by helping to prevent dropped calls and data sessions when consumers move from one network to another. It will also benefit competition because it will enable wireless competitors to offer a higher overall quality of service.
- The Commission confirms that its wholesale roaming policy applies to fifth-generation (5G) networks. This confirmation is important to help ensure that competition can continue to grow as the mobile wireless service market evolves to 5G.

In the retail market, the Commission is taking the following actions:

- Bell Mobility, RCCI, TCI, and SaskTel will be expected (where they exercise market power) to offer and promote low-cost plans and occasional-use plans in an effort to benefit Canadians, including those who are elderly or low-income earners, as well as those who use their mobile devices sparingly.
- These carriers will be further expected to promote low-cost plans and occasional-use plans on their website landing pages, as well as through their customer service representatives in an effort to ensure that consumers are fully aware of their options, especially consumers seeking more affordable mobile wireless service options.
- These carriers will also be required to report back to the Commission with respect to their low-cost and occasional-use plan offerings; the Commission intends to make these reports public on its website. These semi-annual reports will be critical to ensuring transparency and accountability to Canadians, and will allow the Commission to measure the effectiveness of this decision.

- The Commission is prepared to take further action if the desired effects are not achieved.

The Commission's determinations in this decision will foster continued innovation and investment in, and affordable access to, high-quality telecommunications facilities in all regions of Canada, including rural and remote areas; promote sustainable competition that provides benefits such as affordable prices and innovative services to Canadians; and reduce barriers to entry into the market.

Introduction

1. Mobile wireless services are critically important to the everyday lives of Canadians, the country's digital economy, and Canada's international competitiveness. They are key to facilitating not only communications, but also commerce, culture, entertainment, safety, and learning.
2. Mobile wireless services have been the largest and fastest-growing sector of the telecommunications industry in recent years, and that trend is expected to continue with the deployment of new technologies such as fifth-generation (5G) networks and new applications including the Internet of Things (IoT). According to the Commission's 2020 *Communications Monitoring Report*, mobile wireless service revenue reached \$28 billion in 2019, representing over 55.5% of all telecommunications service revenues. The number of mobile wireless service subscribers was 34.4 million in 2019, an increase of 1.2 million over the previous year. Average monthly data consumption also continued to increase, with subscribers now using 2.9 gigabytes (GB) of data on average per month, more than double the average consumption of 1.4 GB per month in 2015.
3. As the prevalence and prominence of mobile wireless services continue to grow, it is important that Canada's mobile wireless service markets are supported by regulatory policies that serve to ensure that the needs of Canadians are appropriately being met. This includes regulatory policies that serve to promote sustainable competition and network investment, and the benefits these bring, including affordable prices, innovative services, an abundance of choice, extensive coverage, and a high quality of service.

Background

4. In the mid-1990s, the Commission forbore, to a significant extent, from regulating the mobile wireless services offered by wireless carriers, including at the retail level, to enable competition and market forces to guide the sector's growth.¹ This meant, among other things, that wireless carriers were not required to obtain prior Commission approval for the rates that they charged.

¹ See, for instance, Telecom Decisions 94-15 and 96-14.

5. As the retail mobile wireless service market grew and matured through the late 1990s and early 2000s, three wireless carriers emerged as the main and often only choices for Canadians: Bell Mobility Inc. (Bell Mobility), Rogers Communications Canada Inc. (RCCI), and TELUS Communications Inc. (TCI) [collectively, the national wireless carriers].² Flanker brands³ also began appearing, for example with RCCI's acquisition of Fido Solutions Inc. (Fido). The market stayed this way for several years until 2008, when Industry Canada held the *Auction of Spectrum Licences for Advanced Wireless Services (AWS-1) and Other Spectrum in the 2 GHz [gigahertz] Range*, which introduced a number of new mobile wireless service competitors into the market.⁴
6. As these new competitors deployed networks and began to offer service, the Commission monitored market developments and held public proceedings to consider a variety of regulatory measures to protect consumers and foster competition. For example, in Telecom Regulatory Policy 2013-271 the Commission imposed a mandatory code of conduct (the Wireless Code) on providers of retail mobile wireless services to address, among other things, the clarity and content of mobile wireless service contracts, and to reduce incidents of bill shock. In Telecom Regulatory Policy 2015-177, the Commission mandated the provision of wholesale roaming service by the national wireless carriers to competitors, namely the smaller, regional wireless carriers, at regulated terms, conditions, and rates.
7. The Commission provided direction regarding the terms and conditions of the national wireless carriers' wholesale roaming services in Telecom Decision 2017-56. The Governor in Council referred that decision back to the Commission to reconsider whether the scope of the national wireless carriers' wholesale roaming services, in particular the definition of "home network" in the context of wholesale roaming, should be broadened. Such a change would have enabled wireless service providers (WSPs) that could not otherwise secure access to a radio access network (RAN)⁵ to use a tariffed wholesale roaming service to provide retail services.
8. While the Commission ultimately did not broaden mandated access to wholesale roaming service, as part of its reconsideration it committed to initiating a review of its mobile wireless service framework and indicated that wholesale MVNO access policy would be examined as part of that review.

² RCCI was previously known as Rogers Communications Partnership, and TCI was previously known as TELUS Communications Company. For ease of reference, RCCI and TCI are used in this decision.

³ Flanker brands are subsidiary brands operated by or affiliated with wireless carriers. For example, Bell Mobility currently offers services under the brands Virgin Mobile and Lucky Mobile, RCCI under Fido and Chatr, TCI under Koodo and Public Mobile, and Videotron Ltd. under Fizz.

⁴ Industry Canada set aside blocks of spectrum that were available exclusively to new entrants. See [Policy Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range](#) for details.

⁵ A RAN consists of mobile wireless spectrum, towers, sites, and related on-site facilities and equipment.

Telecom Notice of Consultation 2019-57

9. On 28 February 2019, the Commission issued Telecom Notice of Consultation 2019-57 for the purpose of initiating a broad review of mobile wireless services and their associated regulatory framework.
10. The Commission indicated that the review would focus on three key areas:
 - (i) competition in the retail mobile wireless service market (the retail market);
 - (ii) the current regulatory framework for wholesale mobile wireless services, with a focus on wholesale MVNO access service; and
 - (iii) the future of mobile wireless services in Canada, with a focus on reducing barriers to infrastructure deployment.
11. The Commission also put forward a preliminary view that it would be appropriate to mandate that the national wireless carriers provide wholesale MVNO access service as an outcome of the proceeding. The Commission also took the preliminary view that the national wireless carriers' mandated wholesale MVNO access service should be in place for a limited amount of time and be subject to a phase-out period as market forces take hold.
12. The Commission invited comments on these matters, posing a number of specific questions to help inform parties' submissions, and asked whether there were any other matters, issues, or proposals related to mobile wireless services, beyond those listed, that it should be aware of and potentially make determinations on as part of this proceeding.⁶

The proceeding

13. Participants in the proceeding included telecommunications service providers, non-profit organizations representing consumer interests, various levels of government, industry organizations, and individual Canadians.
14. The proceeding included a public hearing, which ran from 18 to 28 February 2020.
15. On 17 March 2020, in light of the COVID-19 pandemic, the Commission suspended all deadlines associated with open proceedings. A revised deadline for the filing of final submissions was subsequently set for 15 July 2020.

RCCI's proposed transaction to purchase Shaw

16. The Commission notes that, subsequent to the close of record of the proceeding, and prior to the publication of this decision, RCCI announced that it had reached an agreement in principle to purchase Shaw Communications Inc. (Shaw), which owns and operates Freedom Mobile. As of the time of publication of this decision, the

⁶ By way of a [letter](#) dated 4 December 2019, the Commission determined that accessibility-related mobile wireless service issues would be best considered as part of a separate and dedicated proceeding, which was subsequently launched in Telecom Notice of Consultation 2020-178.

purchase of Shaw has not been concluded and remains subject to various approvals. The determinations in this decision have been made solely on the basis of the record of the proceeding.

Strategic objectives and the 2019 Policy Direction

17. In its last major review of wholesale mobile wireless services (which resulted in Telecom Regulatory Policy 2015-177), the Commission's determinations, which took into account the policy objectives set out in section 7 of the Act (the policy objectives) and the 2006 Policy Direction,⁷ were made with a view to achieving the following three strategic objectives:

- continued innovation and investment in high-quality telecommunications facilities;
- sustainable competition that provides benefits, such as reasonable prices and innovative services, to Canadians; and
- implementing efficient regulatory measures with respect to wholesale mobile wireless services, along with continued reliance on market forces where appropriate.

18. The present review is broader than that previous review, because it reaches beyond wholesale issues. Further, on 17 June 2019, following the commencement of this proceeding, the Governor in Council issued a new Policy Direction to the Commission (the 2019 Policy Direction).⁸ Section 1 of the 2019 Policy Direction reads as follows:

1. In exercising its powers and performing its duties under the *Telecommunications Act*, the Commission must implement the Canadian telecommunications policy objectives set out in section 7 of that Act, in accordance with the following:

- the Commission should consider how its decisions can promote competition, affordability, consumer interests and innovation, in particular the extent to which they
 - (i) encourage all forms of competition and investment,
 - (ii) foster affordability and lower prices, particularly when telecommunications service providers exercise market power,

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

⁸ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

- (iii) ensure that affordable access to high-quality telecommunications services is available in all regions of Canada, including rural areas,
 - (iv) enhance and protect the rights of consumers in their relationships with telecommunications service providers, including rights related to accessibility,
 - (v) reduce barriers to entry into the market and to competition for telecommunications service providers that are new, regional or smaller than the incumbent national service providers,
 - (vi) enable innovation in telecommunications services, including new technologies and differentiated service offerings, and
 - (vii) stimulate investment in research and development and in other intangible assets that support the offer and provision of telecommunications services; and
- the Commission, in its decisions, should demonstrate its compliance with this Order and should specify how those decisions can, as applicable, promote competition, affordability, consumer interests and innovation.
19. In the Commission's view, the strategic objectives of its previous mobile wireless service framework remain generally relevant when matched against the 2019 Policy Direction. For example, the strategic objective of continued innovation and investment in high-quality telecommunications facilities espouses similar principles to subparagraphs 1(a)(i), (iii), (vi), and (vii) of the 2019 Policy Direction. Likewise, the strategic objective of sustainable competition that provides benefits, such as reasonable prices and innovative services to Canadians, espouses similar principles to subparagraphs 1(a)(i), (ii), (iv), and (vi) of the 2019 Policy Direction.
20. That said, the Commission is of the view that the strategic objectives of its regulatory framework for mobile wireless services should be refined, as set out below, to make these associations clearer.
21. Accordingly, the Commission's determinations in this decision, which take into consideration the policy objectives of the Act, as well as the 2006 Policy Direction and the 2019 Policy Direction (collectively, the Policy Directions), were made with a view to achieving the following strategic objectives with respect to mobile wireless services (changes marked in **bold**):
- continued innovation and investment in, **and affordable access to, high-quality telecommunications facilities in all regions of Canada, including rural and remote areas;**
 - sustainable competition that provides benefits, such as **affordable** prices, and innovative services, to Canadians;

- implementing efficient regulatory measures with respect to wholesale mobile wireless services, along with continued reliance on market forces where appropriate; and
 - **reducing barriers to entry into the market for competitors that are new, regional, or smaller than the incumbent national carriers.**
22. In the Commission's view, these revised strategic objectives build on those established in Telecom Regulatory Policy 2015-177 by integrating principles from the 2019 Policy Direction, and form an appropriate policy basis upon which to consider the issues before it in this proceeding.

Structure and approach

23. This decision is structured in four parts. In the first part, the Commission considers the state of competition in the retail market and includes a comprehensive market power analysis. The Commission's findings in this section inform its analysis and determinations in the subsequent sections.
24. In the second part, the Commission considers regulatory measures at the wholesale level, including those related to wholesale MVNO access service, wholesale roaming service, and access to infrastructure.
25. In the third part, the Commission considers regulatory measures at the retail level, including proposals concerning mandated low-cost and occasional-use plans.
26. In the final part, the Commission considers other issues that were raised by parties over the course of the proceeding.
27. In Telecom Decision 2021-129, also issued today, the Commission is disposing of a procedural request made by Bell Mobility relating to an expert report prepared by Dr. Tasneem Chipty of Matrix Economics (the Matrix study) and filed by the Commissioner of Competition (the Commissioner).

State of competition in the retail market

28. In Telecom Decision 94-19, the Commission established a framework to assess competitiveness in a given market and, since then, has generally applied that framework to determine whether there is market power in the provision of a service or class of services. Where the Commission finds that there is market power, it will generally make a finding of fact pursuant to subsection 34(2) of the Act that competition in the provision of that service or class of services is not sufficient to protect the interests of users.
29. Pursuant to that framework, the first step in assessing the competitiveness of a market is to define the relevant market. This is followed by an assessment of a number of criteria, including (i) the market shares of the dominant and competing firms, and (ii) demand and supply conditions, which include the availability of

substitutes, barriers to entry into the market, and evidence of rivalrous behaviour. The purpose of the market power assessment is to determine whether one or more market participants have the ability to sustainably raise prices above those that would prevail in a competitive market.

30. As part of this proceeding, parties were requested to identify which market indicators the Commission should consider for the assessment of the state of competition in the retail market. Parties proposed a number of additional factors, such as international comparisons of retail mobile wireless service prices (retail prices) and indicators of profitability.

Relevant market

31. The relevant market represents the smallest group of products and geographic area in which a firm with market power can profitably impose a significant and non-transitory (i.e. sustainable) price increase. A relevant market will therefore have both a product and a geographic component.

Relevant product market

Background

32. Defining the relevant product market involves an assessment of the group of products that consumers would consider to be substitutes for retail mobile wireless services.

Positions of parties

33. The majority of parties submitted that retail mobile wireless services comprise voice, text, and data services, and that these services should be assessed as a whole and not separately.
34. The Coalition for Cheaper Wireless Services (CCWS) submitted that in addition to voice, text, and data services, the relevant product market should include devices, because this would reflect how retail mobile wireless services are requested by consumers and sold in Canada to the vast majority of consumers.
35. Cogeco Communications inc. (Cogeco), the Commissioner, Data on Tap Inc. (Data on Tap), Ecotel Inc. (Ecotel), the Forum for Research and Policy in Communications (FRPC), Tucows Inc. (Tucows), and Xplornet Communications Inc. (Xplornet) submitted that the relevant product market consists of all retail mobile wireless services and should not be further segmented (e.g. between prepaid and postpaid services or between services available to individuals and businesses). They argued that the same competitive conditions exist regardless of product segmentation, and that these services are all close substitutes for each other.

36. Some parties indicated, however, that the market should be segmented and some types of mobile wireless services or technologies should not be considered part of the same product market as certain others. TBayTel submitted that postpaid and prepaid plans are sufficiently different so as to be in different product markets. With respect to services available to individuals and businesses, Bell Mobility; Bragg Communications Incorporated, carrying on business as Eastlink (Eastlink); Quebecor Media Inc., on behalf of Videotron Ltd. (Videotron); and RCCI submitted that they are not in the same product market, because these products are often uniquely designed to meet different needs.
37. With regard to network technology, Bell Mobility, RCCI, and Shaw submitted that it is premature to determine whether 5G services should be considered in the same product market as services delivered through third-generation (3G) and fourth-generation (4G) / long-term evolution (LTE) and LTE-Advanced (LTE-A)⁹ networks. Competitive Network Operators of Canada (CNOC) and Ice Wireless Inc. (Ice Wireless) submitted that retail mobile wireless services offered over different network technologies (e.g. 3G, 4G, or 5G) are part of different product markets, because they deliver mobile wireless data at significantly different speeds.
38. Some parties, including the British Columbia Broadband Association (BCBA), Bell Mobility, Cogeco, Distributel Communications Limited (Distributel), Ice Wireless, RCCI, Saskatchewan Telecommunications (SaskTel), SSi Micro Ltd. (SSi Micro), TBayTel, and Videotron, argued that it would be inappropriate to include IoT and machine-to-machine (M2M) communications in the same product market as retail mobile wireless services. In this regard, it was argued that IoT and M2M do not provide the same common functionalities as retail mobile wireless services sold to the general public.
39. TCI submitted that there are two relevant product markets – one for mobile wireless connections, and one for data usage, which consists of data services provided over all types of broadband connections (i.e. over wireline, wireless, and satellite networks).
40. SaskTel submitted that the relevant product market should be defined as “communications services” and include fixed and mobile wireless services, as well as other services such as video entertainment, news media, information, and music. It argued that consumers can choose how to meet their needs from a number of different communications services that are substitutes for each other.

⁹ LTE-A is the upgraded version of LTE, which increases the stability, bandwidth, and speed of LTE networks. It does this through the use of technologies including multiple antennas and simultaneous use of multiple spectrum bands.

Commission's analysis and determinations

41. Plans offered in the retail market routinely include voice, text, and data services, and the majority of consumers buy such services together as a bundle. Between 2015 and 2018, the percentage of subscribers with a data plan increased from 74% to 85%.¹⁰ The increasing prevalence of consumers subscribing to a plan that includes data constitutes a trend that is expected to continue in the near future.
42. With regard to the potential inclusion of devices in the product definition, the Commission notes that customers can purchase them separately from their mobile wireless service plans and from a wide variety of vendors, including non-carriers. Further, wireless carriers have little control over prices charged by device manufacturers. Accordingly, it would not be appropriate to include devices in the relevant product market definition.
43. In terms of functionality, an essential attribute of retail mobile wireless services is their mobility – that is, the ability to access voice, text, and data services on a mobile basis. Fixed wireless and wireline services do not provide mobility, and Wi-Fi connectivity does so on only a limited basis, that is, only in the immediate area where the service is provided. Further, there is no evidence that Wi-Fi services would be as ubiquitous as mobile wireless services are, especially in rural and remote areas. Consequently, the Commission considers that fixed wireless, wireline, and Wi-Fi services would not be acceptable substitutes for retail mobile wireless services, and will therefore not be included in the relevant product market definition.
44. Some parties submitted that the retail market should be segmented, for example, between plans offered on a prepaid and postpaid basis; between plans with varying amounts of data, minutes for voice calls, and number of text messages included in a plan; and between services offered on different technologies (i.e. 3G, LTE, LTE-A, or 5G). While there might be differences between the offerings in each of these segments, and further segmentation may be conceptually possible, the Commission considers that regardless of the sub-segment considered, the essential functionality of mobile voice, text, and data communications remains. As such, the Commission does not consider that it would be appropriate to divide the broader product market into the proposed segments.
45. However, the Commission considers that mobile wireless services sold to large businesses or institutional customers and for IoT/M2M communications are not substitutes for mobile wireless services offered and provided to individuals and small businesses. This is because they tend to be marketed differently and would not generally be available to individuals and small businesses looking for an alternative. Accordingly, mobile wireless services sold to large businesses or institutional customers and for IoT/M2M communications are in a separate product market.

¹⁰ Data obtained from the 2016 to 2019 editions of the Commission's *Communications Monitoring Report*. This trend continued in 2019. According to the 2020 *Communications Monitoring Report*, released after the close of record for this proceeding, the percentage of subscribers with a data plan was 90% in 2019.

46. That being said, the Commission is of the view that it is more appropriate to focus its competitive assessment on the retail mobile wireless services generally available to individual Canadians and small businesses, since this segment is the most relevant for the purposes of the competition and policy issues raised in this proceeding. Further, this segment represents the largest share of the retail market, in terms of both subscribers and revenues.
47. In light of the above, the Commission finds that the relevant product market consists of retail mobile wireless services, that is, retail mobile voice, text, and data services, offered to individuals and small businesses, irrespective of the network technology used.

Relevant geographic market

Background

48. Determining the relevant geographic market for a product or service involves assessing the geographic area in which a customer purchases a service and whether or not a customer would be willing to switch from a supplier in one area to a supplier in another area.

Positions of parties

49. Bell Mobility and RCCI submitted that the relevant geographic market for retail mobile wireless services is local, and suggested the use of Innovation, Science and Economic Development Canada's (ISED) tier 4 spectrum licence areas (tier 4 areas), which include 172 service areas covering all of Canada. The Commissioner submitted that, based on an analysis of price variations across census metropolitan areas (CMAs) and the census agglomeration of Timmins, Ontario,¹¹ the relevant geographic market is likely either as narrow as a city, or as broad as a province, depending on the region.
50. CNOC, Distributel, Ice Wireless, and the Independent Telecommunications Providers Association (ITPA) submitted that the relevant geographic market is provincial. Distributel argued that the approach of considering the geographic market provincial would be more administratively efficient and would recognize differences in pricing and product offerings between provinces. The Manitoba Coalition submitted that while this approach may be the best way to reflect actual competitive conditions, the Commission should consider both national and provincial characteristics of the retail market in order to properly assess their dynamics, and to take into account pricing in areas with a local WSP (for example, TBayTel in Thunder Bay) where appropriate.

¹¹ A CMA is formed by one or more adjacent municipalities centred on a population centre (i.e. core). It must have a total population of at least 100,000, of which 50,000 or more must live in the core. A smaller area with a core population of at least 10,000 is known as a census agglomeration.

51. Cogeco submitted that the relevant geographic market is national, because this was the Commission's focus in the last mobile wireless service review; the CCWS submitted that it should be quasi-national to take into account WSPs that are able to offer service in most parts of the country.
52. Videotron submitted that the relevant geographic market should be based on ISED's tier 2 spectrum license areas (tier 2 areas), which consist of 14 provincial and large regional service areas covering all of Canada. It argued that there are significant variations in market conditions in Canada that are primarily explained by the presence of regional wireless carriers and that, in most cases, these carriers align their networks and business operations with tier 2 areas.

Commission's analysis and determinations

53. While it is possible to subscribe to mobile wireless service plans over the telephone or Internet, the vast majority of such plans are still acquired in person, either at a wireless carrier's stores or at third-party stores or kiosks. The Commission considers it very unlikely that customers would travel long distances to buy their plans, such as across provincial boundaries, and there is no evidence on the record indicating that they do so.
54. A geographic market that is defined too widely – that is, on a national or quasi-national basis – would not only misrepresent how customers generally buy retail mobile wireless services, but it would also omit cross-market differentials such as prices, which differ in some cases between regions or provinces/territories, and key market conditions such as the market shares and growth of the regional wireless carriers,¹² whose operations are generally limited to certain provinces or regions. Accordingly, the Commission considers that it would not be appropriate to use a broad national or quasi-national market definition.
55. The Commission considers that the market is more local in nature. However, relying on a local geographic market definition such as Statistics Canada's CMAs or ISED's tier 4 areas comes with significant challenges. Notably, relying on CMAs to assess local markets would exclude subscribers who live outside these areas, or about 28% of the Canadian population. Also, the record of this proceeding contains very limited information on key variables at such a disaggregated geographic level, including WSPs' market shares outside the CMAs and competitive conditions at both the CMA and tier 4 area levels. In this regard, it appears that not all wireless carriers track subscriber or revenue data at so granular a level. The Commission considers that a significant administrative burden would be involved in the production, gathering, and processing of information that is sufficiently accurate and granular to assess the competitiveness of retail mobile wireless services at the level of CMAs or tier 4 areas.

¹² For the purposes of this decision, references made by the Commission to "regional wireless carriers" within the context of its analyses and determinations do not include SaskTel in the province of Saskatchewan, unless specified otherwise.

56. Defining the relevant geographic market as provincial/territorial, however, would reflect the facts that (i) the national wireless carriers generally market their plans on a provincial/territorial basis; (ii) in some cases, they price their plans differently across provinces/territories; and (iii) market conditions within a given province/territory are generally similar (i.e. consisting of the same wireless carriers operating in a similar competitive environment). It would also enable the assessment of the regional wireless carriers' impact based on the provinces/territories where they provide services. The Commission acknowledges that certain local markets may have different competitors, for example northwestern Ontario (with TBayTel) or Ottawa (with Videotron), but it considers that these markets are exceptions and that, in any event, the competitors in these local markets account for a modest share of the total number of subscribers in the province in which they operate.
57. In Telecom Regulatory Policy 2015-326, the Commission indicated that some degree of aggregation may be appropriate for markets with similar competitive conditions to achieve a balance between the use of meaningful and practical definitions for relevant product and geographic markets and the administrative burden associated with gathering and processing large amounts of data. The Commission considers that this point of view still holds in the context of this assessment of the retail market.
58. In light of all the above, the Commission finds that the relevant geographic market for retail mobile wireless services is provincial/territorial.
59. While the Commission's assessment of market conditions was performed on a provincial/territorial basis, it is being presented, unless otherwise noted, in an aggregated manner because the findings were consistent across most geographic markets.

Market shares

Background

60. Once the relevant market is defined, the next step in assessing market competitiveness is determining the market share held by the largest firm(s), as well as the market shares of other firms in the market. While the Commission did not establish any market share threshold for a finding of market power in Telecom Decision 94-19, all other things being equal, the smaller the share of a market held by the firm or group of firms with the largest share of the market, the less likely it is that they would be capable of exercising market power.

Positions of parties

61. Most parties that commented on this issue submitted that the retail market is highly concentrated because the national wireless carriers collectively account for roughly 90% of both the total mobile wireless service revenues and subscribers. CNOC, Cogeco, the Commissioner, Distributel, and the Manitoba Coalition also submitted that the national market shares of the national wireless carriers combined remained essentially unchanged since the last mobile wireless service review.

62. Bell Mobility submitted that it is not appropriate to aggregate the market shares of multiple competitors, because they compete aggressively against each other and do not operate as a single group. RCCI submitted that high combined market shares are not determinative of joint dominance. It added that such a finding must be supported by evidence that the alleged members of the group (in this case, the national wireless carriers) do not compete vigorously with one another, and that they do not face effective competition from other WSPs – which, in its view, is not the case in the retail market.
63. Bell Mobility also submitted that market shares based on total subscribers reflect outdated market circumstances, and that net subscriber additions provide a better indication of current competitive vigour in the market, a view shared by RCCI. The Canadian Internet Policy & Public Interest Clinic (CIPPIC) and OpenMedia (collectively, CIPPIC/OpenMedia), however, submitted that considering only net subscriber additions provides an incomplete view of the market.
64. CNOC, Cogeco, the Commissioner, the Manitoba Coalition, and TekSavvy Solutions Inc. (TekSavvy) submitted that the retail market remains highly concentrated, with the Herfindahl-Hirschman Index (HHI) above the 2,500 mark in every Canadian province and territory, and on a national basis.¹³ The national wireless carriers replied that a high HHI in the retail market is not indicative of market power, because a concentrated market can nonetheless be competitive. They added that, in any event, the Canadian HHI is lower than that of the United States, as well as the averages of the Organisation for Economic Co-operation and Development (OECD) and European countries.

Commission's analysis and determinations

65. Despite the fact that most regional wireless carriers have grown their subscriber bases over the last five years, the market shares in terms of both revenues and subscribers of these carriers has not changed significantly over that period in the provinces/territories in which they operate. In most provincial or territorial markets, the regional wireless carrier is the wireless carrier with the smallest market share and, with the exception of SaskTel in Saskatchewan, they all hold market shares that are either close to 20% or below that amount in the provinces/territories in which they operate, with most regional carriers having less than 10% market share.
66. In each province, except Saskatchewan, the market is highly concentrated among the national wireless carriers, who have a combined market share close to or above 80% in terms of both revenues and subscribers. While market share alone does not establish market power, it does serve as a significant indicator of potential market power, and the Commission is concerned by the levels of market concentration

¹³ The HHI is the sum of the squares of the market share of each firm in a given market. It provides a measure of concentration in which larger firms are assigned greater importance in the market in comparison to all other firms in the market. Markets are considered moderately concentrated when the index is between 1,500 and 2,500 and highly concentrated when it is above 2,500.

among the national wireless carriers in most provinces. Consequently, the Commission considers that relevant demand and supply factors must be closely examined, as set out in greater detail below, in order to determine whether or not there is market power in those markets.

67. In the case of Saskatchewan, SaskTel is the carrier with the largest market share in the retail market, and by a significant margin. In the three territories, Bell Mobility holds a very large market share, much greater than any of its competitors in those markets. The Commission therefore considers that the market shares held by SaskTel and Bell Mobility suggest that these carriers may exercise unilateral market power in Saskatchewan and the territories, respectively.
68. A conclusion of highly concentrated markets is confirmed when looking at the HHIs, which are above 2,500 in all provinces and territories. With respect to the net subscriber addition measure proposed by Bell Mobility and RCCI, while this measure is informative in the context of assessing the competitiveness of the mobile wireless service market, it does not in and of itself measure market concentration. The question of net subscriber additions will be assessed below in the section on rivalrous behaviour.
69. In light of the above, the Commission finds that market shares in the retail market are highly concentrated in every province and territory.

Demand conditions

Background

70. In Telecom Decision 94-19, the Commission indicated that a number of factors should be considered in addition to market share in assessing market power, starting with demand conditions, because they affect the potential ability of a dominant firm or dominant firms to exercise market power. The Commission also indicated that in assessing demand conditions, the focus was on the ability of customers to switch to another supplier or reduce consumption of the good or service in response to a price increase. Demand conditions include the availability of economically feasible and practical substitutes, and the costs to customers of switching suppliers.

The availability of economically feasible and practical substitutes

Positions of parties

71. The Canadian Wireless Telecommunications Association (CWTA) and the national wireless carriers submitted that Canadians can choose from diverse retail mobile wireless service plans from four wireless carriers in every province (i.e. the three national wireless carriers plus one regional wireless carrier) with 10 or more mobile wireless service brands, including flanker brands. TCI added that Canada counts 13 independently owned MVNOs, a number that it submitted was between the average and the median numbers of independently owned MVNOs among OECD countries.

72. Distributel submitted that options are generally limited to retail mobile wireless services offered by the national wireless carriers or by a regional wireless carrier, provided that the customer is located within a network coverage area of the carrier. Similarly, Ecotel submitted that in rural and remote areas where it offers services, customers do not have a wide choice of options when it comes to selecting their WSP, a view shared by Bob Boron, Bruce Kirby, and Alek Krstajic (collectively, Boron et al.).
73. CNOC, Cogeco, Distributel, Ice Wireless, the Manitoba Coalition, and TekSavvy submitted that other than a few marginal branded resellers such as Petro-Canada Mobility and 7-Eleven's SpeakOut Wireless, there is no MVNO market in Canada. Distributel and TekSavvy added that MVNO arrangements with the national wireless carriers do not provide MVNOs with any control over their service offerings and pricing, and that they pose minimal competitive threat to the national wireless carriers. The Manitoba Coalition also argued that there has been virtually no MVNO activity that would provide additional competitive retail options to customers. The Commissioner submitted that, after reviewing the agreements currently in place between the MVNOs and wireless carriers, he considered certain terms to be highly restrictive, which limits the MVNOs' ability to compete.

Commission's analysis and determinations

74. Based on the conclusion concerning the relevant product market definition reached above, the Commission considers that there exists no other retail service that would constitute an acceptable substitute for retail mobile wireless services; that is, there is no alternative that would provide a substitute for their mobile functionality and ubiquity. Accordingly, the Commission considers that the only acceptable substitute for the mobile wireless service of one WSP is a similar service offered by another WSP.
75. Regional wireless carriers have made important investments in their mobile wireless networks and now reach significant portions of the population in many provinces. Nonetheless, regional wireless carriers tend to deploy their networks first in the more profitable urban centres, such that customers' access to their services is more limited in rural and remote areas. Regional wireless carriers' services, consequently, do not constitute a substitute that is available across all of the regions that comprise Canada's geographic markets. In most provinces, the regional wireless carrier's network does not cover the entire market in which it operates, and it therefore does not have as ubiquitous a network as those of the national wireless carriers, or of SaskTel in Saskatchewan. Furthermore, viewed nationally, the regional wireless carriers' collective market share, although growing, has increased by a very modest two percentage points in the last five years, to about 10% in 2019.¹⁴ This suggests that there are likely certain factors that influence the willingness of customers to switch to a regional wireless carrier, which the record of the proceeding suggests

¹⁴ The data used to inform this figure includes data pertaining to SaskTel.

includes issues related to dropped calls when users' calls transit between two networks.

76. All three national wireless carriers also offer services on flanker brands. While these services constitute an option in the retail market, they are nonetheless ultimately provided by the same wireless carriers or their affiliates, thereby allowing for control over what products these brands offer and their marketing strategies so as to avoid competition with and cannibalization of related premium brands. Accordingly, the Commission considers that the national wireless carriers' flanker brands are not independent competitors and that their services do not represent additional competitive substitutes in the retail market.
77. While services offered by existing MVNOs are an option for some consumers, the MVNOs currently offering services in Canada essentially resell the services of the national wireless carriers and target very narrow segments of the market. Furthermore, current MVNO agreements in Canada are highly restrictive. All of this serves to limit the ability of these MVNOs to effectively compete with their wholesale service providers. As such, while MVNOs do exist in the market as alternative WSPs, their offerings are limited and these services do not represent meaningful competitive substitutes in the retail market.
78. Further, consumers have even fewer alternatives in the North, since no territory counts more than three wireless carriers.
79. From a theoretical point of view, reducing consumption is also an option available to consumers faced with rising prices. However, there is no ambiguity in the evidence that demand for, and importance of, retail mobile wireless services is consistently increasing, making this scenario highly impractical and unlikely.
80. In light of the above, the Commission finds that there remains a significant number of retail mobile wireless service customers who have limited access to economically feasible and practical substitutes if faced with rising prices.

The costs to customers of switching suppliers

Positions of parties

81. RCCI submitted that customers are willing and able to switch WSPs, and indicated that some 3.3 million users did so in 2018. According to RCCI, switching between competing WSPs has been facilitated by wireless number portability and by the requirements set out in the Wireless Code, including that all new cell phones must be sold unlocked, and that term service contracts may be terminated on payment of any remaining device subsidy amount.
82. CNOC, Distributel, and Ice Wireless considered that the costs of switching WSPs remain high, despite the measures adopted in the Wireless Code to reduce them. Distributel submitted that a customer looking to switch to another WSP may face significant fees associated with device subsidy repayment amounts. CNOC

submitted that certain practices by the national wireless carriers continue to make switching WSPs costly and make it more difficult for a new entrant to attract customers from the national wireless carriers.¹⁵

83. The CCWS submitted that there is a perception in some cases, specifically among low-income demographics, that customers receive poor service from the national wireless carriers' premium brands, so there is no incentive to switch to their flanker brands. Ice Wireless argued that customers are dissuaded from switching by the amount of time and effort required. CIPPIC/OpenMedia and the Commissioner submitted that the way WSPs present their retail mobile wireless service plans on their websites generally lacks clarity and transparency, thereby making it difficult for customers to make informed decisions on the purchase of a new plan.

Commission's analysis and determinations

84. The Commission has addressed a number of significant impediments to customers' switching WSPs through various actions. For instance, wireless number portability, which enables customers to keep the same telephone number when changing WSPs, was introduced in 2005. Also, the Wireless Code, introduced in 2013 and amended in 2017, effectively eliminated three-year contracts, limited early cancellation fees, and ensured that customers are provided with unlocked devices. Notwithstanding these measures, there remain barriers to switching WSPs in the retail market.
85. The Commission acknowledges that it can be costly for some customers wishing to switch WSPs if they have to pay the remaining balance for their device when cancelling their current contract. These costs are growing with the increasing costs of popular devices. Other costs of switching include one-time ancillary fees charged to new customers, such as network connection fees, or fees associated with subscriber identity module (SIM) cards, which could represent non-negligible up-front costs, especially for lower-income Canadians.
86. There is also a perception among some users that switching WSPs may not be easy. According to the *Telephone Survey on Mobile Wireless Services in Canada* conducted for the Commission by Phoenix Strategic Perspectives Inc. (the Phoenix telephone survey), commissioned for this proceeding, 37% of respondents who had never switched WSPs expressed the view that, were they to switch, it would be "somewhat difficult" or "very difficult."¹⁶

¹⁵ As an example, CNOC mentioned two-year contracts and alleged that some WSPs imposed penalties on their call centre representatives when a customer cancels or reduces their services, which creates an incentive for those representatives to adopt tactics to avoid that outcome.

¹⁶ This telephone survey was administered to a nationally representative sample of 1,208 Canadians aged 18 or older, between 25 November and 12 December 2019. To be eligible to complete the survey, respondents had to have a cell phone for personal use.

87. Certain parties offered explanations that could explain this perceived difficulty in switching. For example, information relevant to selecting a new WSP may not be presented clearly enough on the new WSPs' websites (e.g. important terms presented in footnotes or in a small font). Also, there is a significant number of offers and promotions available in the retail market that are not publicized. The Commission considers that these factors can decrease transparency and make it difficult for customers to research, shop comparatively, and ultimately make informed decisions regarding their retail mobile wireless services. Although these factors do not themselves constitute direct economic costs for customers switching WSPs, they are nonetheless important to take into consideration to fully understand customers' experience in the retail market, because they represent barriers to switching for certain customers.
88. In light of the above, the Commission finds that there remain financial costs to switching WSPs, such as repayment of outstanding device balances and one-time ancillary fees for new customers. The Commission considers that these could be significant enough to prevent some customers from switching, especially those with lower incomes. In addition, there are non-economic barriers to switching WSPs, including, for some customers, a perception that switching is complex, as well as a certain lack of clarity and transparency in retail mobile wireless service offers and the adverse impact this can have on customers' ability to make informed decisions.

Supply conditions

Background

89. The Commission indicated, in Telecom Decision 94-19, that supply conditions need to be considered in its assessment of a market. Supply conditions affect the ability of other firms in the market to respond to a change in the price of the product or service. Supply conditions include likelihood of entry and barriers to entry, evidence of rivalrous behaviour, and innovation and technological change.

Likelihood of entry and barriers to entry

Positions of parties

90. Several parties, including CNOC, Cogeco, the Commissioner, the ITPA, the Manitoba Coalition, Shaw, SSi Micro, and Xplornet, submitted that barriers to entry and expansion in the retail market are high. These parties, in addition to the BCBA and Distributel, argued that spectrum scarcity and high acquisition costs for spectrum are significant barriers for new entrants in the market. The Commissioner and Shaw argued that the national wireless carriers continue to hold the vast majority of spectrum in Canada, which limits the coverage and capacity that competitors' networks can offer against the national wireless carriers' networks.
91. CNOC, Cogeco, the Commissioner, Ice Wireless, the ITPA, the Manitoba Coalition, and Shaw submitted that another significant barrier is the high cost of investment in facilities (e.g. towers, antennas, and backhaul). Shaw added that new competitors

face both physical and technical barriers to competition and investment, and challenges in gaining timely access at reasonable rates to infrastructure, including access to municipal rights-of-way and incumbent local exchange carrier (ILEC)-owned and -controlled support structures.

92. The Commissioner and the Manitoba Coalition argued that the national wireless carriers and incumbent regional wireless carriers have taken decades to construct their existing infrastructure, and therefore possess a considerable advantage over a new company attempting to establish or grow its presence in the mobile wireless service industry.
93. RCCI and TCI submitted that competitors were granted advantages at recent spectrum auctions that have allowed them to acquire spectrum at below-market rates. They also pointed to regulatory benefits by way of the Commission's mandated wholesale roaming service (whereby domestic roaming can be obtained from the national wireless carriers at regulated rates) as another competitive advantage for competitors. Bell Mobility submitted that while a new competitor may not be able to acquire sufficient spectrum to enter the retail market on a national basis, strong regional Canadian facilities-based competitors would be able to come into the market. It also argued that mobile wireless networks were duplicated in the past. RCCI submitted that while further competitive entry into the retail market would be possible, the probability of a fifth entrant in a market with declining prices and existing competition between four facilities-based wireless carriers is very low.
94. Several parties, including Cogeco, Distributel, TekSavvy and Tucows, indicated that their attempts to gain MVNO access failed because the national wireless carriers were unwilling to negotiate. TekSavvy argued that the national wireless carriers resist all efforts from competitors to access their networks in any way that would allow for meaningful, stable competition. The CWTA and the national wireless carriers, however, submitted that wireless carriers are negotiating with prospective MVNOs in good faith and that they would voluntarily enter into an agreement if it were beneficial for them to do so. Bell Mobility indicated that it was not generally interested in entering into MVNO agreements with parties seeking access to its network in order to offer similar services in similar market segments as those already served by Bell Mobility, since this would undermine its competitive differentiation efforts.

Commission's analysis and determinations

95. In Telecom Regulatory Policy 2015-177, the Commission found that the barriers to entry into the retail market were very high and included access to and cost of spectrum as well as the high cost of investment in facilities. Since then, both the Commission and ISED have applied measures to address certain barriers to entry and expansion (e.g. mandated access to wholesale roaming service under regulated rates, terms, and conditions, as well as spectrum set-aside – that is, blocks of spectrum

reserved for a particular type of bidder, typically new entrants¹⁷). Despite these measures, the Commission considers that barriers to entry and expansion in the retail market remain high for a number of reasons.

96. Spectrum is a scarce resource and, while set-asides may have improved access for competitors, it can still prove to be relatively expensive to acquire. For example, large amounts were invested in the 600 megahertz (MHz) auction by each successful WSP, and these amounts were proportionally higher for carriers that benefited from the set-asides.
97. Further, market participants do not control when and what types of spectrum are made available. Spectrum auctions may also take place well before wireless carriers are ready to use the spectrum. This can affect their business cases because they have to carry the related costs until they start generating revenues, a toll that might be disproportionate for smaller wireless carriers.
98. The mobile wireless service industry is also highly capital-intensive: it takes considerable investments to build, upgrade, and maintain a RAN, and mobile wireless network deployment involves lengthy construction periods. Furthermore, it takes time to build the minimum subscriber base required to generate sufficient revenue for a WSP to generate positive cash flows, which makes new entrants and smaller wireless carriers particularly vulnerable to both their competitors and creditors. These barriers are exacerbated in markets with low population densities, such as Saskatchewan and the territories, since the subscriber base to support the deployment of mobile wireless networks is more limited in these areas.
99. A key impediment to the entry of MVNOs specifically into the retail market lies in accessing the RAN of a wireless carrier. Without such access, a prospective MVNO cannot provide mobile wireless services. Few MVNOs have been able to successfully negotiate RAN access with the national wireless carriers and, as indicated above, current MVNO arrangements tend to be highly restrictive. This suggests that the national wireless carriers are only willing to provide access to their RANs on a very limited basis, which, in turn, limits the ability of prospective MVNOs to successfully enter the retail market and efficiently compete with their wholesale service providers.
100. In light of the above, the Commission finds that barriers to entry into the retail market remain high and adversely impact new market entry or market expansion by regional wireless carriers and others.
101. The Commission also finds that those barriers relate mainly to the availability of spectrum, the capital-intensive nature of the industry, the time it takes to deploy mobile wireless networks and to generate positive cash flows, and, for prospective MVNOs, the ability to access the RANs of wireless carriers.

¹⁷ For example, see ISED's [Technical, Policy and Licensing Framework for Spectrum in the 600 MHz Band](#), 28 March 2018.

Evidence of rivalrous behaviour

102. In Telecom Decision 94-19, the Commission indicated that evidence of rivalrous behaviour may include falling prices, vigorous and aggressive marketing activities, or an expanding scope of activities by competitors in terms of products, services, and geographic boundaries. As part of this proceeding, several parties suggested that the Commission also consider price and profit levels, and how they compare internationally, in its assessment of the retail market's competitiveness. As previously indicated, the Commission considers it appropriate to also consider, as part of its assessment of rivalrous behaviour, the matter of net subscriber additions.

Positions of parties

103. Many parties submitted that Canadians pay some of the highest prices in the world for retail mobile wireless services, and supported such submissions by pointing to various international price comparison studies and reports. CNOC, the Commissioner, Ice Wireless, and the Manitoba Coalition argued that despite the challenges associated with international comparisons, different approaches that use different data and different methodologies come to the same conclusions that prices in Canada are generally substantially higher than those in other countries.
104. While acknowledging that prices have been trending downwards, Boron et al., the CCWS, CIPPIC/OpenMedia, CNOC, Cogeco, Distributel, the FRPC, Ice Wireless, the Manitoba Coalition, TekSavvy, and TNW Wireless Inc. submitted that the decline in prices has been slower than that experienced in other countries.
105. CNOC, the Commissioner, Ice Wireless, and the Manitoba Coalition also submitted that prices in Canada are lower in areas where there is a strong regional competitor. The Commissioner argued that, based on the Matrix study, markets with no regional wireless carrier, or with a regional wireless carrier with a market share below 20%, are experiencing the effects of an exercise of market power since the national wireless carriers can charge significantly higher prices in these areas. Videotron argued that the lower prices in Quebec relative to other markets in the country were attributable to the competitive discipline that it offers.
106. Several parties further submitted that profits in the Canadian mobile wireless market are also high. The Manitoba Coalition submitted that based on the national wireless carriers' earnings before interest, taxes, depreciation, and amortization (EBITDA) margins, Canada's mobile wireless network operations remained highly profitable despite the entry of new carriers and various regulatory measures designed to aid competition. Cogeco and TekSavvy submitted that profitability is significantly higher for Canada's national wireless carriers than in Australia and the United States.
107. In addition, CIPPIC/OpenMedia submitted that despite the regional wireless carriers' relatively high numbers of net subscriber additions, it will take many years before they reach market shares comparable to those of the national wireless carriers in their respective markets. The CCWS added that the national wireless carriers' decreasing churn rates over the last few years demonstrates a lack of competition in the retail market.

108. With regard to the extent to which these revenues are being redirected back into mobile wireless networks, CIPPIC/OpenMedia, the Commissioner, and the Manitoba Coalition argued that, having regard to capital intensity (i.e. capital expenditure as a percentage of revenue), Canadian wireless carriers do not invest as much as those in other countries.
109. In response, the national wireless carriers submitted that the studies relied upon to support the claim that prices in Canada are high compared to those in international markets were based on flawed methodologies, do not reflect promotional activities, and fail to take into account market-specific factors including differences in quality, geography, population density, and market conditions. At the national level, the CWTA and the national wireless carriers submitted that the national and regional wireless carriers compete aggressively against each other by offering a wide variety of plans at different price points, including prepaid and postpaid options and various combinations of voice, text, and data. They also submitted that competition in the retail market has led to a significant downward trend in prices, providing Canadians with greater choice, better services, more value, and, ultimately, affordable prices.
110. Eastlink, SaskTel, Shaw, TBayTel, SSi Micro, Videotron, and Xplornet submitted that sustainable competition is beginning to gain momentum in Canada and that regional wireless carriers are having a positive impact on competition by disciplining the national wireless carriers. Eastlink, SaskTel, Shaw, TBayTel, and Videotron argued that retail prices have been decreasing in markets served by regional wireless carriers, and that these carriers continue to expand network coverage and invest to improve services to their customers.
111. The national wireless carriers raised concerns about the Matrix study. They submitted that the use of a plan-limit adjusted price¹⁸ in the study is not an appropriate proxy for actual prices, since this measure can vary with usage without any variation in prices. Bell Mobility, the CWTA, and TCI also argued that the study did not take into account recent developments in the retail market (e.g. the introduction of unlimited plans by the national wireless carriers) and the acceleration of competitive activity since the data used to inform the report was collected.
112. Bell Mobility argued that provincial price differences were not caused by differences in the level of competition experienced in different markets but rather reflected differences in network quality, a claim that other parties, notably the Commissioner, disputed. TCI submitted that lower prices in Quebec were due to a higher uptake of flanker brands, and that average revenue per user (ARPU) levels in Quebec were lower than those elsewhere in Canada even before Videotron entered the retail market, which demonstrates that the lower prices for those services in the province are not due to the presence of Videotron.

¹⁸ This variable is calculated by dividing the total revenues of a carrier in a month by the number of subscribers with a data plan, and multiplying that by the data limit of such plans.

113. The CWTA and the national wireless carriers argued that the intense rivalry between wireless carriers was evidenced by thousands of offers in the retail market, including device discounts, bonus data, gifts with purchase, in-store credits, gift cards, bill credits, and other types of promotions.
114. Bell Mobility, the CWTA, and RCCI submitted that in 2018, the regional wireless carriers accounted for over 25% of net subscriber additions in Canada, which suggests a highly competitive dynamic between four wireless carriers in every market. RCCI indicated that a significant number of subscribers are changing WSPs and that, in every year since 2015, five to six million customers have switched WSPs, which represents over 17% of the retail market. RCCI also argued that its falling churn rate is attributable to increased promotional activities and focus on customer service in order to retain customers in the face of competition.
115. With regard to the question of profitability, RCCI and TCI disagreed with the use of EBITDA as a proxy for profitability, noting that this measure does not include the cost of capital expenditures, spectrum purchases, interest, and income taxes. They argued that it is therefore not appropriate for the capital-intensive mobile wireless service industry.
116. The national wireless carriers submitted that Canadian wireless carriers invest more in their mobile wireless networks than is the case in peer countries, resulting in high-quality networks. Bell Mobility and RCCI argued that Canada ranks third highest in capital expenditure per subscriber among the G7 countries and Australia, and TCI added that the difference would be even greater if spectrum costs were included in the calculations. The CWTA and the national wireless carriers submitted that Canadian wireless carriers have paid significantly higher spectrum costs than their international peers.

Commission's analysis and determinations

117. Given that market power is defined as the ability to raise prices above what would prevail in a competitive market, higher prices in a given area in comparison to others can provide direct evidence relevant to a determination regarding market power.
118. Most international studies provided or referred to by parties found retail prices in Canada to be among the highest in the world. For instance,
- ISED's 2019 edition of the Wall Report found that Canadian retail prices were either the highest or second highest across a range of categories of plans among the eight countries surveyed;
 - data from the OECD suggested that Canada had among the highest retail prices in the 35 countries surveyed in 2017;¹⁹

¹⁹ See tables 4.2, 4.4, and 4.6 of the [OECD Broadband Portal](#).

- a study by tefficient AB showed that Canada had the highest total mobile wireless service revenue, whether considered on a per-GB-consumed or per-SIM-per-month basis in 2018.

119. Some parties submitted or referred to studies that used econometric techniques to control for factors other than the level of competition that could explain price differences across jurisdictions. For instance, in a 2019 study, Seong Hun Yun, Yongjae Kim, and Minki Kim found that after controlling for factors other than competition (such as network quality), prices in Toronto are the highest or second highest among the 12 major cities analyzed for the study, which are located in 10 countries (i.e. all G7 countries plus Australia, Spain, and Sweden).²⁰ Another example, from the United States, is the Federal Communications Commission’s (FCC) 2018 study that looked into international retail prices using an econometric model to correct for the potential effects of country-level differences in costs, demographics, and network quality. The study found that Canada had some of the most expensive retail prices in the 29 OECD countries surveyed. These two studies suggest that it is the lack of competition that drives Canadian retail prices to be among the highest in the world, and not other factors such as income, network costs, or network quality.
120. The Commission acknowledges that there are challenges associated with the comparisons of retail prices across countries. In this regard, considerable debate occurred with regard to the validity or appropriateness of the methodologies and data used in studies cited in this proceeding. That being said, almost all international reports and studies that were submitted or referred to throughout this proceeding, despite using different methodologies and different datasets, pointed to similar conclusions and consistently reported higher retail prices in Canada.
121. One notable exception, though, which came to a different conclusion, is the study prepared by Dr. Christian Dippon of NERA Economic Consulting and commissioned by TCI. This study found that, after controlling for factors such as income, network quality, and costs, retail prices in Canada are actually lower than international benchmarks. Despite the fact that the study appears to generally be using a sound methodology, the study has a significant flaw insofar as it uses an unrepresentative sample of Canadian retail mobile wireless service plans. This serves to artificially lower the average price index used in the study, and leads to underestimating the prices Canadians actually pay for retail mobile wireless services. In the Commission’s view, this selection bias in the data sheds doubt on the validity of the conclusions drawn in the study.

²⁰ Seong Hun Yun, Yongjae Kim, and Minki Kim, “Quality-adjusted international price comparisons of mobile telecommunications services,” *Telecommunications Policy* 43, 4: (May 2019) 339-352.

122. The Commission is satisfied that the evidence before it shows that retail prices are higher in Canada than in other comparable jurisdictions. Furthermore, factors such as network costs or network quality do not appear to explain the price differentials. Rather, it is likely that insufficient competition in Canada contributes to higher prices in comparison to other countries.
123. The Commission recognizes that retail prices have been falling in Canada over the last decade, a fact cited by the national wireless carriers as evidence that they are vigorously competitive with each other and with regional wireless carriers, and by regional wireless carriers to support their position that it is effective competition from them that has resulted in the decline in prices. The recent introduction of unlimited plans by the national wireless carriers represented a notable development in the Canadian retail market and appears to have put additional downward pressure on retail prices. However, this price reduction applied to large data plans specifically, and the extent to which it was driven by competition in the market is not clear.
124. Regardless, with retail prices clearly trending downwards, the Commission acknowledges that the market is moving in the right direction, and that it is reasonable to expect that this trend will continue in the future as wireless carriers' network capacity increases as a result of ongoing investments and innovation.
125. Notwithstanding the above, however, falling retail prices in Canada are part of a worldwide trend, because retail prices have also declined in other countries over the same period. The Commission notes that Canadian retail prices have not fallen as much as they have in other jurisdictions, and remain above international benchmarks. This also serves to suggest that competition is not currently sufficient to discipline the market and protect the interests of consumers.
126. Evidence pertaining to wireless carriers' profitability also corroborates this conclusion. Since market power is an ability to raise prices above competitive levels, the presence of excessive profits would constitute an indicator of market power.
127. Although subject to debate as to its appropriateness as a measure of profitability for the mobile wireless service industry, EBITDA remains a widely used metric by the industry to report financial performance and profitability. While it is not uncommon for EBITDA margins to exceed 40% in the industry, profits of the Canadian national wireless carriers are on the higher end when compared to the G7 countries and Australia. This indicates that the Canadian national wireless carriers are highly profitable, and that they have consistently been reporting relatively high EBITDA for a number of years, which is inconsistent with assertions of a highly competitive market. With regard to SaskTel, its profits have increased over the last number of years, with an EBITDA level now higher than that of other regional wireless carriers, and closer to that reported by the national wireless carriers. This is also inconsistent with assertions of vigorous competition in Saskatchewan.

128. A number of parties argued that the prices and profit levels in the Canadian market are reflective of the highly capital-intensive nature of the mobile wireless industry, which requires significant investment in both capital and spectrum. The Commission acknowledges that while the level of capital investments made by wireless carriers at a single point of time may not provide an accurate picture of their expenditures, because such expenditures depend on where the wireless carriers are in their investment cycle, this concern is mitigated by looking at average investment levels over a period of time. Over the 2009 to 2018 period, Canada had an average capital expenditure (excluding spectrum) per subscriber (capital expenditure to subscriber ratio) that ranked relatively highly among the G7 countries and Australia. However, when put in relation to revenue per subscriber, that ratio for Canadian national wireless carriers over the same period is actually one of the lowest. In other words, these carriers are spending less on capital investments on average in relation to their revenues on a per-subscriber basis than most of their peers in the G7 countries and Australia.
129. Similarly, the national wireless carriers argued that their prices and profit levels are justified because of their high levels of expenditures on spectrum relative to other countries. Canadian spectrum prices are indeed high when compared to other countries. However, spectrum prices in Canada are determined through an auction process; accordingly, the prices are a reflection of not only the number of bidders involved in the auctions, but also of the expected profits to be realized from the assets being bid on. As such, spectrum auction prices in Canada can be seen as confirming the level of profits that wireless carriers expect to generate from that resource.
130. The Commission acknowledges that the capital expenditures and spectrum costs of Canadian wireless carriers are high, and that they have had, and continue to have, an impact on retail prices because wireless carriers need to recoup the associated costs. However, these costs do not fully justify the retail price and profit level differentials seen between Canada and peer countries.
131. At the national level, cross-provincial comparisons of retail prices and the causes behind any price differences were subject to much debate. Historically, lower retail prices have been observed in Manitoba, Quebec, and Saskatchewan relative to other markets.
132. A number of parties submitted that these regional retail price variations were attributable to differences in the level of competition across markets – the Commissioner in particular presented evidence and argued that lower retail prices in Manitoba, Quebec, and Saskatchewan were a result of the strong competitive presence of MTS Inc. (now Bell MTS, a division of Bell Canada), Videotron, and SaskTel, respectively.
133. The national wireless carriers presented evidence and argued that retail price differences between provinces/territories were due to factors such as differences in network quality, penetration of flanker brands (which typically offer lower-priced services), and data usage. However, these factors either exhibit little correlation with

provincial/territorial retail pricing or do not consistently explain the differences in all provinces/territories. For example, according to 2018 network quality data collected by PCMag and referred to in the Commissioner's submission, network quality is higher in Quebec compared to the Atlantic provinces, but retail prices are higher in those provinces compared to Quebec. With respect to flanker brand penetration, provinces with higher retail prices, such as British Columbia and New Brunswick, also have high flanker brand penetration rates when compared to other provinces, and provinces with lower retail prices, such as Manitoba and Saskatchewan, have relatively low flanker brand penetration rates. Lastly, compared to Manitoba and Quebec, retail prices are higher in provinces with lower usage rates, such as New Brunswick, Newfoundland and Labrador, and Nova Scotia; however, retail prices in Alberta, a province with higher average data usage, are similar to those in New Brunswick, which had lower average data usage.

134. With respect to TCI's claim that ARPU in Quebec demonstrates that retail prices were lower in that province even before Videotron entered the market, ARPU alone is not a measure of retail prices. Furthermore, retail prices in Quebec were comparable to those in other provinces, with the exception of Manitoba and Saskatchewan, prior to Videotron's entry into the retail market.
135. Based on the above, the Commission concludes that retail price variations between provinces are not explained by differences in the quality of networks, flanker brand penetration, or data usage level among provinces.
136. The existence of lower retail prices in Manitoba, Quebec, and Saskatchewan alone does not lead to the conclusion that such prices in these jurisdictions are competitive. Rather, retail prices in these markets are still high by international standards. This is so even in Quebec where prices are generally among the lowest in Canada, and where Videotron holds a relatively significant share of the market (albeit less than any national wireless carrier), which suggests that subscribers across Canada, including in Manitoba, Quebec, and Saskatchewan, would benefit from increased competition.
137. Notwithstanding the above, the Commission recognizes the presence of encouraging signs showing a level of rivalry among wireless carriers. Notably, the national wireless carriers and most regional wireless carriers, including SaskTel, offer a large number of promotions and discounts on retail mobile wireless service plans and devices.
138. Another example of evidence of rivalrous behaviour can be seen from recent net subscriber addition figures, which is defined as the number of new subscribers minus the number of customers that drop service, as well as from porting data, which represents the number of subscribers' telephone numbers that have been transferred to and from different carriers. Most of the regional wireless carriers have been successful in attracting customers, including customers switching from other wireless carriers.

139. Despite the fact that net subscriber addition figures and porting data suggest that the market is moving in the right direction in terms of growing regional wireless carriers, the provincial/territorial market shares of the national wireless carriers combined have not changed in any significant way over the last five years. The same is also true for SaskTel in Saskatchewan; the carrier has largely maintained its market share over the last five years. In addition, even if the growth patterns witnessed in the last five years continued, this would very likely not result in gains large enough that the regional wireless carriers' market shares would grow in a significant way in the foreseeable future in most parts of Canada.
140. In conclusion, although the Commission considers that markets have generally been moving in the right direction, retail prices remain high in Canada compared to other jurisdictions, and factors such as costs or network quality do not entirely explain these differences. High profit levels, even accounting for the large investments made by the national wireless carriers and by SaskTel, in addition to their high and stable market shares over the last five years, also point to a lack of rivalrous behaviour in Canada.
141. In light of the above, the Commission finds that there is still an insufficient amount of rivalrous behaviour among the national wireless carriers and between these carriers and SaskTel in Saskatchewan, and that rivalry between these carriers and regional wireless carriers in the retail market, although present, is still limited in all provinces and territories.

Innovation and technological changes

142. In Telecom Decision 94-19, the Commission indicated that the nature of innovation and technological change in the relevant market may be a useful indicator to assess market power, because industries characterized by rapid innovation in products, processes, and technology tend to experience greater price movements and more new entry, thereby making it difficult to exercise market power.

Positions of parties

143. The national wireless carriers submitted that the telecommunications industry is a leader in research and development in Canada, that they continue to roll out LTE-A on their mobile wireless networks, and that they are undertaking massive investments towards the successful deployment of 5G infrastructure throughout the country. They further submitted that Canadian wireless carriers are innovating to improve their products and services to keep up with an intensely competitive market.
144. Eastlink, SaskTel, Shaw, Videotron, and Xplornet submitted that they provide innovation in the retail market. Most of these parties, in addition to TBayTel, argued that they are also undertaking efforts to build and enhance their mobile wireless networks, including by working toward the transition to 5G services.

145. The CCWS and CIPPIC/OpenMedia submitted that Canada's retail market lacks innovation because many of the services or options that have emerged in other jurisdictions, such as data rollover, are not widely available in Canada. CIPPIC/OpenMedia submitted that the national wireless carriers' recently introduced unlimited data plans do not compare favourably with similar plans offered in other jurisdictions because they are generally more expensive, offer a lower data usage threshold before data is throttled, and/or throttle data to a lower speed. The Commissioner and TekSavvy questioned the timing of the introduction of these plans, arguing that the threat of regulatory intervention may have played a role in their launch.

Commission's analysis and determinations

146. The Commission notes that wireless carriers have expanded the scope of their products and services. A notable example was the national wireless carriers' introduction of unlimited data plans across the country. However, while these offerings represent a new option in various parts of the country, unlimited plans have been available for some time in other jurisdictions, such as the United States and some European countries, as well as some areas in Canada, notably in Saskatchewan, prior to their introduction by the national wireless carriers.

147. With regard to technological changes, Canadian wireless carriers have deployed LTE networks that cover virtually all of the Canadian population, and are continuing to invest with a view to upgrading their networks to handle growing data demand. Accordingly, the Commission considers that Canadian wireless carriers are adopting technological innovations into their networks at a relatively rapid pace.

148. However, adopting network innovation comes at a cost; the mobile wireless industry has proven to be a capital-intensive industry, as discussed above, and there are no indications that it will be less so with the deployment of 5G networks.

149. The deployment of 5G networks is likely to be particularly challenging for regional wireless carriers that are still in the process of building and expanding their networks, and are working towards strengthening their financial performance. Under these circumstances, instead of helping competition by facilitating entry and expansion, technological changes in the industry may actually impede regional wireless carriers' ability to compete against bigger and more established wireless carriers and may compromise their financial viability. This is particularly true in areas with low population densities, since the capacity of the market to support these investments is even more limited.

150. In light of the above, the Commission finds that innovation and technological changes in the Canadian mobile wireless industry do not prevent an exercise of market power in any province or territory for the provision of retail mobile wireless services.

Conclusion

151. Despite evidence of growing rivalrous behaviour among WSPs and downward trends in retail prices in Canada, the Commission considers that, with the exception of Saskatchewan and the territories, the national wireless carriers together exercise market power and that the competitive dynamics in Canada are not currently sufficient to discipline the exercise of market power of these carriers. In these markets, market share is highly concentrated between the national wireless carriers. Furthermore, prices and profits are high and not fully accounted for by way of investments made in networks. Competitive discipline is limited by the presence of barriers to entry into the retail market and by barriers to switching service suppliers. Finally, innovation in the market would not prevent an exercise of market power in the mobile wireless service industry.
152. Accordingly, the Commission finds, as a question of fact, that the national wireless carriers together exercise market power in the provision of retail mobile wireless services in all provinces except Saskatchewan.
153. In the case of Saskatchewan, SaskTel, the incumbent WSP, controls the majority of the retail market, and its market share has remained essentially unchanged in the last five years. In addition to SaskTel's dominant and stable market share, the retail market is characterized by barriers to entry that, if anything, would be higher in Saskatchewan given the low population density and the size of the territory to cover. In addition, SaskTel's increasing profit levels are inconsistent with assertions of a highly competitive market in Saskatchewan and rather indicate, when considered in conjunction with the factors described above, that SaskTel exercises market power on a unilateral basis in the province.
154. In light of the above, the Commission finds, as a question of fact, that SaskTel exercises market power as regards the provision of retail mobile wireless services in Saskatchewan.
155. With respect to the North, Bell Mobility holds the vast majority of market shares in each of the three territories, and competitors in those markets have only modest presences. Also, customers in the North have access to fewer options than customers in the provinces when they consider switching WSPs, since no territory counts more than three wireless carriers. In addition, barriers to entry are prevalent in these markets like elsewhere in Canada. Given the low population density and the size of the territory to cover, these barriers are likely more significant in each of the territories.
156. In light of the above, the Commission finds, as a question of fact, that Bell Mobility exercises market power for the provision of retail mobile wireless services in the territories.

157. Following these findings, the analysis now turns to assessing potential regulatory measures, at both the wholesale level and retail level, to address market power and protect the interests of consumers, having regard to the policy objectives of the Act and the 2006 and 2019 Policy Directions.

Regulatory measures at the wholesale level

Regulatory approach to wholesale services

158. Generally speaking, wholesale regulatory measures are used to address competition concerns in the retail market. If the retail market is sufficiently competitive, there is generally no need to inquire into the appropriateness of wholesale market intervention. However, if an analysis of the retail market demonstrates competitive concerns in that market, such as one or more firms exercising market power, which the Commission has found to be the case in relation to the provision of retail mobile wireless services in all geographic markets, then wholesale market intervention may be appropriate.

159. While there may be other reasons to support wholesale market intervention, as a general matter, it is appropriate to view such regulatory intervention as a means of addressing situations of undue preference or unjust discrimination, such as the differential treatment that may arise as a result of the dynamic between a carrier's retail and wholesale operations. Such intervention is typically done by mandating that firms exercising market power provide competitors with access to their networks, or parts thereof, at regulated rates, terms, and conditions.²¹

160. In Telecom Regulatory Policy 2015-326, the Commission set out its analytical framework for determining whether to mandate the provision of a wholesale service.

161. The first step is to define the relevant product and geographic markets for the wholesale service. These markets are typically characterized as the smallest group of services and geographic area over which a firm could profitably impose a significant and non-transitory (i.e. sustainable) price increase.

162. The next step is to apply the essential services test (referred to hereafter as the Essentiality Test), which has three components (the essentiality criteria) – the input component, the competition component, and the duplicability component. A wholesale service must meet all three components, as described below, to be considered essential.

- Input component: the facility is required as an input by competitors to provide telecommunications services in a relevant downstream market.

²¹ For example, the national wireless carriers are mandated to provide wholesale roaming service at regulated rates, terms, and conditions. In the wireline market, incumbents are mandated to provide wholesale high-speed access service to competitors at regulated rates, terms, and conditions.

- Competition component: it is controlled by a firm that possesses upstream market power such that withdrawing mandated access, or denying access to the facility, would likely result in a substantial lessening or prevention of competition in the downstream market.
- Duplicability component: it is not practical or feasible for competitors to duplicate the functionality of the facility.

163. These criteria, which are aimed at determining whether a wholesale service is a bottleneck, and whether access to the service is necessary for successful retail competition, help inform the Commission's assessment as to whether a wholesale service provider's conduct results in it unduly preferring itself or disadvantaging a competitor or a group of subscribers, contrary to subsection 27(2) of the Act. As such, these criteria inform a specific method of identifying compliance with subsection 27(2). However, in the Commission's view, the Essentiality Test applies fairly narrow economic criteria to the assessment and would not, absent further considerations, fully reflect the range of matters that section 47 of the Act requires the Commission to take into account in exercising its powers.

164. In this regard, in Telecom Regulatory Policy 2015-326, the Commission indicated that it would evaluate whether there are policy considerations that would inform, support, or reverse a decision to mandate the provision of a wholesale service. Among the policy considerations it highlighted are those relating to innovation and investment. Where appropriate, the Commission may use a policy consideration to justify a decision to mandate the provision of a wholesale service that does not meet the Essentiality Test. Conversely, the Commission may use a policy consideration to justify a decision not to mandate the provision of a wholesale service that meets the Essentiality Test.

165. The policy considerations discussed in Telecom Regulatory Policy 2015-326 play a critical role in informing the Commission's findings of fact under subsection 27(3) of the Act as to whether a carrier has complied with the prohibition set out in subsection 27(2) in a manner that is consistent with the requirements of section 47.²²

166. In light of its findings in the previous section concerning the presence of retail market power, the Commission will consider the appropriateness of mandating wholesale MVNO access.

²² The policy considerations also serve to reflect that the essential facilities analytical framework set out in Telecom Regulatory Policy 2015-326 is also applied, albeit on a more limited basis, to give effect to statutory powers other than subsection 27(2), such as those set out in section 40 of the Act.

Wholesale MVNO access

Background

167. In Telecom Regulatory Policy 2015-177, the Commission found that both wholesale roaming service and wholesale MVNO access service met the three components of the Essentiality Test. For both services, the Commission defined the relevant geographic market as national in scope. Although wholesale MVNO access service met the Essentiality Test, the Commission determined that the service would not be mandated at that time owing to policy considerations. In particular, the Commission was concerned about the potential for wholesale MVNO access to undermine network investment, particularly by competitor wireless carriers, and particularly outside of core urban areas.

168. In Telecom Notice of Consultation 2019-57, the Commission took the preliminary view that subsequent developments in the market were such that it would now be appropriate to require the national wireless carriers to provide wholesale MVNO access service, on a time-limited basis, as an outcome of this proceeding.

Reviewing the essentiality of wholesale MVNO access service

Positions of parties

169. In addition to debating the policy reasons for and against mandating wholesale MVNO access service, certain parties called into question the Commission's finding in Telecom Regulatory Policy 2015-177 that wholesale MVNO access service meets the Essentiality Test.

170. Several parties submitted that before the Commission makes a determination with respect to mandating wholesale MVNO access service, it is necessary to reassess the essentiality of the service.

171. In particular, Shaw argued that the Commission's concurrent analysis of both wholesale roaming and wholesale MVNO access services in Telecom Regulatory Policy 2015-177 was flawed because the considerations for MVNOs and roaming are different. Shaw submitted that while wholesale roaming service was required for regional wireless carriers that need broad national coverage to offer competitive services, the same does not necessarily hold for MVNOs. It argued that MVNOs do not face the same barriers and competitive foreclosure risks as those who need to build their own home networks, and therefore argued that the Commission needs to revisit the essentiality of wholesale MVNO access service before it can properly assess the appropriateness of the service.

Commission's analysis and determinations

172. Given the evolution of wireless service markets since 2015, and the new evidence and arguments that were raised in this proceeding, it would not be appropriate for the Commission to make a determination on whether to mandate wholesale MVNO

access service by relying on the determinations it reached in 2015. The Commission therefore considers that a new assessment of whether wholesale MVNO access service satisfies the Essentiality Test is required.

Defining wholesale MVNO access service

173. At the outset, the Commission notes that the analysis below focuses on the concept of a full MVNO model, which would grant mandated permanent access to the RAN of a host carrier. The RAN consists of spectrum, towers, and related facilities and equipment located at tower sites. In a full MVNO model, all other facilities and equipment required by an MVNO beyond the RAN would not be mandated, but would be supplied or otherwise obtained by the MVNO itself, including the core network, billing systems, customer care, and devices.
174. Various parties proposed their own variants of a full MVNO model. For example, CNOC, Distributel, and TekSavvy, among others, supported a broad-based full MVNO model with minimal or no restrictions on eligibility for prospective MVNOs. Cogeco proposed a hybrid MVNO model under which eligibility would be tied to a prospective MVNO owning wireless or wireline facilities in a given area, used to serve retail customers. The ITPA proposed a full MVNO model that included an option for prospective MVNOs to also gain mandated access to a host carrier's core network.
175. In the Commission's view, the essentiality analysis for each of the full MVNO options proposed by parties is the same, since they are all ultimately predicated on a prospective MVNO having mandated permanent, rather than incidental, access to a host carrier's RAN. The conclusions reached with regard to the essentiality of wholesale MVNO access service therefore apply equally to each proposal.²³
176. The Commission considers that the Commissioner's facilities-based MVNO proposal would also constitute a full MVNO model. However, given the targeted nature of that model, in terms of both geography and eligibility, the Commission has performed a separate evaluation of it.

Relevant product and geographic markets

177. As discussed above, the first step in applying the Essentiality Test is to define the relevant product and geographic markets for the service in question.

²³ This analysis does not capture the optional access to core network components requested by the ITPA. However, given the Commission's determinations on the question of mandated RAN access, it does not consider that it needs to perform an assessment of whether wholesale access to core network components qualifies as access to essential facilities or services and whether such access should be mandated.

Positions of parties

178. Parties in favour of mandated wholesale MVNO access service generally submitted that the previously established relevant product and geographic markets continue to be appropriate.
179. Bell Mobility argued that wholesale roaming service and wholesale MVNO access service do not need to have the same relevant geographic market, since an MVNO can have the ability to resell access to a wireless network in one area (wholesale MVNO access), while its customers in that area are able to use their wireless service anywhere in the country by way of wholesale domestic roaming access. Bell Mobility submitted that the relevant geographic market for the purposes of applying the Essentiality Test to a wholesale MVNO access service is local, and can most appropriately be represented by tier 4 areas, which collectively cover every square kilometre of Canada.
180. Similarly, it was the Commissioner's view that the appropriate geographic market for assessing wholesale MVNO access service is likely the local market. To that end, the Commissioner submitted that tier 4 areas are a reasonable proxy for local markets.
181. Shaw argued that competitors have demonstrated that they are able to enter the mobile wireless service market on a regional basis through self-supply and deploy networks to an extent sufficient to compete with the national wireless carriers.

Commission's analysis and determinations

182. The Commission considers that there are significant functional differences between wholesale roaming service and wholesale MVNO access service. Each service addresses a different type of customer: wholesale MVNO access service addresses service providers seeking permanent RAN access to enable their retail services to be offered, while wholesale roaming service addresses wireless carriers seeking incidental RAN access to support their customers when they travel outside the footprint of their carrier's network. In the Commission's view, the difference in functionality between the two services places them in two separate product markets, with the relevant product market for wholesale MVNO access service being defined as permanent access to the RAN.
183. With respect to the geographic market, the Commission considers that the geographic market for wholesale MVNO access service is more localized than the national market. When looking more closely at the likelihood of entry into the market and the geographic basis on which that entry might occur, the Commission considers that an entrant would not necessarily require a wholesale MVNO access service on a national level in order to be able to develop a viable business. While national coverage, through roaming, is necessary for any service provider to give its customers connectivity wherever they go, a WSP (be it a carrier or MVNO) does not necessarily have to sell its services nationally in order to provide its customers with

national coverage. An entrant could, rather, enter in one city or province and negotiate to use a combination of the host carrier's network and roaming arrangements to offer its customers in that local area a viable service, which would include national coverage. This is similar to how regional wireless carriers have entered the market, that is, by targeting select areas for entry and using wholesale roaming service to supplement their serving territories and enable their customers to have national coverage.

184. In these circumstances, the Commission considers that tier 4 areas represent a significantly more localized geographic area than the national market, and are a reasonable proxy for local markets because they are roughly approximate to a city and its surrounding area, a regional municipality, or a larger rural area with several small towns. Tier 4 areas have established boundaries and are familiar to market participants.
185. In light of the above, the Commission determines that the relevant product market for wholesale MVNO access service is permanent access to the RAN and that the relevant geographic market is the tier 4 area.

Applying the Essentiality Test to mandated MVNO access service

186. Below, the Commission applies the Essentiality Test to wholesale MVNO access service using the market definitions established above, with the relevant product market being permanent access to the RAN for the purpose of operating as an MVNO, and with the relevant geographic market being the tier 4 area.

Positions of parties

187. The CCWS, CNOC, and Ecotel agreed with the Commission's finding in Telecom Regulatory Policy 2015-177 that wholesale MVNO access service is an essential service.
188. Cogeco argued that access to the RAN of a mobile wireless carrier is an essential service, because it is a required input to provide an equivalent mobile service offering, it is controlled by firms that together exercise market power, and it is not practical to duplicate.
189. Bell Mobility argued that wholesale MVNO access service is not essential because there is no evidence to support a conclusion that MVNOs would substantially increase competition. Instead, their presence would likely result in less competition in retail markets. Further, it argued that mandated MVNO access service fails the duplicability component because carriers that have entered into the market since 2008 have demonstrated that every aspect of a facilities-based wireless service offering can be duplicated. It noted, by way of example, that Bell Mobility and TCI previously duplicated RCCI's Global System for Mobile communications (GSM) network in every geographic market.

190. RCCI argued that, for the input component, MVNOs do not require access to the national wireless carriers' RANs to provide retail service. It pointed to the new regional wireless carriers that have built competitive businesses to argue that others could do the same on a relatively cost-effective basis. As for duplicability component, RCCI referred to the new entrants to demonstrate that the RAN is duplicable and that it is easier than ever for new entrants to enter the market and build their own RANs. RCCI further submitted that, to the extent that a new entrant may need to rely on an existing RAN, it does not necessarily need access to the national wireless carriers' RANs. Further, and with specific regard to the competition component, RCCI argued that while MVNOs may bring some additional competition, it would be likely short lived and unlikely to help consumers.
191. Shaw argued that mandating wholesale MVNO access would substantially lessen or prevent competition in the downstream retail market. It submitted that the overwhelming evidence in this proceeding shows that mandating MVNO access will weaken facilities-based competitors by eroding their subscriber bases and inhibiting their ability to compete effectively and sustainably against the national wireless carriers in the mid and long term. Shaw also submitted that the presence of regional facilities-based competitors, like Freedom Mobile, in the mobile wireless service market through self-supplied networks is clear evidence that mobile wireless facilities are duplicable on a regional basis.
192. TCI disagreed with the Commission's 2015 finding of essentiality, arguing that competitors can duplicate RANs and that this has led to regional and national wireless carriers building RANs across the country.

Commission's analysis and determinations

Input component

193. Any WSP – whether it is a facilities-based carrier or a virtual operator – requires access to a RAN to offer mobile wireless services, including retail services. Since MVNOs are virtual operators that, by definition, do not own RAN components such as spectrum, towers, and sites, they would not be able to operate without wholesale access to a carrier's RAN. This is true in any tier 4 area.
194. As a result, the Commission finds that wholesale MVNO access service meets the input component.

Competition component

195. In Telecom Regulatory Policy 2015-177, the Commission determined that the national wireless carriers collectively possessed market power in the national market for wholesale MVNO access service. In the Commission's view, this determination of collective upstream market power remains true for most tier 4 areas in the country. In these areas, MVNOs seeking RAN access are limited to either the Bell Mobility-TCI shared network, the RCCI network, or the network of a regional wireless carrier that may have only partial coverage. The Commission considers that,

even in tier 4 areas where a regional wireless carrier has coverage, the national wireless carriers would, with the exception of tier 4 areas in Saskatchewan and the territories, still exercise upstream market power, having regard to the limited number of networks with extensive coverage, namely the Bell Mobility-TCI shared network and RCCI's network.

196. In Saskatchewan, SaskTel owns the vast majority of the network facilities. Other carriers have only a minimal network presence, and this presence is in a limited number of tier 4 areas in the province. For these reasons, the Commission considers that SaskTel solely exercises upstream market power over the RAN for the purposes of wholesale MVNO access service in the geographic markets in Saskatchewan.
197. In the territories, Bell Mobility owns the vast majority of network facilities, with a number of smaller wireless carriers operating in some tier 4 areas. In these circumstances, the Commission considers that Bell Mobility has sole upstream market power over the RAN for the purposes of wholesale MVNO access in the territories.
198. The Commission considers that while Bell Mobility, RCCI, TCI, and SaskTel exercise upstream market power over the RAN for the purposes of wholesale MVNO access service in the areas described above, the competition component of the Essentiality Test requires it to assess whether an exercise of this upstream market power to foreclose meaningful wholesale RAN access for the purpose of supporting MVNOs would result in a substantial lessening or prevention of competition in the downstream retail market. In this regard, the Commission considers that MVNOs are likely to focus their efforts on tier 4 areas in larger cities where they would be able to use the service to reach the greatest number of potential customers.
199. With respect to customer segments that MVNOs would likely target, the Commission considers that MVNOs are likely to compete for similar customers as those targeted by regional wireless carriers (e.g. price-sensitive customers or younger and more technologically savvy customers that have a greater willingness to switch carriers). In this regard, the national wireless carriers position their flanker brands for a similar purpose: to defend against the competitive threats posed by regional wireless carriers to specific customer segments, namely budget-conscious consumers. As such, the Commission considers that it is likely that, upon entry into retail markets, MVNOs would take a greater share of subscribers from regional wireless carriers than from the national wireless carriers or SaskTel, particularly with respect to their main brands, and would therefore have a disproportionate impact on regional wireless carriers. In these circumstances, the Commission considers that while there may be some initial downward pressure on overall pricing as MVNOs seek to gain customers, over the longer term the net impact of broad-based MVNO presence on competition, particularly as a means of affecting retail market power, is not likely to be substantial.

200. Furthermore, in the Commission's view, while competition is intensifying and prices are lower in areas where a regional wireless carrier operates in competition with the national wireless carriers, and it is reasonable to expect prices to decline further in the future as the regional wireless carriers grow their market shares, the potential beneficial impacts on retail competition resulting from the mandated provision of a broad MVNO access service are speculative at best. Further, the available evidence is not persuasive enough to support a conclusion that any such impact would outweigh any negative impacts on established regional wireless carriers with regard to their subscriber base and their corresponding ability to invest in expanding and upgrading their network coverage and, thus, on their ability to discipline retail market power.
201. In light of the above, the Commission finds that the absence of a broad-based wholesale MVNO access service is not likely to result in a substantial lessening or prevention of competition, and that the presence of such a service is not likely to result in a substantial increase in downstream competition. Therefore, wholesale MVNO access service does not meet the competition component of the Essentiality Test.

Duplicability component

202. There are 172 tier 4 areas in Canada, and in 114 of these areas, regional wireless carriers, including SaskTel, have already invested in spectrum and RAN facilities, thereby providing approximately 70% of the Canadian population with a competitive alternative to the national wireless carriers. This is clear evidence that RANs have been practically and feasibly duplicated by reasonably efficient competitors that vary in size from larger carriers with significant wireline operations such as Shaw and Videotron, to mid-sized carriers such as Eastlink and TBayTel, to smaller carriers such as Ice Wireless and SSi Micro.
203. Furthermore, in the remaining 58 tier 4 areas, there is at least one regional wireless carrier that has purchased spectrum but has not yet built RAN facilities. In many cases, it has already announced plans to build RAN facilities. The Commission considers that this is a strong indication that RAN facilities are likely to continue to be duplicated in the future.
204. The Commission is not persuaded by arguments that it is infeasible or too costly to construct a wireless network. The evidence shows otherwise, namely that multiple companies have built their wireless networks – in both densely populated tier 4 areas and in more sparsely populated tier 4 areas – and have indicated that they intend to continue doing so.
205. Regarding arguments that spectrum is a finite resource that can only be acquired at specific times set by ISED, the Commission considers that all companies make choices about how and when to invest. Some companies chose to bid on spectrum in past auctions and launch retail wireless operations. Other companies chose not to, or were not successful with their bids. Simply making a business choice against

building a RAN, or losing out in an auction process, does not mean that it is not possible to build one.

206. The Commission acknowledges that building a wireless network is not without significant challenges. Spectrum is typically expensive, is in limited supply, and is only made available at certain times by ISED. Network infrastructure such as towers and backhaul facilities take time to build and often require consultations and permits. As already discussed, these constitute barriers to entering and expanding in the mobile wireless service market that impact the ability of competitors to serve consumers. However, the Commission considers that, as the evidence above demonstrates, these challenges are not insurmountable by reasonably efficient operators. They have, in fact, entered the market and are expanding their operations to more consumers as time goes on.

207. In light of the above, the Commission determines that the functionality of wholesale MVNO access service can be practically and reasonably duplicated by reasonably efficient competitors.

Conclusion

208. In light of the above, since wholesale MVNO access service does not meet two of the three components of the Essentiality Test, the Commission determines that wholesale MVNO access service is not an essential service.

Policy considerations

Background

209. In the essential services framework set out in Telecom Regulatory Policy 2015-326, the Commission indicated that, in addition to applying the specific conditions or components informing the Essentiality Test, it would use policy considerations to inform, support, or reverse a decision to either mandate or not mandate the provision of a wholesale service.

210. The Commission listed three policy considerations that it would take into account: public good,²⁴ interconnection, and innovation and investment. In the case of wholesale MVNO access service, the Commission considers that it is neither a public good nor interconnection service and, as such, the first two policy considerations are not relevant. However, innovation and investment is of particular relevance, since one of the strategic policy objectives of this proceeding is continued innovation and investment in, and affordable access to, high-quality telecommunications services and facilities in all regions of Canada, including rural and remote areas.

²⁴ For example, the Commission mandates the provision of wholesale Enhanced 9-1-1 service as a public good service.

211. In this proceeding, parties made arguments regarding the impact that mandated wholesale MVNO access would have on the market and much of the evidence filed in this regard relates to innovation and investment in a number of different ways. Parties' views on this matter were generally made in the context of a broad-based full wholesale MVNO access service.

212. With this in mind, the Commission has structured its analysis on innovation and investment as follows:

- Impact on innovation – Plans and pricing
- Impact on innovation – Technology and service delivery
- Impact on investment – National wireless carriers and SaskTel
- Impact on investment – Regional wireless carriers
- Impact on investment – Network capacity

Positions of parties

Impact on innovation – Plans and pricing

213. Parties that opposed mandated wholesale MVNO access, including the national and regional wireless carriers, generally argued that MVNO competition would have little to no impact on innovation with respect to new plans and pricing structures. Expert evidence filed by these wireless carriers concluded that broadly mandated wholesale MVNO access would not have a significant impact on prices. For instance, Richard Feasey, on behalf of RCCI, argued that there is no credible evidence that having more MVNOs in a market or mandating access for those MVNOs leads to lower retail prices. Furthermore, Dr. Christian Dippon and Dr. Georg Serentschy, both on behalf of TCI, argued that in other countries where there is a significant MVNO presence in retail markets, MVNOs are generally unable to set or even influence market prices.

214. Parties that opposed mandated wholesale MVNO access also argued that the evidence shows that entities seeking MVNO access would most likely seek to offer their customers services that are comparable to those already available and to make these available at prices similar to those prevailing in the market. Bell Mobility, RCCI, and Videotron argued that wireless carriers already offer a wide range of plans at different price points, including voice, text, and data plans for under \$20 per month. They argued that given the availability of lower-priced plans in most markets, there is very little room for MVNOs to compete on price. Eastlink argued that it would be highly optimistic to assume that any properly costed wholesale pricing model would result in substantial changes to the price of services already occurring and increasingly being offered by the numerous existing WSPs in Canada today.

215. Parties that supported mandated wholesale MVNO access, including CNOC and prospective MVNOs, argued that MVNOs are able to put downward pressure on retail pricing. Evidence provided by these parties pointed to a wide variety of MVNOs operating in different international markets that offer wireless plans that include large data allotments at rates that, in their assessment, were significantly lower than the standard offerings by large carriers in those markets. For instance, Dr. Martyn Roetter, on behalf of CNOC, pointed to an MVNO in the United Kingdom offering plans containing up to 10 GB of data for £10. TekSavvy gave the example of Ting Mobile (an MVNO operated by Tucows) that bills customers for the least expensive plan available each month based on their usage.
216. The Commissioner suggested that it was unlikely that MVNOs would be able to effectively compete on price and submitted that mandated wholesale MVNO access service rates would need to be up to 64% lower than current mandated wholesale roaming service rates for MVNOs to be able to offer plans that are comparable to those of Freedom Mobile, SaskTel, and Videotron.

Impact on innovation – Technology and service delivery

217. Parties that supported mandated wholesale MVNO access, including CIPPIC/OpenMedia, CNOC, and the Manitoba Coalition submitted that MVNOs would have a positive impact on Canada's mobile wireless service market. CNOC filed a report prepared by Dr. Zhiqi Chen arguing that MVNOs will target niche and underserved areas of the market with affordable and innovative new services, which will, in turn, pressure wireless carriers to respond with their own enhancements to affordability and innovation. Dr. Roetter similarly argued that MVNOs in foreign jurisdictions have developed innovative solutions, including targeting niche population segments, to distinguish themselves from the service offerings of established service providers. CIPPIC/OpenMedia and the Manitoba Coalition argued that this kind of innovation could help improve Canada's mobile wireless service adoption rate. In this regard, CIPPIC/OpenMedia highlighted data indicating that mobile wireless service adoption in Canada, in terms of subscriptions, was below the OECD average.
218. Certain parties that supported mandated wholesale MVNO access also argued that MVNOs distinguish themselves through joint marketing and co-branding with non-telecommunications companies, such as those offering financial services, and, similar to the arguments set out above, by making niche offerings targeting customers that existing WSPs have underserved.
219. Data on Tap submitted that there is room for MVNOs to innovate through a number of product differentiation strategies focusing, for example, on solving problems where wireless usage is moderate, variable, temporary, seasonal, or transient. The company argued that because MVNOs do not manage numerous brands, they would not be concerned about cannibalizing their own customers, and would be free to design products that target a wide range of consumers.

220. Parties that opposed mandated wholesale MVNO access, including the national and regional wireless carriers, generally argued that in markets where there is a strong MVNO presence, the MVNOs pursue niche strategies, with the most common targeted market niche being budget-conscious consumers. They argued that in Canada there is no need or role for MVNOs because the niche segments they are most likely to target are already served by regional wireless carriers and flanker brands.
221. TCI also argued that mandated wholesale MVNO access will provide minimal benefit to consumers. Dr. Dippon concluded in his report that MVNOs do not cause decreases in price or increases in service quality. Specifically, his examination of the impact of MVNOs in OECD countries found that MVNO market shares in those countries remain very small, and that there is no statistical relationship between the presence of MVNOs and an increase in consumer benefits such as faster download speeds, broader LTE deployment, or carrier ARPUs.
222. A report prepared by Dr. Eric Emch and filed by Shaw argued that there is a stark contrast between mobile network operator innovation and MVNO innovation. It noted that 5G networks promise increased speed, decreased latency, and increased connectivity, all of which will support new use cases in the mobile wireless service industry, including IoT and augmented or virtual reality applications. The report suggested that if mandated wholesale MVNO access decreases carrier investment, then these type of innovations cannot be replaced by the kinds of innovations that MVNOs might bring to market, which, it was argued, are limited to marketing and product differentiation.

Impact on investment – National wireless carriers and SaskTel

223. Parties that supported mandated wholesale MVNO access, including the CCSA, the CCWS, CNOC, Distributel, the ITPA, and TekSavvy, argued that it is difficult to demonstrate a correlation between MVNO entry and lower investment levels. They argued that it is unlikely that mandated wholesale MVNO access will deter investment and that it is possible that the national wireless carriers would be encouraged to increase network investment in response to increased demand for network capacity driven by MVNOs. They argued that the national wireless carriers have a strong incentive to roll out 5G technology and submitted that those carriers have made every indication that they will be 5G investment leaders regardless of the presence of MVNOs.
224. CNOC argued that while 5G deployment will require significant investment, the presence of MVNOs will not have a negative impact on that investment. In his report, Dr. Chen argued that MVNO growth is unlikely to reduce investments by wireless carriers, and could possibly stimulate wireless network investment by the national wireless carriers. He argued that the mandated entry of MVNOs into the retail market will likely increase the number of mobile wireless service subscriptions, and therefore increase overall demand for network capacity.

225. Generally, all parties that opposed mandated wholesale MVNO access, including the CWTA, the national wireless carriers, regional wireless carriers, and SaskTel, argued that such access would negatively impact investment by wireless carriers. They argued that mandated wholesale MVNO access would reduce the incentive to invest, particularly in rural areas, and would stifle 5G investment. Margaret Sanderson, in a report for Bell Mobility, and Dr. Dippon, in his report, argued that economic studies of international markets confirm that there are negative investment repercussions from mandated wholesale MVNO access.
226. Bell Mobility argued that if wholesale MVNO access is mandated, carriers' weighted average cost of capital (WACC) would likely rise, driven by lower equity valuation and a higher cost of debt that incorporates higher risk levels. It argued that a higher WACC will increase the hurdle rate for investment, and that lower return on investment capital and higher WACC will make investment projects less likely to be approved by the directors and officers of corporations involved in mobile wireless services.
227. The Commissioner submitted that through his own research, he did not find conclusive evidence of reduced investment incentives resulting from mandated wholesale MVNO access internationally. He noted that in Austria, Japan, and Spain, where, in his view, mandated wholesale MVNO access has contributed to placing downward pricing pressure on mobile wireless service markets, there does not appear to have been any significant decrease in investment.

Impact on investment – Regional wireless carriers

228. CNOC and TekSavvy argued that mandated wholesale MVNO access would positively impact regional wireless carriers. They argued that these carriers are well positioned to become MVNOs and that profits generated from a full MVNO business could be used to invest in, and expand the footprint of, their networks.
229. CNOC argued that rural areas will not be disproportionately affected by any cuts to investment as a result of mandated MVNO access and that rural carriers such as Ice Wireless will continue to invest in networks even if wholesale MVNO access is mandated. CNOC also argued that a significant amount of investment in rural network infrastructure is funded by government programs that would not be affected by a mandate to provide wholesale MVNO access.
230. The national and regional wireless carriers argued that mandated wholesale MVNO access would have the greatest negative effect on regional wireless carriers. They argued that MVNOs are most likely to target the core customers of the regional wireless carriers, and that this would be particularly damaging due to the smaller scale of those carriers' operations. They also argued that mandating wholesale MVNO access would increase overall uncertainty in the market including with respect to the assumptions (e.g. that there is no mandated MVNO access service in place) and return on investment calculations on which capital markets' support for regional wireless carriers has been based to date. Finally, they argued that regional wireless carriers' investment decisions would be affected, both with respect to 5G deployment, and to the expansion of 4G networks.

231. Eastlink submitted that since 2008, it has invested hundreds of millions of dollars to expand its business, and argued that it was able to take this kind of risk due to policies that support facilities-based competitors. It argued that mandating wholesale MVNO access would compromise the sustainability of the investments it has made to date and would drastically reduce all its future investments. SaskTel made similar arguments and argued that mandated wholesale MVNO access would hurt regional wireless carriers in favour of tiny, unstable competitors and larger national carriers.
232. The report by Dr. Emch, filed by Shaw and supported by Videotron, indicated that regional wireless carriers have high investment intensity levels and low margins, all of which put them particularly at risk if faced with MVNO competition.

Impact on investment – Network capacity

233. The national wireless carriers generally submitted that they do not, at present, have a large amount of unused capacity in their networks to support new MVNOs, and indicated that there are many urban locations that are already above 90% capacity utilization at peak times. They were of the view that MVNO entry would add additional traffic to their networks and that it would be difficult for them to forecast this capacity, therefore making it difficult to make the necessary investments at the necessary times. They argued that the additional demands on capacity could lead to reduced network quality and/or higher capital costs to continue to provide high-quality services to their subscribers.
234. Wireless carriers generally submitted that they monitor their network utilization based on various technical parameters and quality metrics, including download speed, upload speed, and latency. They submitted that the end goal of network planning is for carriers to never provide a service that falls below a minimum level of service quality. They submitted that this objective was accomplished by predicting those times and places where network investment is required and adding just enough capacity, on a just-in-time basis.

Commission's analysis and determinations

Impact on innovation – Plans and pricing

235. A fundamental question in this proceeding is whether mandated wholesale MVNO access would result in innovative plans and pricing options for consumers, thus leading to lower prices overall.
236. Generally speaking, it is reasonable to expect at least some downward pressure on pricing if MVNOs were to enter the market on a broad basis. The magnitude of this impact would depend on many factors, including the number of MVNOs that enter; the market segments they choose to target; their relative size, experience, and sophistication; and, perhaps most importantly, the wholesale rates, terms, and conditions that are either negotiated between the parties or set by the Commission.

237. Several parties submitted evidence regarding MVNO activity in other jurisdictions to provide insights about what might occur in Canada. Generally, MVNOs capture between 5% and 30% of the markets that they enter. In many instances, after MVNOs entered those markets, there were price reductions, particularly in relation to niche customer segments, such as the youth market or the prepaid, lower-cost service market. However, the impact of MVNO entry varied depending on the country being studied. Given the differences in market conditions between Canada and the countries under consideration, this evidence cannot be relied upon to conclusively predict the potential impacts MVNOs might have in Canada.
238. With that said, the Commission expects that MVNOs entering a new market would want to compete on price in order to build a customer base, thereby placing downward pressure on market prices, particularly over the short term.
239. However, in a number of international markets referenced by parties, MVNOs successfully negotiated access to carrier networks without access being mandated. In those markets, it is likely that it was market conditions such as, for example, the presence of carriers with a large amount of spare network capacity, that facilitated negotiated wholesale MVNO access at a rate that enabled price competition. In certain countries, including Austria, Germany, and Ireland, wireless carriers were required by regulators to provision wholesale network access to MVNOs as a merger remedy.
240. In any event, if the Commission were to mandate wholesale MVNO access, the rate would either be commercially negotiated or set by the Commission. If left to negotiation, it is unlikely that carriers and MVNOs would successfully negotiate a wholesale rate that allows for an MVNO to compete aggressively on price, due to the significant disparity in size and bargaining power. On the other hand, if the Commission were to determine the wholesale rate, then the MVNOs' profit margins, and their services offerings, will constantly be tied to that rate and restrict differentiation. As a result, the Commission is concerned that a mandated regime allowing for broad MVNO entry would be difficult to sustain over the long term without careful and ongoing regulatory assistance.
241. For these reasons, the Commission considers that mandated wholesale MVNO access may result in a moderate downward impact on price as MVNOs first enter the market, but that these effects would be difficult to sustain over the long term.

Impact on innovation – Technology and service delivery

242. Parties contested whether and to what degree MVNOs would be able to innovate in terms of technology and service delivery if mandated wholesale MVNO access were broadly introduced to the Canadian market.
243. In the Commission's view, technical innovation delivers many important benefits to Canadians by consistently improving network performance and leading to the introduction of new services over time. This type of innovation is largely driven by

carriers that spend millions of dollars annually on research and development, and work with educational institutions and technology companies to bring the latest technical innovations to market. Since MVNOs by definition do not own RANs, and generally do not have the same capital as carriers do that can be dedicated to funding research and development, it is unlikely that MVNOs can have any significant impact with respect to technical innovation at the network level.

244. With respect to innovation in service delivery, internationally, a majority of MVNOs target budget-conscious consumers by offering low-cost plans, bundling wireless service with non-telecommunications services, such as financial services, or providing deals on international calling. In Canada, the budget-conscious consumer is largely served by a combination of regional wireless carriers, the national wireless carriers' flanker brands, and a small number of "white label"²⁵ MVNOs that have entered into resale arrangements with the national wireless carriers. Moreover, various regional wireless carriers are demonstrating more impactful marketing innovation. For example, Shaw introduced unlimited mobile wireless data offerings and developed tailored mobile wireless service plans for customers who bundle their plans with retail Internet service, and Videotron has begun offering data rollover options through its Fizz flanker brand. The Commission considers that an MVNO attempting to enter this space would face significant challenges attempting to create innovative service offerings, or finding significant niche markets that have been neglected by WSPs already in the market.
245. The Commission considers that there is a stronger case for MVNO innovation with respect to differentiated service delivery models. Submissions by potential MVNOs suggest that wireless carriers may lack the incentive or flexibility to introduce certain cutting-edge service delivery technologies. While there was little data filed on the record of this proceeding with respect to MVNO innovation in this particular regard, the idea that full MVNOs could implement high-tech solutions and lean business models to efficiently deliver service has some merit. High-tech solutions, such as cloud services and virtualized core networks, could significantly reduce costs while allowing for the creation of new wireless products. The Commission considers that by employing these solutions it is possible that, rather than targeting a niche market, an MVNO could identify a broad swath of customers that may be seeking a new kind of wireless product to address a need that is currently not being met.
246. For these reasons, the Commission considers that mandated wholesale MVNO access would likely have a low impact on technical innovation and a moderate impact on service delivery innovation.

²⁵ "White label" is a term used to generally describe pure resale arrangements. In the context of an MVNO arrangement, a white label MVNO would not have any facilities of its own and would be reselling the service of a mobile wireless carrier using its own brand name.

Impact on investment – National wireless carriers and SaskTel

247. In this section, the Commission considers the broader impacts that mandated wholesale MVNO access might have on the dominant wireless carriers' network deployment, particularly the deployment of 5G networks.
248. Several parties submitted international examples to support their arguments that mandated MVNO entry in Canada would have negative impacts on overall investment levels, particularly for 5G deployment. In the Commission's view, this evidence was generally not compelling. For example, studies containing international comparisons generally attributed changes in investment levels by carriers directly to MVNO competition. However, there could be other factors at play, including the cyclical nature of capital investment in telecommunications markets, the timing of spectrum availability, and the maturity of specific countries' wireless markets, factors that were generally ignored in the relevant studies.
249. No party filed persuasive evidence that the introduction of MVNO competition in other countries necessarily results in significant underinvestment by well-established or incumbent wireless carriers. There were no examples from international markets where MVNO competition significantly deterred investment in a way that some parties suggested would happen in Canada. The most compelling evidence provided regarding the impact that MVNOs might have on investment was a discussion concerning capital costs, returns on investment, and the incentive to invest. The argument that investment could be reduced because an influx of new competitors would lower a carrier's equity valuation and increase its cost of capital due to a higher risk profile is, in the Commission's view, straightforward and convincing, and consistent with economic and financial principles.
250. However, it is not clear to the Commission that any disincentive to invest resulting from mandated wholesale MVNO access would outweigh broader incentives to invest that might also exist. In that regard, the Commission is not persuaded by arguments that mandated wholesale MVNO access would be a threat to the 5G investments of dominant wireless carriers. As wireless technology transitions towards 5G, any wireless carrier that wants to remain competitive will have very little choice but to invest in networks in order to grow and maintain their user base, and the presence of MVNOs in the market is not likely to affect that to any great degree. Given the new lines of business that 5G service will enable, including large-scale industrial applications in the enterprise market, it is extremely unlikely that a dominant wireless carrier would put itself in a position where it delays or avoids deploying 5G and risks leaving those markets to its competitors.
251. In light of the above, the Commission considers that mandated wholesale MVNO access would have little to no impact on the national wireless carriers' investments.

Impact on investment – Regional wireless carriers

252. Over the years, regional wireless carriers have invested billions of dollars in spectrum and networks in order to compete with the established wireless carriers. At this point in time, although retail prices are generally above competitive levels across Canada, competition is getting stronger and prices tend to be lower in areas where a regional wireless carrier operates in competition with the dominant wireless carriers. However, it is very challenging for a new entrant to grow its network and simultaneously compete with established WSPs. To be successful, regional wireless carriers need to maintain a high capital intensity to grow their networks, keep prices low enough that they can make their retail service offerings competitive, and maintain sufficient margins to recover costs and reinvest.
253. Regional wireless carriers typically target budget-conscious consumers. As a result, these carriers' EBITDA margins are generally lower than those of the established dominant wireless carriers. The Commission considers that the combination of high levels of investment and typically lower margins leaves these regional wireless carriers in a situation where changes to the market could significantly impact their bottom line.
254. The Commission considers that if wholesale MVNO access were mandated, MVNOs would be able to enter the mobile wireless service market while contributing comparatively little capital and taking on very little risk relative to regional wireless carriers. MVNO competitors would likely target the same budget-conscious consumers targeted by these regional wireless carriers. If these regional wireless carriers, which tend to operate at lower margins than the established wireless carriers, such as the national wireless carriers, suddenly faced competition for their core customers from MVNOs that have fewer financial constraints (e.g. significantly less debt and minimal capital expenditure needs), the impact on the regional wireless carriers would undoubtedly be negative. These negative consequences are highlighted in Dr. Emch's study for Shaw.
255. To illustrate, regional wireless carriers have invested billions of dollars in the acquisition of spectrum and the funding of capital projects to build their networks, and these costs must be recovered. MVNOs, by comparison, would not have to purchase spectrum or build RANs, and could therefore enter and exit the market with comparatively little risk. In the Commission's view, this would put regional wireless carriers at a significant disadvantage at a critical time in their growth, and would have a significant negative impact on future investment, particularly in areas outside the major urban centers, as well as on 5G deployment. Improving network investment outside the major urban centres was a major concern raised by several parties in this proceeding, notably by local governments.
256. Accordingly, the Commission concludes that mandating the provision of a broad-based wholesale MVNO access service would likely have a high negative impact on the sustainability of regional wireless carriers and the competition that they bring to the market.

Impact on investment – Network capacity

257. Parties that argued that capacity increases will be required to support the introduction of MVNOs assumed that there would be a significant amount of new traffic on wireless carriers' networks as a result of mandated wholesale MVNO access. The Commission considers that it is likely that many of the customers that would be captured by new MVNOs would come from existing wireless carriers, which would not result in a significant net increase in network traffic and, by extension, capacity requirements.
258. The Commission recognizes that there may be certain locations in carriers' networks where network capacity is already limited, and that wireless carriers' service quality could be negatively affected in those areas if wholesale MVNO access is mandated. However, it is the Commission's view that carriers would likely already be aware that these areas are close to capacity and would therefore have plans to upgrade their networks in order to ensure high-quality service for their own customers. The Commission considers that these planned network upgrades would be sufficient to address any capacity concerns related to MVNOs.
259. For these reasons, the Commission considers that mandated wholesale MVNO access is likely to have a low impact on wireless carriers' network capacity.

Conclusion

260. In light of all of the above, the Commission determines that mandating the provision of a broad-based wholesale MVNO access service would likely
- have a moderate positive impact on price as MVNOs first enter the market, but that these effects would be difficult to sustain over the long term without careful and ongoing regulatory intervention;
 - have a low overall impact on technological innovation and a moderate impact on service delivery innovation;
 - have little to no impact on the national wireless carriers' or SaskTel's investment, particularly with respect to 5G networks;
 - have a high negative impact on the sustainability of regional wireless carriers and the competition and investment they bring to the market; and
 - have a low impact on the network capacity of carriers.
261. In the Commission's view, while the degree to which certain factors such as investment would be affected varies from neutral with respect to the national wireless carriers, to high with respect to regional wireless carriers, the Commission considers that the overall impact of a broadly mandated full wholesale MVNO access regime would be negative. The Commission considers it likely that competition from an influx of unconstrained MVNOs would increase the investment hurdle rate for capital projects of regional wireless carriers, and would more generally reduce the attractiveness of investing in mobile wireless service markets across the country.

262. Given the above analysis as to the detrimental impact on regional wireless carriers and the adverse consequences this would have on the competitive discipline they have begun to bring to the retail market, the Commission concludes that mandating the provision of a broad-based wholesale MVNO access service would detract from the fulfillment of the telecommunications policy objectives set out in paragraphs 7(c) and (f) of the Act.²⁶
263. Additionally, given the negative impacts described above, mandating such a service would not be consistent with the 2019 Policy Direction with respect to the consideration that the Commission has been directed to give to reducing barriers to competition, and to fostering affordability and lower prices in areas where there is market power. Arguably, while a broad-based wholesale MVNO access service would encourage broader service-based competition, for the reasons discussed above, this would likely come at the expense of more sustainable competition brought about by facilities-based competitors. Furthermore, such an approach would not be consistent with the 2006 Policy Direction, which instructs the Commission to rely on market forces to the maximum extent feasible to achieve the policy objectives, and to neither deter economically efficient competitive entry nor promote economically inefficient entry through its regulations.
264. Having regard to the above, the Commission considers that while the failure by wireless carriers with both upstream and downstream market power to provide broad-based wholesale MVNO access results in these carriers providing a preference to their retail operations and subjecting prospective MVNOs to a disadvantage, such advantage or disadvantage is not undue or unreasonable. Accordingly, the Commission determines that the policy considerations do not support a decision to mandate the provision of a broad-based wholesale MVNO access service at this time.

Wholesale measures to support competition

Introduction

265. In the preceding section, the Commission found that wholesale MVNO access service does not satisfy the essentiality criteria and concluded that mandating the provision of a broad-based wholesale MVNO access service would, among other things, negatively impact regional wireless carriers and the sustainable competitive discipline they bring to the market. However, the Commission considers that there is a need for additional inquiry into whether and, if so, what wholesale intervention is warranted with regard to certain concerning findings that it has made, including its finding that certain wireless carriers exercise market power in retail markets across the country, that these same carriers have upstream market power, and that, while a

²⁶ The cited objectives of the Act are 7(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; and (f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.

RAN is duplicable from an economic perspective, barriers to the entry and expansion of competitors do exist and are significant.

266. As discussed in the analysis of the retail market, competition is intensifying, prices are lower in areas where a regional wireless carrier operates in competition with the dominant wireless carriers, and it is reasonable to expect prices to decline further as the regional wireless carriers grow their market shares. The competitive rivalry brought about by the introduction of new wireless carriers in the market has developed steadily since the 2008 Advanced Wireless Services spectrum auction and has been assisted by various regulatory measures designed to help facilities-based competition, including the Commission mandating wholesale roaming service and ISED setting aside spectrum for regional wireless carriers. In the following section, the Commission considers whether there are additional regulatory measures that could be applied at the wholesale level to further support and expand the competition that these carriers have already demonstrated they are capable of bringing to the market. In particular, the Commission will examine whether an assessment of policy considerations leads to the conclusion that failure to provide wholesale network access to competitor wireless carriers engages subsection 27(2) of the Act.

Facilities-based wholesale MVNO access service

Positions of parties

267. The Commissioner argued that a weakness of a broadly mandated wholesale MVNO access service is that new-entrant MVNOs would be reliant on an adversarial supplier that has the incentive to raise costs and take other actions to make service-based MVNOs less effective downstream competitors. The Commissioner suggested that, relative to facilities-based competitors, service-based MVNOs are inferior because, without any networks of their own, they must rely on network operators and the regulator to set the bounds in which they operate. Furthermore, he submitted that the introduction of a range of new WSPs with access to the incumbents' networks through a broadly mandated wholesale MVNO access service would likely have a specific negative impact on investment and the overall sustainability of regional wireless carriers in Canada, given their narrower margins and higher capital intensity. In light of these concerns, the Commissioner proposed that the Commission adopt a narrowly focused, facilities-based MVNO access policy.

268. The Commissioner recommended that wholesale network access be mandated and made available to regional wireless carriers only in areas where they own a sufficient quantity and mix of spectrum but have not yet built their networks. Under the Commissioner's approach, wholesale network access would be limited to a five-year time period, after which regional wireless carriers would be expected to serve all customers with their own facilities. The Commissioner submitted that this approach would ensure that the progress made by regional wireless carriers continues by spurring price competition in the short term, while avoiding the risk of declining network investment in the long term. He suggested that this may also pave the way

for organic MVNO entry in the future. This is because as regional wireless carriers expand their networks, they create alternative options for wholesale services and add to the total available network capacity, and thus increase the likelihood that a market will develop.

269. Although they were generally opposed to mandating the provision of a broad-based wholesale MVNO access service, several parties, including Bell Mobility, the CWTA, Eastlink, RCCI, Shaw, and Videotron, indicated that the Commissioner's proposal was the least flawed of the proposed MVNO models. Eastlink submitted that the model could help accelerate facilities-based competition from regional wireless carriers that have spectrum and are building their networks. Videotron submitted that the Commissioner's proposal is a preferable approach, because it would not jeopardize the financial viability of regional wireless carriers. While Shaw remained opposed to mandating the provision of a broad-based wholesale MVNO access service, it agreed that mandating limited MVNO access in areas where there is currently no regional wireless carrier could help ensure that all Canadians reap the benefits of competition.
270. Regional wireless carriers generally agreed that the Commissioner's proposal recognized the contribution they have made to the development of a competitive market and that it was designed not to impede their progress, but instead to accelerate the competitive discipline created by regional competition. Xplornet submitted that the proposal represented an appropriate intervention to stimulate competition because it is designed to give facilities-based regional wireless carriers assistance in expanding their networks and expediting deployment.
271. RCCI submitted that the evidence does not justify even this more measured intervention and argued that regional wireless carriers do not require MVNO access in order to effectively compete, as shown by their ability to acquire a disproportionately high share of net new customers each quarter.
272. Bell Mobility maintained that having to accommodate the need for increased capacity on its network due to broadly mandated wholesale MVNO access in any form would require it to pull funding from other projects and would negatively impact its incentives to invest.
273. TCI argued that the Commissioner's approach introduces an impairment on competitive market forces by imposing service-based competition remedies in markets where facilities-based competition is already working. It also questioned why a company like Videotron, in its most successful year to date in terms of growth, needed regulatory advantages to enter new areas. According to TCI, the Commissioner's proposal is not an MVNO model but rather mandated network sharing, which would be unprecedented in the world.
274. Several parties opposed the Commissioner's proposal on the basis that it would be unlikely to add new WSPs to the market and that the requirement to own spectrum was too great a barrier to eligibility. These parties also argued that, due to its focus

on facilities, the proposal would not add enough competition nor would it increase consumer choice, particularly in rural communities. They added that this model also ignores the 2019 Policy Direction by failing to encourage all forms of competition and by asking entities that do not hold spectrum to wait until the next mobile wireless service review before the question of providing them with mandated MVNO access is reassessed.

275. TekSavvy submitted that although the Commissioner mentioned several potential candidates, only Shaw would have the subscriber base and resources to be in a position to fully benefit from the proposal. It argued that regulatory regimes should not be designed to pick winners and losers.
276. Certain parties, including CIPPIC/OpenMedia and Data on Tap, submitted that it is time to move away from a focus on facilities-based competition because it has not achieved sufficient choice, competition, and affordability, despite many years and policies aimed at supporting it.
277. In response to concerns raised by other parties, the Commissioner argued that his model improves the business case for regional wireless carriers in areas where they have not yet deployed network facilities because it enables them to build a subscriber base and revenue base while building their facilities, rather than having to wait to start recouping costs until after network deployment.
278. In addition, the Commissioner argued that his model preserves carrier investment incentives. This is due to the fact that the access is limited and an incumbent would be competitively disadvantaged if it did not invest in its own infrastructure, because at the end of the access period, it would likely face increased competition from newly created or expanded facilities-based competitors.

Commission's analysis and determinations

279. While the Commission considers that mandating the provision of a broad-based wholesale MVNO access service would ultimately be detrimental for the reasons discussed earlier in this decision, it has determined that there are clear barriers to entering and expanding in the retail market. It has also determined that market power with regard to retail mobile wireless services exists in all geographic markets in Canada. The Commission has further determined that the carriers with retail market power, namely the national wireless carriers collectively, Bell Mobility, or SaskTel, as the case may be, generally also exercise market power in wholesale markets in corresponding geographic areas.
280. The evidence also shows that leaving wholesale network access to market forces alone has generally limited the offering of these services. While some MVNOs do currently exist, the restrictive terms under which they are able to offer service limits the effectiveness of the competition that they can bring to the retail market.

281. All of this points to important policy objectives not being met by the current state of affairs, in which certain wireless carriers with upstream market power in the wholesale market fail to offer or provide effective wholesale access, hindering market entry and expansion of competitive forces, and thereby further entrenching their downstream market power in the retail market. In particular, the objectives set out in paragraphs 7(a), (b), (c), (f), and (h) of the Act are not being satisfactorily addressed.²⁷ This is particularly the case in light of subparagraphs 1(a)(i), (ii), (v), and (vi) of the 2019 Policy Direction.
282. As discussed previously, while the Commission has found that mandating the provision of a broad-based wholesale MVNO access service available to all would not likely impact the incentives to invest faced by the dominant wireless carriers, it has found that such a regime would adversely impact regional wireless carriers' existing incentives to invest. Furthermore, the Commission has determined that such a regime would have a low overall impact on technological innovation and a moderate impact on service delivery innovation. These findings, along with the related finding that broad-based wholesale MVNO access service would negatively impact the ability of regional wireless carriers to expand their customer bases and revenue streams, informed the Commission's determination that failure to provide an effective broad-based wholesale MVNO access service did not violate subsection 27(2) of the Act.
283. As discussed in this decision, regional wireless carriers are uniquely positioned to introduce more effective and sustainable competition in the retail market, to the long-term benefit of consumers. The retail market assessment has demonstrated that, even if there is retail market power, markets are generally becoming more competitive, and the Commission considers that this is largely attributable to the impact of regional wireless carriers.
284. Parties that opposed the facilities-based wholesale MVNO access service proposal made many of the same investment-related arguments that were made in the context of a broadly mandated wholesale MVNO access service. That is, they argued that any form of mandated MVNO access, even a narrowly focused model, would still divert investment toward increasing capacity on existing networks to accommodate MVNOs and, as a result, would reduce investment in new network builds. The Commission considers that these arguments have little merit. The Commission assessed the impacts on investment in the context of a broadly mandated wholesale MVNO access service and concluded that there would be a minimal risk to

²⁷ The cited objectives of the Act are 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; (b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; (c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; (f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; and (h) to respond to the economic and social requirements of users of telecommunications services.

investment by the national wireless carriers and SaskTel in Saskatchewan, who have significant financial incentives to invest in capacity upgrades and 5G networks, with or without MVNOs operating in the market. In the Commission's view, when this analysis is applied to a more contained MVNO proposal, there would be even less of an impact on the investment levels of the national wireless carriers and SaskTel in Saskatchewan.

285. Furthermore, a facilities-based wholesale MVNO access service would not entail the investment incentive risk for regional wireless carriers that would result from a broadly mandated wholesale MVNO access service. Under the facilities-based model, regional wireless carriers would not be at risk of losing a significant part of their subscriber bases and revenues to MVNOs that have minimal capital expenditures to recover and that would target a similar customer base as that typically targeted by regional wireless carriers, namely younger and budget-conscious consumers who are not particularly brand loyal. On the contrary, regional wireless carriers could grow their subscriber bases and revenues by expanding into new areas where there is no alternative to the established carriers faster than they would otherwise. In other words, a facilities-based wholesale MVNO access service would serve to expedite competitive expansion by regional wireless carriers and promote their ability to invest in network upgrades and expansion into new areas where, in time, they would transition customers onto their newly built networks, ensuring the sustainability of competition by supporting network investment.
286. When contrasted with a broadly mandated wholesale MVNO access service, the Commission considers that mandating a facilities-based wholesale MVNO access service is a more surgical approach that focuses on bringing the benefits of competition to areas where they will more readily be sustainable.
287. Regarding concerns that a mandated facilities-based wholesale MVNO access service would not result in any new entrants into the market, the Commission considers that the number of competitors is not as important as the strength and sustainability of competition, which such a model supports.
288. A number of competitor wireless carriers entered the market just over ten years ago, and some more recently, such as Xplornet. They have faced many challenges as they have grown their wireless operations. They have had to acquire spectrum, build networks, and market aggressively to win customers in a relatively short period of time, while competing against dominant wireless carriers, which collectively exercise both retail and wholesale market power across much of the country. The Commission considers that while the growth of these competitors is a positive sign, they must be given time, as well as positive regulatory conditions, to grow and build capacity to counter existing retail market power.
289. Some parties argued that facilities-based competition has not achieved sufficient choice and competition in the retail market, and that it is time to prioritize other forms of competition. They argued that a policy that focuses on facilities-based

competition would not be in line with the 2019 Policy Direction, which requires the Commission to encourage all forms of competition, or the 2006 Policy Direction, which calls on network access regulations to be technologically and competitively neutral, to the greatest extent possible, and to not artificially favour either carriers or resellers. The Commission does not consider these arguments to be persuasive. In the Commission's view, the best way to achieve a sustainable competitive retail market that responds to consumers' interests over the long term, with a healthy mix of all forms of competition, is to continue to foster the deployment of competing networks.

290. Wireless carriers that add capacity in order to expand their coverage enhance their networks and compete for customers by increasing and innovating in the plans and features they offer. When enough capacity accrues, wireless carriers have an incentive to sell excess or unused capacity to an MVNO and earn revenue for it, rather than have it sit idle. As this occurs, the Commission anticipates that market forces will result in resale competition emerging without further regulatory intervention, as has been the case in countries such as Australia and the United States. In short, in the Commission's view, the optimal way to encourage all forms of competition is by adopting targeted regulatory measures to ensure that there is a sustainable foundation of facilities-based competitors and then relying generally on market forces to deliver the benefits of competition to consumers.
291. The Commission considers that the facilities-based model would serve to further the policy objectives that are not being met by the current state of affairs and would be consistent with the policy considerations relating to the essentiality framework. In particular, it would encourage innovation and network investment by regional wireless carriers while not discouraging such investment by wireless carriers with market power. Finally, it would be consistent with the 2006 Policy Direction. In this regard, by adopting a targeted, facilities-based wholesale MVNO access regime that would maintain incentives to invest, the Commission would be minimally interfering with the operation of market forces and adopting measures that are proportionate to the policy objectives pursued, principally those set out in paragraphs 7(a), (b), (c), (f), and (h) of the Act.
292. Accordingly, the Commission considers that mandating the provision of a facilities-based wholesale MVNO access service would reduce barriers to entry, particularly for regional wireless carriers, while maintaining proper incentives for carriers to continue making the significant investments required to build networks and upgrade existing networks and, ultimately, would promote sustainable competition and the availability of affordable retail prices for consumers.
293. In light of the above, in particular its finding with regard to investment incentives, competition, the policy objectives, and the Policy Directions, the Commission finds, as a question of fact, that where a wireless carrier with both upstream and downstream market power fails to provide meaningful access to a wholesale MVNO service, it is – with respect to facilities-based regional wireless carriers – conferring

upon itself an undue or unreasonable preference and subjecting those regional carriers to an unreasonable disadvantage.

294. For similar reasons, the Commission also considers that the failure to provide such an MVNO service results in subjecting retail customers to an undue disadvantage. Competitive forces in the retail market are being precluded from developing to their full extent, and retail customers are being precluded from reaping the benefits of a more vibrantly competitive market.

295. Accordingly, the Commission determines that it will mandate the provision of a facilities-based wholesale MVNO access service, as more fully described below.

Composition of the mandated facilities-based wholesale MVNO access service

296. In the sections that follow, the Commission considers how the mandated facilities-based wholesale MVNO access service is to be composed and implemented, in the following respects:

- Scope of the mandate
- Eligible wireless carriers
- Eligible geographic areas
- Wholesale rates, terms, and conditions
- Duration of the mandate
- Investment requirements

297. Parties' comments on the various issues noted above were predominantly made in the context of a broadly mandated wholesale MVNO access service and not necessarily in the specific context of a mandated facilities-based one. However, parties generally indicated that their views remained the same regardless of the form or model of mandated wholesale MVNO access service that was being discussed.

Scope of the mandate

Background

298. In Telecom Regulatory Policy 2015-177, the Commission determined that the obligation to provide wholesale roaming service was limited to the national wireless carriers, since they were the only carriers with the national network coverage needed to provide roaming. The Commission's preliminary view in this proceeding was that a mandate to provision wholesale MVNO access service would, as with wholesale roaming service, apply only to the national wireless carriers. In this section, the Commission considers which wireless carriers should be subject to the obligation to make available the mandated facilities-based wholesale MVNO access service.

Positions of parties

299. Most parties who supported some form of mandated wholesale MVNO access service were generally of the view that the national wireless carriers should all be required to provide the service.
300. The national wireless carriers did not support any regulatory measure that would impose an obligation on them to provide a wholesale MVNO access service in any form.
301. The CCSA suggested that mandated RAN access should apply to SaskTel in addition to the national wireless carriers because its coverage in Saskatchewan is more extensive than that of any other wireless carrier.
302. SaskTel disagreed that it should be subject to an obligation to provide a wholesale MVNO access service, and indicated that RCCI, through its network presence in the urban areas of Saskatchewan in combination with its roaming arrangement with SaskTel, should instead be subject to the mandate in that province.

Commission's analysis and determinations

303. Wholesale regulatory remedies are generally applied to address a lack of competition in the retail market. As such, the question of which carriers should be subject to a wholesale mandate should be informed by the retail market analysis. In this decision, the Commission has concluded that the national wireless carriers generally exercise retail market power throughout Canada. However, there were two exceptions. First, the Commission concluded that in Saskatchewan, SaskTel exercises unilateral retail market power. Second, the Commission concluded that in the territories, Bell Mobility exercises unilateral retail market power.
304. At the wholesale level, the same conclusions generally hold true. The national wireless carriers have joint upstream market power over the RAN in the markets where they operate, with two exceptions. First, in the 11 tier 4 areas in Saskatchewan, SaskTel has sole upstream market power over the provision of RAN access, and its prominent position in that province is subject to only some limited competition in some of those tier 4 areas. Second, Bell Mobility is the only national wireless carrier with a network presence in the three tier 4 areas in the territories and has upstream market power over RAN access in those tier 4 areas.
305. As a result of this, the Commission is of the view that the obligation to provide the mandated facilities-based wholesale MVNO access service should apply to the national wireless carriers in all tier 4 areas in Canada where they have both upstream and downstream market power. However, the Commission considers that both Saskatchewan and the territories should be considered separately. For the reasons set out above, in Saskatchewan, the obligation should apply solely to SaskTel, and in the territories, the obligation should apply solely to Bell Mobility.

306. Accordingly, the Commission determines that the obligation applies to the national wireless carriers in all tier 4 areas across Canada with two exceptions: (i) the obligation applies exclusively to SaskTel in the tier 4 areas covering Saskatchewan, and (ii) the obligation applies exclusively to Bell Mobility in the tier 4 areas covering the three territories.

Eligible wireless carriers

Background

307. The purpose of the mandated facilities-based wholesale MVNO access service is to accelerate the sustainable competitive discipline that regional wireless carriers have brought to the market by assisting them in overcoming the barriers they face to expanding their networks to new areas where they have spectrum but have not yet built infrastructure. In this section, the Commission considers which wireless carriers should be eligible for the service.

Positions of parties

308. The Commissioner proposed that eligible wireless carriers would be those with operational, managerial, and financial capabilities demonstrating that they could build a business and compete effectively in the market. The Commissioner submitted that this would typically require the Commission to review a potential MVNO's business plan and financial standing, and assess whether it held a sufficient mix of spectrum.
309. RCCI proposed that the Commission further restrict eligibility to existing regional wireless carriers that have mobile spectrum licences and have deployed their own networks, including RANs. RCCI submitted that this would ensure that only those who have proven expertise and a desire to deploy and invest in a market over the long term are eligible.
310. Likewise, Shaw proposed that access should be limited to companies that have secured access to spectrum in applicable tier 4 areas and have demonstrated an increasing trajectory of investment beyond spectrum alone. Shaw argued that this commitment to mobile wireless service investment is necessary to incentivize long-term sustainable competition.
311. SaskTel submitted that the national wireless carriers should not be eligible to access the service.

Commission's analysis and determinations

312. The Commission considers that adopting eligibility criteria such as those proposed by the Commissioner would require significant Commission oversight in terms of screening and would likely require parties to participate in additional regulatory processes to determine the parameters of the eligibility model and how it could be implemented. For these reasons, the Commission does not favour such an approach.

313. Instead, the Commission considers that a simpler, more objective, and ultimately more reasonable approach is to provide mandated access to the service to regional wireless carriers in areas where they have secured a spectrum licence at the tier 4 level or higher.²⁸ Given what is involved in the acquisition of spectrum, the Commission considers that investment in spectrum is sufficiently demonstrative of a wireless carrier's commitment to maintaining and expanding its operations to make it eligible for access.
314. In this regard, such an approach would be consistent with paragraph 1(a) of the 2006 Policy Direction in that the absence of a need for follow-up proceedings specifically to establish assessment criteria and then to vet whether an entity has met any adopted criteria would, in the Commission's view, constitute the adoption of a measure that is proportionate to its purpose.
315. The Commission considers that the national wireless carriers and their affiliates should be excluded from eligibility to access the service. In the Commission's view, because the national wireless carriers generally exercise market power and broad network coverage, they do not require additional regulatory assistance to expand their networks.
316. The Commission therefore determines that in order to be eligible to access the mandated facilities-based wholesale MVNO access service, wireless carriers must possess a mobile spectrum licence at the tier 4 level or higher in a given tier 4 area. The Commission also determines that the national wireless carriers and their affiliates are not eligible.

Eligible geographic areas

Background

317. Above, the Commission considered that the relevant geographic market for the purpose of the mandated facilities-based wholesale MVNO access service would be regional, with the tier 4 spectrum area acting as a proxy for local markets. In this section, the Commission considers which geographic areas are eligible for the service.

Positions of parties

318. The Commissioner suggested that the Commission use tier 4 areas as a starting point for setting out the geographic area where the service would be available. He argued that tier 4 areas could be aggregated into different categories based on the penetration rate of regional wireless carriers and then apply the mandate to one or more of those categories. The Commissioner did not provide a view on which

²⁸ That is, spectrum at the tier 4, tier 3, tier 2, or tier 1 levels, [as defined by ISED](#). For example, if a regional wireless carrier holds tier 3 spectrum that covers multiple tier 4 areas, that carrier would be eligible for the service in those tier 4 areas.

category would be most appropriate for regulatory intervention but submitted that the Commission can weigh the costs and benefits of applying the mandate in each.

319. In addition, the Commissioner supported partial eligibility in some tier 4 areas in certain circumstances where the Commission deems it appropriate to do so. For example, the Commissioner suggested that it may be appropriate to allow a wireless carrier to offer MVNO service in a city where it has no coverage, even if the carrier has coverage in another city within the same tier 4 area that might otherwise disqualify it from eligibility within that entire area.
320. Shaw argued that access should only be made available in tier 4 or smaller areas where there is no mobile wireless network infrastructure operated by an entity that competes with the national wireless carriers. Shaw submitted that this would ensure that the model would broaden the impact of competitors to a greater number of Canadians and bring competition to rural and remote areas. The company further submitted that this approach would mitigate the potential danger to competitors' competitive positions and ability to gain scale while maintaining investment incentives necessary to sustain competition, and could also simplify the administrative burden since the alignment with ISED licence areas makes it immediately clear whether a facilities-based competitor is present or not.
321. Similarly, RCCI argued that if the Commission were to mandate the provision of a facilities-based wholesale MVNO access service, access should be limited to the specific tier 4 areas covered by a regional wireless carrier's spectrum licences where the carrier has not already deployed a network. RCCI submitted that this would maintain incentives to invest and assist regional wireless carriers in deploying into new markets within their spectrum-licensed service areas.
322. Bell Mobility argued that access on a broader basis than the local market would be especially inappropriate, since it would needlessly impose costly regulation in geographic markets that are competitive, leading to a reduction in investments and deterioration in the quality of Canadian wireless networks without providing any corresponding benefits.

Commission's analysis and determinations

323. In the Commission's view, there are effectively three options for defining the geographic scope of the mandated facilities-based MVNO access service. All three options use the tier 4 spectrum area as a baseline.
324. The first option, proposed by the Commissioner, is to categorize tier 4 areas according to regional wireless carrier penetration rates, weigh the costs and benefits of mandating the service at each of these different penetration levels, and then mandate the service where the benefits outweigh the costs. As the Commission understands it, the Commissioner's proposal could result in the service being mandated for an entire tier 4 area if there is no regional wireless carrier network presence at all in that area, or mandated in a portion of a tier 4 area if a regional wireless carrier has partial network coverage.

325. The Commission is concerned about the administrative complexity that would be involved in such a proposal, because there would likely be a need for processes to identify regional wireless carrier presence, the extent of that presence, network boundaries, and other factors. This may involve acquiring the market share data and coverage areas of multiple regional wireless carriers across 172 tier 4 areas, and this information would have to be updated and maintained as network footprints and penetration levels change. In the Commission's view, this would entail significant administrative burden. There is also the question of how the Commission would practically go about identifying and weighing the benefits against the costs of mandating the service in different tier 4 areas, even if they were to be categorized and aggregated according to market penetration rates, including identifying the specific qualitative and quantitative factors to consider.
326. The second option, which is consistent with Shaw's proposal, is to limit the obligation to provide the service to tier 4 areas where there is no regional wireless carrier presence at all. Tier 4 areas with partial coverage by a regional wireless carrier would be excluded entirely. Compared to the first option, this approach would involve significantly less administrative burden than the Commissioner's approach since it would make each tier 4 area either wholly eligible or wholly ineligible based on fairly objective criteria. As such, it would be relatively simple to assess whether a regional wireless carrier is present in a tier 4 area.
327. However, eliminating partially covered tier 4 areas would also result in a much smaller addressable market for regional wireless carriers in terms of the number of new customers they would be able to serve. Some tier 4 areas are roughly equivalent to the size of a city and its surrounding area, while others in more rural areas encompass a larger area with a number of smaller communities. A regional wireless carrier could be present in a small part of a tier 4 area, thereby excluding all other communities in that tier 4 area from eligibility and denying those consumers the potential for more choice.
328. Restricting the availability of the service to tier 4 areas where there is no regional wireless carrier presence would significantly limit the ability of those carriers to avail themselves of the service in order to expand their subscriber bases and accelerate their network construction. As a result, it would also run counter to the objective of accelerating the increased competitive discipline that those carriers bring to the market.
329. A third option is to make the service available to regional wireless carriers in any tier 4 areas where they have spectrum at the tier 4 level or above, regardless of the extent of their network presence in those areas. This includes areas where regional wireless carriers currently operate and have deployed network facilities, and areas where no regional wireless carrier has yet entered. The Commission considers that this approach has the advantages of administrative simplicity and objectivity, because it is a relatively straightforward matter for carriers to verify the possession of spectrum, which is publicly available information. There would also be no need for further processes to identify the presence and network boundaries of regional

wireless carriers within tier 4 areas. Another key benefit of this approach is that the addressable market would be significantly greater than if the Commission were to exclude partially served tier 4 areas from the mandate.

330. The Commission considers that this last option would best satisfy the 2019 Policy Direction's call to ensure that affordable access to high-quality telecommunications services is available in all regions of Canada, including rural and remote areas, and to reduce barriers to entry into the market and to competition for TSPs that are new, regional, or smaller than the incumbent national service providers. Furthermore, by being administratively simpler to implement for all parties concerned, while still providing incentives to expedite the build-out of competitive networks in markets where none are present, this approach would be consistent with paragraph 1(a) of the 2006 Policy Direction in that it would result in the adoption of regulatory intervention that is more proportionate to the goals of mandated facilities-based MVNO access. Finally, the Commission considers that this approach better addresses the concerns associated with section 27(2) of the Act addressed above by increasing the addressable market made available through the service and thus better assisting in disciplining the retail market power found to exist in all geographic markets across the country.
331. The Commission therefore determines that the mandated facilities-based wholesale MVNO access service is to be made available to regional wireless carriers in any tier 4 areas where they have spectrum at the tier 4 level or higher. This includes tier 4 areas where they have partial coverage and tier 4 areas they have yet to enter.

Wholesale rates, terms, and conditions

Background

332. In Telecom Notice of Consultation 2019-57, the Commission expressed the view that properly structured wholesale rates, terms, and conditions would mitigate the potential negative impacts of mandated wholesale MVNO access on future investments. In this section, the Commission considers the appropriate way to structure the rates, terms, and conditions associated with the mandated facilities-based MVNO access service.
333. The Commission notes that it has retained its powers under section 24 of the Act in relation to the offering and provision of mobile wireless services. That provision empowers the Commission to establish conditions of service in relation to the mandated facilities-based wholesale MVNO access service. Accordingly, the Commission already has the ability to establish terms and conditions for the service.
334. With regard to the matter of rates, there are three principal methods of setting wholesale rates: cost-based plus a markup, which is the Commission's standard approach; retail minus, which takes the retail rate and applies a markdown; or commercial negotiations, which could include arbitration as a backstop.

335. In order to set these rates, the Commission would first need to reassert its powers under subsections 27(1) and (5) of the Act. Such reassertion would be required regardless of whether the Commission decided to impose a specific rate, adopt a rate ceiling, or provide itself with the ability to establish a rate as the outcome of a dispute resolution process, such as arbitration. To impose specific rates, terms, and conditions in a tariff, the Commission would also need to reassert its powers under section 25 of the Act.

Positions of parties

336. A number of parties argued that wholesale MVNO access should be subject to tariffed rates that are cost-based on the basis that dominant wireless carriers have no incentive to negotiate in good faith.

337. Several wireless carriers proposed that the Commission leave wholesale MVNO access to commercial negotiation. These parties argued that the entities involved are sophisticated enough to be able to negotiate rates and terms that meet their particular needs and reflect the market.

338. Bell Mobility submitted that no party proposed practical ways to structure rates, terms, and conditions to protect investment. It further argued that even if there were a practical proposal, those rates, terms, and conditions could not realistically be maintained year over year.

339. With regard to rates, RCCI submitted that commercially negotiated arrangements could mitigate the risks of mandated wholesale MVNO access because the parties can negotiate rates that enable MVNOs to compete, while reducing the impact on investment, because the negotiated rates would account for the underlying costs of the network provider. In this regard, most of the major wireless carriers submitted that in no other country in the world has a regulator set wholesale MVNO access rates.

340. The Commissioner recommended adopting a negotiated approach to rate setting with final offer arbitration (FOA) as a regulatory backstop in order to avoid the difficulties associated with cost-based rate setting, which can be a long and challenging process that could distort the market significantly if the rate is not properly established.

341. Shaw supported commercial negotiations between parties and opposed specific rates or terms being set by the Commission. It argued that it would be impossible for the Commission to determine the right single backstop rate, given that MVNO arrangements can vary widely, and that a suboptimal rate could have serious ramifications on network investment and expansion.

342. A number of parties argued that some form of regulatory backstop would be necessary if the Commission were to leave the rates, terms, and conditions to commercial negotiation, since wireless carriers required to provide wholesale

MVNO access have more bargaining power, more information, and an incentive to prolong negotiations.

343. Several parties, including SaskTel, proposed that the Commission adopt FOA as its regulatory backstop to create incentives for entities to put forward reasonable proposals, because the arbitrator can pick only one proposal or the other. Similarly, Xplornet proposed allowing for commercial negotiations backstopped by mechanisms other than tariffs, such as a rate ceiling or an arbitration process to allow for more rapid introduction of MVNO services to the market.
344. Several parties favoured using a third-party arbitrator rather than the Commission. RCCI submitted that FOA performed by a third party would not contravene the prohibition on delegation of the Commission's authority to set just and reasonable rates. RCCI argued that pursuant to section 27 of the Act, the Commission has broad authority to determine the methodology used to set rates and that, by directing the arbitrator to set those rates based on FOA, the Commission is ensuring that the rates are just and reasonable, in accordance with the Act.
345. RCCI and Videotron proposed an arbitration process like the one defined in *Industry Canada's Arbitration Rules and Procedures*²⁹ because it is well defined and already familiar to parties.
346. Bell Mobility, SaskTel, TCI, and Tucows argued that parties must do more than merely claim negotiations have failed, but must adduce evidence of negotiation in bad faith, or meet conditions set by the Commission before relying on arbitration.
347. A number of parties indicated that since the wireless carriers mandated to provide wholesale MVNO access have no incentive or desire to offer reasonable rates, terms, and conditions, arbitration could become necessary with every attempt at negotiation.

Commission's analysis and determinations

348. When the Commission mandates the provision of a wholesale service, its general approach is to use its powers under sections 24 and 25 and subsections 27(1) and (5) of the Act to create a tariff containing the applicable rates, terms, and conditions.³⁰ Rates are generally cost-based with an applicable markup. This provides a measure of certainty that all parties have access to rates, terms, and conditions that the Commission has found to be just and reasonable.

²⁹ [Industry Canada's Arbitration Rules and Procedures](#), CPC-2-0-18, 7 March 2013

³⁰ This general approach also includes permitting parties to enter into forborne off-tariff agreements, without the need for Commission approval, which allows them to adopt different rates, terms, and conditions if doing so is mutually acceptable.

349. However, the process for establishing wholesale rates can be long and complex and depends on the specific terms and conditions that are associated with the service. The purpose of the mandated facilities-based wholesale MVNO access service is to expedite competitive expansion by regional wireless carriers by granting them wholesale network access while they expand and upgrade their networks. With this in mind, the Commission is concerned that engaging in a process to set cost-based rates for the service risks unduly delaying its implementation and thus working against its very purpose, which is to accelerate the development of competition.
350. While the Commission could set an interim rate to mitigate delays, it does not consider that the evidence on the record as to what an appropriate interim rate should be is persuasive, and is concerned that setting an interim rate that is too high or too low would risk distorting the market. The Commission also notes that the regional wireless carriers themselves, who would be the principal users of the service, are sophisticated companies and generally favoured commercial negotiations over a tariffed rate.
351. With respect to FOA, the Commission considers such a mechanism to be appropriate where there is a single issue under dispute, such as a rate, with all other potentially controversial issues such as the terms and conditions of access having been previously resolved. This approach is appropriate because, in the Commission's view, parties are incented to propose a just and reasonable rate because should they propose a rate that is either too high or too low, the Commission can adopt the rate proposed by the other party.
352. Further, the Commission has an existing process in place for FOA as part of its suite of dispute resolution procedures.³¹ The Commission considers that this FOA process is generally appropriate when there is a single issue subject to a bilateral dispute. The setting of a rate for the mandated facilities-based wholesale MVNO access service would fit this description. Accordingly, given that a generally appropriate Commission-specific process already exists, there is no need to seek a third party to act as arbitrator in the circumstances.
353. While FOA may be appropriate for setting rates, the Commission has concerns with its use in the context of setting terms and conditions. In a situation where FOA is used to determine more than just a rate (e.g. terms and conditions as well), parties may come to the table effectively proposing rates, terms, and conditions for what amount to different services with different attributes. In this scenario, the Commission considers that FOA would lack the necessary safeguards to ensure that parties' rate proposals are reasonable or even comparable and, as a result, would impair the Commission's ability to establish a just and reasonable rate. While it may be possible to mitigate this concern by running two FOA processes – the first to determine terms and conditions and the second to establish rates – this would effectively double the administrative burden associated with what is intended to be an expedient process.

³¹ See paragraphs 17 to 33 of Broadcasting and Telecom Information Bulletin 2019-184.

354. Accordingly, the Commission considers that it would be more appropriate to establish *ex ante* terms and conditions for the service while leaving the rates to be commercially negotiated between parties. If negotiations fail, a party may bring the matter to the Commission for resolution by way of FOA. This approach has the benefit of establishing a common set of terms and conditions, which would make any arbitration process more effective in ensuring just and reasonable rates than if terms and conditions were also subject to FOA. Furthermore, such an approach would avoid a lengthy cost-based rate-setting process, which parties generally opposed in this context, and would also be consistent with the purpose of this service, which is to expedite network deployment. In addition, the Commission's established FOA process allows, in exceptional cases, for the rejection of both offers where neither would be in the public interest. The Commission considers that such a safeguard also helps to ensure that the process ultimately arrives at a just and reasonable rate for the service.
355. The Commission considers that the existing wholesale roaming service tariffs already contemplate many of the terms and conditions associated with wholesale RAN access, such as those related to the resale of services by a wholesale customer. In this regard, these tariffs contain an MVNO subscriber roaming condition, whereby subscribers of MVNOs operating on regional wireless carriers' networks can access the national wireless carriers' networks on the same terms as the subscribers of those regional wireless carriers. The Commission considers that an analogous resale term is appropriate in the MVNO context as well, since it gives regional wireless carriers additional flexibility to enter into arrangements with other WSPs if they so choose, which is consistent with the objectives of this proceeding, including fostering competition. Accordingly, they would serve as an appropriate basis for establishing the terms and conditions of the mandated facilities-based wholesale MVNO access service.
356. The Commission notes that in order to implement the facilities-based wholesale MVNO access regime, it is necessary to first reassert certain powers under the Act that are currently forborne, namely those set out in sections 25 and 31³² and subsections 27(1) and (5). For the reasons that follow, the Commission considers that it is appropriate to reassert these powers only insofar as is necessary to implement the above-noted regime.
357. The Commission has found that the national wireless carriers exercise market power in the wholesale MVNO access service markets in all provinces, except for Saskatchewan, where SaskTel has upstream market power. The Commission has also found that Bell Mobility has upstream market power in the wholesale MVNO access service markets of all three territories.

³² Section 31 of the Act provides that no limitation of a carrier's liability in respect of a telecommunications service is valid unless it has been authorized or prescribed by the Commission. The Commission notes that limitation of liability provisions are common in tariffs, and that using this power would be consistent with the manner in which limitations of liability with respect to tariffed wholesale roaming are regulated.

358. The Commission has also found that the effective denial, by these carriers, of access to a wholesale facilities-based MVNO access service is resulting in a situation of undue preference and unjust discrimination, ultimately to the detriment of a vibrantly competitive retail market.
359. Accordingly, and with regard to subsection 34(2) of the Act, the Commission determines, as a question of fact, that market conditions with regard to the offering and provision of a mandated wholesale MVNO access service by the above-noted carriers, and to eligible regional wireless carriers, are not – and will not in the near term – be sufficient to protect the interests of users.
360. The Commission considers that a failure to reassert its powers under sections 25 and 31 and subsections 27(1) and (5) of the Act with respect to the provision of the service would preclude it from bringing about the targeted regulatory mandate set out in this decision. This mandate is designed to (i) introduce greater competition in the retail market, (ii) accelerate the investment in and expansion of competitive networks and innovative services in diverse areas across the country, and (iii) further the implementation of a number of key policy objectives, including those set out in paragraphs 7(a), (b), (c), (f), and (h) of the Act. Therefore, pursuant to subsection 34(1) of the Act, the Commission determines, as a question of fact, that to continue to refrain from exercising its powers and performing its duties under sections 25 and 31 and subsections 27(1) and (5) of the Act would not be consistent with the policy objectives.
361. In order to ensure that the mandated facilities-based wholesale MVNO access service these carriers are to provide is made available according to reasonable rates, terms, and conditions, the Commission declares that the offering and provision of that service by the national wireless carriers and by SaskTel, in the markets where they are obligated to provide the service, shall be subject to the Commission's powers and duties under sections 25 and 31 and subsections 27(1) and (5) of the Act as necessary to implement the regime.³³
362. The Commission **directs** each of the national wireless carriers and SaskTel to file tariff pages for approval containing proposed terms and conditions for a facilities-based wholesale MVNO access service within **90 days** of the date of this decision, having regard to all of the above and using the national wireless carriers' wholesale roaming tariffs as their basis, with any necessary modifications to enable permanent RAN access for eligible regional wireless carriers.

³³ As discussed above, the Commission has maintained its powers under section 24 of the Act with regard to the provision of wholesale mobile wireless services by the concerned carriers. The Commission has also maintained its powers under subsections 27(2) and (3) with regard to mobile wireless voice and data services and maintained the burden of proof scheme set out in subsection 27(4).

363. Finally, consistent with the Commission's general approach with respect to mandated wholesale services subject to a tariff, entities will be permitted to enter, with no need for Commission approval, into agreements whose terms and conditions depart from those that will be adopted by the Commission. However, where there is recourse to FOA, it will be done on the basis of the tariffed terms and conditions established by the Commission as a result of the process initiated by the directions set out in paragraph 362 above. Furthermore, any off-tariff agreements are to be submitted to the Commission upon execution for monitoring purposes.

Duration of the mandate

Background

364. In Telecom Notice of Consultation 2019-57, the Commission set out a preliminary view that any mandate to provide a wholesale MVNO access service would be in place for a limited amount of time and subject to a phase-out as market forces take hold. This section discusses the appropriateness of a phase-out period and, if one is appropriate, what the phase-out time frame should be.

Positions of parties

365. The Commissioner submitted that mandated facilities-based wholesale MVNO access should be a temporary measure in place only as long as required for regional wireless carriers to establish themselves using their own RANs, in order to encourage continued investment and dissuade them from operating as MVNOs indefinitely. The Commissioner proposed a five-year access period but, in light of the COVID-19 pandemic and the uncertainty it brings, suggested that this period could be extended.

366. Similarly, Shaw argued that five years would strike the right balance between accelerating market entry and avoiding entrenched dependence on mandated facilities-based wholesale MVNO access. To illustrate the amount of expansion possible in such a time frame, Shaw noted that it only purchased Freedom Mobile in 2016 and has since purchased spectrum and expanded into a number of new areas.

367. RCCI argued that it is critical that mandated access last no longer than five years in order to reduce the negative impacts on wireless carriers' future investments. According to RCCI, this period is sufficient for them to expand coverage into new markets while leveraging existing networks.

368. Many wireless carriers expressed skepticism that mandated access would be phased out, even if the Commission determines that it should be. Bell Mobility and SaskTel argued that it is possible that whatever conditions the Commission establishes to trigger a phase-out may never occur. Many parties considered it unlikely that the Commission would allow customers to be stranded at the end of the five-year period if regional wireless carriers failed to sufficiently expand their networks and facilities-based wholesale MVNO access was no longer mandated. RCCI submitted that it was inevitable that the Commission would receive requests to extend the

duration of the mandate. Bell Mobility, Eastlink, and TCI also pointed to previous instances where a temporary mandate to provide a wholesale service was extended beyond the original time frame, namely with respect to unbundled local loops.

369. Some parties proposed alternatives to a strict five-year deadline. Xplornet recommended that at the end of five years, MVNOs be allowed to keep the customers they gained but not acquire any additional customers using the facilities-based wholesale MVNO access service. It submitted that this would enable carriers to aggressively leverage the service without fear that customers will be stranded.
370. Several parties suggested that the Commission conduct a review after five years to assess market conditions and the effectiveness of the service. These parties argued that five years was an arbitrary number that did not accurately reflect investment cycles or the challenges associated with the deployment of high-quality networks.
371. Parties were also divided as to when the mandate should begin, if implemented. RCCI and Shaw suggested that the clock start on the date of the decision. However, RCCI submitted that if carriers acquire new spectrum after the date of the decision, the start date for that spectrum could be tied to the date of its acquisition.

Commission's analysis and determinations

372. The purpose of applying a time limit to the obligation to provide a mandated facilities-based MVNO access service is twofold. First, the temporary nature of the access would incent regional wireless carriers to expedite and implement their deployment plans while they temporarily use the network of another carrier to extend service and expand their customer bases. Second, it provides a measure of certainty to the market, which is important to carriers as they formulate business plans and make investment decisions.
373. However, there are also risks associated with setting a fixed phase-out period. As discussed above, one issue of particular concern is that a phase-out period could extend far beyond what was originally intended. A second risk is selecting an appropriate time period – if it is set too short, regional wireless carriers will not have enough time to deploy before the mandate ends; if it is set too long, it may undermine investment incentives. While five years is a common time frame for certain types of planning, it is not necessarily reflective of planning and investment cycles in a capital-intensive industry where deployment often requires access to the infrastructure of other entities, such as towers and support structures, and depends on the availability of spectrum.
374. There is also the question of when a fixed phase-out period should start. One option would have it begin on the date this decision is issued, which would be simple and easy to track. However, delays such as those resulting from associated regulatory proceedings or prolonged implementation of the service could reduce the period that the service is available to regional wireless carriers. A second option would be to

begin the phase-out period on a carrier-specific basis once an agreement is reached between a host carrier and a regional wireless carrier. However, this could lead to agreements having different end dates, depending on when they are finalized, which could become administratively burdensome, particularly if carriers acquire spectrum in the future at different points in time.

375. The Commission considers that the facilities-based wholesale MVNO access service mandated as a result of this decision is intended to be a temporary measure to assist regional competition and expedite network deployment until market forces can take hold. The Commission is of the view that this would be best achieved by setting a fixed phase-out period. In the circumstances, the Commission considers that a period of seven years from the date the tariffed terms and conditions are finalized would strike an appropriate balance to give regional wireless carriers sufficient time to deploy their networks while also maintaining investment incentives and respecting investment cycles. While the risk would remain that regional wireless carriers could face a situation where they have not been able to deploy sufficient network facilities to serve their customers in a given area by the end of the phase-out period, the Commission considers that this risk is acceptable and is mitigated by the length of the phase-out period.

376. Accordingly, the Commission determines that the obligation to provide the mandated facilities-based wholesale MVNO access service will be phased out seven years from the date the tariffed terms and conditions are finalized. However, if delays occur as a result of prolonged regulatory processes or other impediments to the timely implementation of the service, additional time may be added to the phase-out period.

377. Regarding proposals to conduct a review of the mandate after a period of time, the Commission considers that doing so could assist it in determining whether its regulatory measures have had the desired effects on the market, based on evidence at that time. However, the Commission also recognizes that regulatory certainty is important for the industry. As a result, and absent any significant developments in the marketplace or otherwise, the Commission does not intend to conduct a future review of the mandated facilities-based wholesale MVNO access service, or of its mobile wireless service regulatory framework more broadly, prior to five years from the date of this decision.

Investment requirements

Background

378. As a part of his proposal, the Commissioner recommended that access to a mandated facilities-based wholesale MVNO access service be tied to build-out commitments. The Commissioner submitted that this was necessary to ensure that those using the service transition to being effective, facilities-based competitors in the areas where they initially benefit from MVNO access. Accordingly, in this section, the Commission examines whether it would be appropriate to establish investment or build-out requirements on eligible carriers as a condition of access.

Positions of parties

379. The Commissioner submitted that the Commission will need to preserve the incentive for regional wireless carriers to continue to invest, and to avoid creating an incentive to divert funds that otherwise would have been used in building facilities in rural areas to urban areas instead. The Commissioner argued that strong build-out requirements would be critical to achieving this goal. The Commissioner did not consider that he had enough information to propose a threshold for a credible commitment, but argued that the initial level should be set so as to make it undesirable for a carrier to walk away from its investment.
380. Some parties argued that the build-out requirements associated with spectrum conditions of licence would be sufficient to ensure continued investment in networks. According to Shaw, the benefit of using these conditions is that the Commission would not have to create or monitor discrete obligations.
381. Ice Wireless indicated that the spectrum conditions of licence relating to build-out requirements are not uniform but rather vary on the basis of spectrum tier. Therefore, there would need to be some uniformity brought to the conditions before they could be used in this manner.
382. Distributel submitted that since the existing spectrum conditions of licence do not contain requirements related to investment tracking or reporting, annual reports to the Commission could be an administratively efficient method to track investment activity.

Commission's analysis and determinations

383. Conceptually, the Commission considers that there would be some merit in setting investment or deployment targets and monitoring whether those targets are being met as a means of ensuring that the regulatory measure that is being applied, in this case mandated facilities-based wholesale MVNO access, is achieving its desired purpose.
384. However, the Commission is concerned that, in practice, it would not be feasible to set an investment target at the correct level to encourage sufficient build-out without placing the smaller carriers most likely to be eligible for the service in a precarious financial situation. This difficulty is reflected on the record, because no party, including the Commissioner, was able to provide a satisfactory means of setting a simple, practical, and concrete investment target.
385. The Commission notes that wireless carriers are already subject to build-out requirements imposed by ISED as a spectrum condition of licence and, as such, considers that there is no need to duplicate and enforce similar requirements as part of its own regulatory measures. The Commission also notes that ISED's build-out requirements vary depending on the spectrum tier, with time frames of up to 20 years in some cases, which go far beyond the short-term nature of the mandated facilities-based wholesale MVNO access service.

386. In the Commission's view, the application of a phase-out period would itself motivate eligible wireless carriers to build facilities in the concerned markets in order to serve their customer bases after the end of the phase-out period. Furthermore, a failure to adequately build facilities would expose a regional wireless carrier to potentially significant reputational harm should it no longer be in a position to serve its customers due to an expired mandate. This should serve as sufficient incentive for eligible wireless carriers to build their networks without having to meet specific, pre-determined targets.

387. However, the Commission considers that a degree of monitoring would assist in tracking investment progress over the duration of the mandate, and that it would be appropriate to require annual updates from wireless carriers that make use of the service as to the progress of their network deployment.

388. In light of the above, the Commission will not impose investment targets. Instead, the Commission **directs** wireless carriers making use of the mandated facilities-based wholesale MVNO access service to submit, pursuant to paragraph 37(1)(b) of the Act, annual updates that include the following information with respect to the areas in which they make use of the service:

- information on tower and site deployments over the course of the year,
- which new communities they are serving,
- how many customers they have acquired, and
- a description of their deployment or expansion plans in the upcoming year.

389. This reporting requirement will commence for an eligible carrier **one year** after it subscribes to the service (i.e. one year after it finalizes an agreement with a carrier mandated to provide wholesale MVNO access service or after the rate for the service has been determined by means of an FOA process and the eligible carrier is able to begin offering service on that basis) and will continue until the end of the phase-out period.

Conclusion

390. To summarize, the Commission's determinations with respect to the mandated facilities-based wholesale MVNO access service are as follows:

- In order to be eligible to use the service, a wireless carrier must possess a spectrum licence at the tier 4 level or higher in a given tier 4 area. The national wireless carriers and their affiliates are not eligible to use the service.
- The service is available to an eligible wireless carrier in any tier 4 area where it has mobile wireless spectrum at the tier 4 level or higher. This includes tier 4 areas where a regional wireless carrier already has partial coverage and tier 4 areas it has yet to enter.

- The obligation to provide the service applies to the national wireless carriers in all tier 4 areas across Canada, with two exceptions: it applies exclusively to SaskTel in the tier 4 areas of Saskatchewan and to Bell Mobility in the tier 4 areas in the territories.
- Terms and conditions for the service are to be set on an *ex ante* basis and set out in a tariff. Each of the national wireless carriers and SaskTel are to file proposed terms and conditions for a facilities-based wholesale MVNO access service within **90 days** of the date of this decision, with the national wireless carriers using their existing wholesale roaming service tariffs as the baseline and making any necessary modifications. As with wholesale roaming, these should include a condition whereby subscribers of MVNOs operating on a regional wireless carrier's network can access the host carrier's network on the same terms as those of the regional wireless carrier.
- Rates are to be commercially negotiated between parties, with FOA by the Commission as a recourse if negotiations fail.
- Parties may enter into off-tariff arrangements if they so choose. Any such agreement must be filed with the Commission upon completion for information purposes.
- The service will be mandated for a period of seven years from the date the tariffed terms and conditions are finalized, and will be phased out upon the end of that time period. Any delays incurred due to prolonged regulatory processes or implementation of the service may result in additional time being added to the phase-out period.
- The Commission does not intend to conduct a review of the service, or of its mobile wireless service regulatory framework, prior to five years from the date of this decision, absent any significant developments in the market or otherwise.
- Regional wireless carriers are not required to meet any specific investment targets. However, regional wireless carriers making use of the service are to file annual progress updates with the Commission. This reporting requirement will commence **one year** after such a carrier subscribes to the service and will continue until the end of the phase-out period.

Changes to wholesale roaming policy

391. In Telecom Notice of Consultation 2019-57, the Commission noted that both wireless technology and the wireless service market are constantly evolving, and considered that there may be aspects of the Commission's existing wholesale roaming policy that need to be modified.³⁴ Parties were invited to provide comments

³⁴ The Commission also clarified that it would not revisit the issue of whether wholesale roaming service should continue to be mandated nor the matter of tariffed rates for the service as part of this proceeding.

on whether any such modifications are required at this time. In their submissions, parties identified two major areas where clarifications and modifications could be made to wholesale roaming policy: (i) seamless roaming, and (ii) the applicability of mandated wholesale roaming service to 5G networks.

Seamless roaming

Background

392. Seamless roaming involves networks handing off and receiving calls and data sessions to and from other networks without any interruption in service. In the absence of such a capability, when a regional wireless carrier's subscriber moves outside that carrier's network footprint to an area served by a carrier from whom the regional wireless carrier has purchased a wholesale roaming service, the subscriber's call and data sessions are dropped.

Positions of parties

393. The regional wireless carriers generally submitted that seamless roaming is important for them because it enables them to offer a higher quality of service to Canadians and, therefore, be more competitive. Eastlink submitted that the issue is especially important for users travelling along highways. Shaw and Videotron submitted that the absence of seamless roaming is the biggest barrier to their growth, particularly outside urban centres. They submitted that dropped calls at the periphery of their networks are a key reason why their customers switch from their services to the national wireless carriers' services. Shaw attributed thousands of dropped calls per day to this issue.

394. Shaw estimated that a reasonable range of implementation costs for a national wireless carrier to implement seamless roaming would be \$500,000 to \$850,000 nationally. This estimate included costs for billing changes, testing, proof of concept, making necessary changes to the network, and activating interfaces between the networks.

395. Shaw submitted that the national wireless carriers would not have to upgrade every cell in their networks to implement seamless roaming, but instead would need to upgrade and maintain only the cells that are at the perimeter of a regional wireless carrier's network. As an example, it submitted that this corresponds to 257 of RCCI's cells, which is about 1.1% of the total number of RCCI cells nationwide. Shaw added that updates to network configuration are required only where there is a change in the network coverage area of neighbouring networks (e.g. where a regional wireless carrier proceeds to geographically extend its network), which it argued is not often. It further submitted that the maintenance of seamless roaming can be done on a monthly or quarterly basis with ease using standard industry tools. For example, it already exchanges data with the national wireless carriers on a quarterly basis to maintain existing roaming arrangements and, therefore, the maintenance of seamless roaming would not require the creation of any new process.

396. The Commissioner submitted that mandated seamless roaming is one of the main issues that requires the Commission's consideration to enhance competition. He argued that seamless roaming increases the value proposition that newer facilities-based entrants can bring to their customers along with the competitive pressure they can put on the national wireless carriers. He also submitted that ensuring that smaller carriers have access to seamless roaming as part of their roaming arrangements would work to level the competitive playing field and meet the intended policy goals of the mandated wholesale roaming service regime.
397. The national wireless carriers argued that they do not need to provide mandated wholesale roaming service on a seamless basis. The national wireless carriers and SaskTel submitted that the design and implementation of seamless roaming poses significant technical and engineering obstacles. They argued that seamless roaming would also involve significant costs to acquire new hardware, additional transport capacity facilities, additional backhaul capacity, information technology (IT) / billing modifications, and radio optimization and interoperability testing. RCCI added that there are no standard industry procedures to enable seamless roaming for second-generation (2G) and 3G circuit-switched calls, and that it could take up to five years to develop, test, and roll out a solution.
398. The national wireless carriers and SaskTel provided cost estimates to implement and maintain seamless roaming. A range of estimates was provided, each with different assumptions and implementation scopes. The estimated initial setup costs ranged from \$3 million for a single border between networks to \$25 million for national coverage. The estimated annual maintenance costs ranged from \$300,000 at a single border to \$14 million for national coverage.
399. Bell Mobility and RCCI submitted that seamless roaming would be a disincentive for the regional wireless carriers to expand their networks because they would not invest in their network builds when their subscribers could simply roam onto one or more of their competitors' networks. They argued that the increased costs to provide seamless roaming would also discourage their own investments in infrastructure. They submitted that the regional wireless carriers can avoid having their subscribers' calls drop by extending their networks further out into rural communities.
400. The national wireless carriers and SaskTel argued that if seamless roaming is mandated, the rate for wholesale roaming service would be affected, because the costs of implementation would need to be incorporated into the rates. Eastlink, Ice Wireless, Shaw, and Xplornet argued that seamless roaming is a key functionality that should be incorporated as part of the mandated wholesale roaming service, and that current wholesale roaming rates should not change. They argued that seamless roaming should apply to all existing and future wireless technologies. Eastlink submitted that it would prefer to not have seamless roaming mandated if doing so meant that the wholesale roaming service rate would increase.

Commission's analysis and determinations

401. The Commission considers that mandated seamless roaming would benefit (i) consumers, since they would no longer experience the frustration of dropped calls when moving from one network to another; and (ii) competition, since regional wireless carriers would be able to market and offer their customers a higher quality of service.
402. Evidence suggests that dropped calls occur thousands of times per day near the borders of the regional wireless carriers' networks, and that dropped calls happen at a much higher rate near the edges of networks than elsewhere. While a portion of these calls may be dropped for reasons other than a lack of seamless roaming, in the Commission's view, this represents a significant concern that could largely be addressed by seamless roaming.
403. The Commission considers that seamless roaming would provide an additional layer of support for competition as regional wireless carriers build their networks. By addressing the dropped call problem, mandated seamless roaming would help regional wireless carriers offer a more enticing service to consumers, even at the edges of their networks.
404. The Commission considers that technical standards and solutions exist today that can be used to implement seamless hand-offs between carriers and, if prioritized, seamless roaming could be implemented within a significantly shorter time frame than proposed by the national wireless carriers. The Commission considers that modification and maintenance activities to implement seamless roaming would be mainly limited to cell sites at network border locations, and that the technical information required to maintain seamless roaming can be exchanged using existing processes and with minimal effort and changes by the national wireless carriers. This would significantly reduce the costs associated with implementation. The national wireless carriers have acknowledged that standards for implementing seamless roaming generally already exist, and although they argued that technical difficulties make implementation impractical, they agreed that it is possible. At the same time, Shaw indicated that other global carriers have also implemented seamless roaming using these standards. Accordingly, the Commission considers that workable seamless roaming standards exist today for the implementation of the service.
405. While cost estimates vary widely, in the Commission's view, none of these cost estimates would outweigh the overall benefits to competition and consumers of having seamless roaming in place. Further, if a wholesale roaming service provider considers that their tariffed rate no longer reflects the incremental costs it incurs to provide the service, mechanisms exist by which its concerns can be addressed.
406. Regarding arguments that mandated seamless roaming would be a disincentive for network expansion, the Commission considers that the regional wireless carriers' need to reach more customers will drive the expansion of their networks even if seamless roaming is mandated. Regional wireless carriers also have an incentive to

expand their own networks to minimize their wholesale roaming costs. Essentially, the more coverage a carrier has, the more potential customers it can serve and the less roaming its customers will require.

407. In light of these considerations, the Commission considers that mandating the provision of seamless roaming would be consistent with the 2019 Policy Direction's call to reduce barriers to entry into the market and to competition for telecommunications service providers that are new, regional, or smaller than the incumbent national service providers. Consistent with paragraph 7(b) of the Act, it would also help to ensure that affordable access to high-quality telecommunications services is available in all regions of Canada, including rural areas. Furthermore, given the adverse impact that the absence of seamless roaming has on the regional wireless carriers' retail customers, the absence of this capability serves to undermine the quality of service that is provided to them and further undermines the development throughout Canada of a telecommunications system that serves to safeguard, enrich, and strengthen the social and economic fabric of Canada and its regions, which is inconsistent with paragraph 7(a) of the Act. By adversely affecting the regional wireless carriers' ability to compete with the national wireless carriers and other carriers that have seamless roaming or network-sharing arrangements with a national wireless carrier, the non-ubiquitous availability of this functionality undermines the efficiency and competitiveness of Canadian telecommunications, which is further inconsistent with paragraph 7(c) of the Act.
408. Given the above, including the absence of widespread seamless roaming arrangements involving the newer regional wireless carriers, market forces cannot be relied upon to ensure that this functionality is available to all carriers and their retail customers. A decision to mandate the provision of seamless roaming and make it subject to cost-based rates would be an efficient and proportionate means of further implementing the policy objectives identified above, all of which would be consistent with paragraph 1(a) of the 2006 Policy Direction.
409. The Commission considers that seamless roaming is not a new service but can be properly characterized as an additional condition under which the existing mandated wholesale roaming service must be offered.
410. In light of the above, the Commission **directs** the national wireless carriers to (i) file for approval, within **90 days** of the date of this decision, tariffs for wholesale roaming service (wholesale roaming tariffs) with updated terms and conditions to support seamless roaming; and (ii) begin offering seamless roaming within **one year** of the date of this decision.
411. The Commission acknowledges the potential of additional operational costs associated with seamless roaming. Further, the Commission notes that the existing wholesale roaming tariffs were subject to a five-year cost study when they were finalized in Telecom Orders 2017-433 and 2018-99. Accordingly, an assessment of the underlying costs associated with the implementation of seamless roaming and the

proper reflection of these in the tariffed rates may be appropriate upon implementation of seamless roaming.

Applicability of mandated wholesale roaming to 5G networks

Background

412. Parties were asked whether there have been any developments, technological or otherwise, that would require the current wholesale roaming policy to be modified. Much of the discussion in this regard focused on whether or not mandated wholesale roaming applies to 5G networks, which are currently in the early stages of deployment.

Positions of parties

413. Shaw and Videotron were of the view that the current wholesale roaming tariffs apply to 5G. However, they argued that the Commission should clarify that this is the case. Shaw argued that it is necessary to include an obligation for the national wireless carriers to support voice over LTE (VoLTE) roaming, and to revisit terms and conditions to address restrictive terms, such as those that provide the national wireless carriers with the discretion to refuse to make additions or modifications to their networks to accommodate new technologies.

414. Generally, the national wireless carriers argued that the current roaming policy applies to one-way domestic wireless roaming for wireless voice, text, and data roaming based on GSM network standards,³⁵ but does not include access to 5G technologies. They argued that because 5G is in its infancy, most carriers are starting off on an equal footing when it comes to introducing 5G services; therefore, it is not appropriate to give other carriers access to 5G roaming when the network technology and associated services are just being rolled out.

415. RCCI submitted that if the wholesale roaming tariffs were to apply to 5G, there would need to be an explicit exclusion for IoT and M2M services.

416. Many parties, including the national wireless carriers and Xplornet, argued that if the Commission determines that the current wholesale roaming policy applies to 5G, the wholesale roaming tariffs will need to be amended to reflect 5G applications. Generally, these parties argued that it is too early in the development of 5G networks and applications to determine what the rates, terms, and conditions of a 5G wholesale roaming service would be.

³⁵ GSM network standards include EDGE [Enhanced Data GSM Evolution], GPRS [General Packet Radio Service], HSPA [High-Speed Packet Access], and LTE (data).

Commission's analysis and determinations

417. In the coming years, wireless carriers will continue to deploy 5G technology in their networks across the country. These technology upgrades will mean that wireless networks will become exponentially faster, more pervasive, and more versatile. With a predicted maximum throughput of 10 Gbps, this technology will support innovative and bandwidth-intensive new services, and enable new technologies.
418. While 5G network deployment is in the early stages, it is important for the Commission to provide, to the extent it can, a degree of certainty and clarity to the industry on regulatory matters related to 5G. In Telecom Regulatory Policy 2015-177, the Commission determined that wholesale roaming offered on GSM-based networks and code division multiple access (CDMA)-based networks are not substitutes, since retail customers would typically not have the kinds of devices that would support use on both types of networks. Therefore, the Commission found that GSM-based wholesale roaming service is a distinct product market from CDMA-based wholesale roaming service, and ultimately only mandated wholesale roaming service for GSM-based networks.
419. In this regard, a key factor is whether 5G mobile wireless services are GSM-based. While there was no specific evidence filed to support an assertion that 5G is, or is not, a GSM-based service, the Commission considers that it is appropriate to view 5G technology as an evolutionary advancement in GSM technology.³⁶
420. Further, the Commission is not persuaded by arguments that smaller carriers should not have mandated wholesale roaming access to the national wireless carriers' 5G networks because 5G is in its infancy and all carriers are on equal footing. While the national wireless carriers and regional wireless carriers will all have the same 5G starting point – that is, they initially would have no 5G technology deployed – in addition to their national network coverage and retail market power, the national wireless carriers have a significant advantage in terms of the sites, towers, spectrum ownership, permits, and access agreements with various entities for infrastructure access. In the Commission's view, these advantages will continue as 5G technology is deployed, and the need for wholesale roaming on 5G networks will be necessary to support competition as the mobile wireless service market evolves.
421. For all of these reasons, the Commission confirms that the wholesale roaming policy applies to 5G networks. The Commission **directs** the national wireless carriers to make any amendments to the terms and conditions of their tariffs that are necessary to reflect this determination and to file, for approval, the amended tariffs within **90 days** of the date of this decision.

³⁶ The Commission's view in this matter is shared by the GSM Association (GSMA), an industry organization that represents the interests of mobile operators worldwide and that has more than 750 mobile operators as full members and more than 400 companies as associated members. See, for example, the GSMA's [5G Guide](#), which indicates that "...4G and 5G networks can coexist for a long while because the transition from 4G to 5G does not imply or require a paradigm shift in the philosophy of the underlying technology."

422. 5G networks will employ various new technologies, including network virtualization and software-defined networks, which will have different cost structures than previous generations of wireless service. 5G deployment was not factored into the cost studies filed in support of and reflected in the wholesale roaming service rates approved in Telecom Order 2018-99, since 5G was not yet deployed and was not expected to be widely deployed over the five-year duration of the cost study period. Accordingly, and consistent with the above discussion on seamless roaming, it may be appropriate to conduct an assessment of the underlying forward-looking incremental costs associated with wholesale roaming service and the proper reflection of these costs in the tariffed rates upon implementation of seamless roaming.

Access to infrastructure

423. In Telecom Notice of Consultation 2019-57, the Commission indicated that one of the areas it would examine in this proceeding is reducing barriers to infrastructure deployment. In this regard, parties provided comments on the issues associated with obtaining access to various types of infrastructure in order to deploy mobile wireless networks and whether changes could or should be made to the Commission's existing rules to facilitate such access.

424. Parties' comments regarding access to infrastructure generally fell into one or more of the following categories:

- Delays or denials associated with access to ILEC support structures
- Small cell attachments and existing ILEC support structure tariffs
- Access to towers and sites
- Access to municipal infrastructure

Delays or denials associated with access to ILEC support structures

Background

425. ILEC-owned or controlled support structures include poles, which support aerial facilities such as strands, which are steel wires between two poles that support transmission facilities and related equipment, and conduits, which are reinforced passages or openings capable of containing communications facilities and are often located beneath ground level.

426. The Commission mandates that ILECs provide wholesale access to their support structures as a public good service.³⁷ The provision of these services is subject to the rates, terms, and conditions established by the Commission and set out in the various

³⁷ Mandated access applies to support structures that are owned by ILECs as well as to support structures to which ILECs have the ability to provide third-party access.

ILEC support structure tariffs. Under existing regulations, ILECs must provide access to these structures, on request, when spare capacity is available.

427. Nevertheless, many wireless carriers reported experiencing difficulties accessing ILEC support structures and suggested that changes may be required in order to improve the process for gaining access and to ensure that 5G networks can be deployed efficiently.

Positions of parties

428. The concerns of non-ILEC parties generally focused on denials of access based on (i) a lack of spare capacity or future use needs, and (ii) make-ready costs. These parties proposed various ways to mitigate their concerns over what they described as unreasonable denials, and most agreed that a follow-up proceeding to revise the ILEC support structure tariffs is needed.

429. Several parties, including Eastlink, RCCI, Shaw, and Videotron, provided examples of instances where they were denied access and outlined what they described as ILECs engaging in tactics that display a pattern of excessive denials and delays. However, they were not generally able to track denials in great detail.

430. Conversely, ILECs asserted that they approved the majority of access requests, and generally tried to work with parties to find alternatives where possible. For example, Bell Mobility claimed that it denied only approximately 1% of access requests on the basis of future use in Ontario and Quebec. TCI also submitted that it accepts a very high percentage of permit applications for access to its support structures.

431. Parties proposed various ways to mitigate their concerns, such as the establishment of clearer limits on reservations for future use and implementation of mechanisms to document and track future use claims, the introduction of time limits for the consideration of access requests, and expedited and simplified dispute resolution mechanisms.

432. Bell Mobility and TCI opposed these proposals, arguing that they would essentially void spare capacity and future use allowances in the ILEC support structure tariffs. They further argued that it would be inappropriate to impose an obligation to document and track reserved capacity because this information is commercially sensitive, and because a documentation obligation would add additional cost and regulatory burden without any corresponding additional benefits.

433. RCCI submitted that access to ILEC support structures will become more and more important as small cell deployment increases, and proposed that the Commission initiate a follow-up proceeding to review and amend the ILEC support structure tariffs in order to address concerns surrounding access.

Commission's analysis and determinations

434. The Commission notes that most of the evidence provided by parties regarding the denial of access to support structures was anecdotal. While some of the examples provided are concerning, the Commission cannot discern at this time whether these examples are outliers or are reflective of more prevalent problems, because parties filed very little evidence to quantify the problem with respect to the number of denials, particularly as a percentage of total requests.
435. As such, the Commission considers that the record before it is insufficient to determine whether, or what, modifications to the ILEC support structure tariffs or additional regulatory requirements would be appropriate to address concerns regarding delays and denials of access to ILEC support structures. With limited data on the number of denials and without a better understanding of the reasons for those denials, the Commission determines that it would be inappropriate to adopt specific regulatory measures at this time. Furthermore, the Commission notes that, after the initiation of the present proceeding, it issued Telecom Notice of Consultation 2020-366, to examine the issue of timely and efficient access to certain support structures, namely poles.
436. With respect to the proposal for a follow-up proceeding, the Commission notes that in Telecom Notice of Consultation 2020-366, it invited comments on many of the issues raised in this proceeding, including spare capacity, joint-use agreements, and dispute resolution. In light of that proceeding, the Commission determines that it is unnecessary to initiate an additional follow-up proceeding in the specific context of ILEC support structure access for mobile wireless service deployment at this time.

Small cell attachments and existing ILEC support structure tariffs

Background

437. In Telecom Decision 2014-77, the Commission determined that the Support Structure Service item of TCI's General Tariff should be modified to read that a licensee is not required to apply for a permit to place strand equipment³⁸ on its own cable located on strand leased from TCI. That decision resulted from a dispute between TCI and Shaw regarding the attachment of Wi-Fi strand equipment on Shaw's own cabling, which was supported by TCI strand. Subsequently, and by way of Telecom Decision 2014-389, the other ILECs were required to modify their tariffs in a similar way. As a result, licensees do not require permits for the addition, rearrangement, transfer, replacement, or removal of their own strand equipment when they already lease space on ILEC strand.
438. In this proceeding, TCI argued that the ILEC support structure tariffs currently in place were designed to facilitate wireline competition and did not contemplate attachments for mobile wireless service, such as small cells; therefore, amendments

³⁸ "Strand equipment" refers to communications-related equipment inserted into cabling located on strand.

to the existing tariffs would be required to fully account for such attachments. TCI argued that such attachments give rise to spectral interference issues and to load and safety issues that are different from those associated with wireline facilities. Furthermore, TCI argued that in contrast to the determinations made in Telecom Decision 2014-77, which concerned Wi-Fi equipment, small cells are used purely for mobile wireless network connectivity and, as such, are properly viewed as comprising a new attachment to enable a technology that is unrelated to existing mounted facilities. In light of this, TCI argued that the tariffs must provide ILECs with an ability to review and approve small cell attachments and proposed that such attachments be made subject to a permit requirement.

Positions of parties

439. Most of the regional wireless carriers, including Eastlink, Shaw, Videotron, and Xplornet, opposed TCI's proposal. Several of these parties asked the Commission to confirm the applicability of the existing ILEC support structure tariff provisions in the context of 5G small cell equipment. They argued that to accept TCI's proposal would result in a significant administrative burden and impair 5G deployment by increasing opportunities for ILECs to engage in unjust discrimination.

440. Eastlink argued that the ILEC support structure tariffs already address the processes for carriers attaching their equipment, both wireline and wireless, to support structures, and that the tariffs allow for the placement of power supply attachments comparable in size to small cells.

441. Similarly, Videotron asserted that Commission decisions on access to ILEC support structures have always been technology neutral and that TCI's proposal is anti-competitive.

442. TCI responded that, in addition to the concerns outlined above, rates need to be updated to take into account costs associated with small cell attachments. TCI submitted that this will provide certainty to WSPs as they invest in and deploy their 5G facilities.

443. Bell Mobility argued that a new process to modify the ILEC support structure tariffs is not appropriate because small cells fall under ISED's jurisdiction.³⁹

Commission's analysis and determinations

444. The Commission considers that parties did not provide adequate evidence to demonstrate whether or not small cells are sufficiently different from Wi-Fi deployments such that amendments to the existing ILEC support structure tariffs are warranted. Adequate evidence would relate to the technical requirements of the various types of 5G equipment and related deployment concerns, including capacity,

³⁹ Bell Mobility cited [Conditions of Licence for Mandatory Roaming and Antenna Tower and Site Sharing and to Prohibit Exclusive Site Arrangements](#), CPC-2-0-17, 7 March 2013 (CPC-2-0-17).

construction standards, and radiofrequency interference, all of which were considered when the Commission made its determinations with respect to Wi-Fi equipment in Telecom Decision 2014-77.

445. As a result, the Commission is unable to render a decision as to what, if any, modifications to the existing ILEC support structure tariffs, including permitting requirements, are warranted with regard to small cell attachments.

Access to towers and sites

Background

446. Pursuant to the *Radiocommunication Act*, the Minister of Industry is responsible for issuing licences in relation to spectrum use and fixing the terms and conditions of any such licence. The *Radiocommunication Act* also provides the Minister with the ability to approve the siting of radio apparatus, including antenna systems, and the erection of towers and other antenna-supporting structures. Pursuant to its authorities under that Act, ISED requires wireless carriers to share space on cellular towers as a condition of spectrum licence,⁴⁰ and has established a mandatory dispute resolution process in *Industry Canada's Arbitration Rules and Procedures*. In Telecom Regulatory Policy 2015-177, the Commission indicated that it may also employ its own powers under the *Telecommunications Act* to prevent unjust discrimination and undue preference in the provision of telecommunications services to resolve disputes between carriers with respect to tower and site sharing. To date, the Commission has not received any such formal dispute resolution requests.

Positions of parties

447. Eastlink submitted that it faces ongoing challenges with respect to tower siting and tower sharing, including for small cells. It submitted that these challenges are due to the municipal consultation process required by ISED and the difficulties associated with attempting to gain access to the incumbent's infrastructure. Eastlink indicated that Commission oversight to handle such disputes and to establish precedents for reasonable approaches to such issues, would be of significant value.
448. CNOC argued that mandated tower and site sharing at rates set by the Commission would stimulate competition and would particularly assist regional wireless carriers in rural and remote areas, where costs of deployment are high.
449. RCCI submitted that the existing regime functions well and that additional regulation is not warranted. Bell Mobility suggested that the fact that no party has brought a tower-related dispute to the Commission was a strong indication that no further regulatory intervention is necessary or appropriate.

⁴⁰ See CPC-2-0-17.

450. From a consumer perspective, EMF-OFF! expressed concern over risks to human and environmental health and safety from 5G due to the anticipated ubiquity of 5G and its related infrastructure. It submitted that the Commission should not encourage deployment of 5G technology until the health and safety effects associated with spectrum to be used for purposes of 5G networks have been properly studied.

Commission's analysis and determinations

451. Regarding Eastlink's submission, the Commission notes that it does not have general jurisdiction over tower siting, and that ISED already has well-established rules in this regard, including a municipal consultation process.

452. While CNOC argued for mandated access to towers and sites with tariffed rates, terms, and conditions, this view was not generally shared by other parties, and CNOC itself provided little justification or evidence that there is a problem that requires such intervention.

453. In addition, to date the Commission has not been approached to resolve any dispute alleging undue preference or unjust discrimination with regard to access to towers or sites. This suggests that for the most part, carriers have been able to secure tower-sharing agreements without the need for Commission intervention.

454. Therefore, it is not necessary for the Commission to take additional action in relation to tower and site sharing at this time. However, the Commission continues to be prepared to consider disputes between carriers.

455. With respect to health and safety considerations raised by EMF-OFF!, while the Commission is empowered to adopt technical standards with regard to telecommunications facilities operated by or connected to those of a Canadian carrier, as a general matter, health-related concerns fall within a field that is well occupied by existing government agencies with the requisite expertise.⁴¹ Furthermore, EMF-OFF!'s submissions mostly addressed matters relating to the allocation of spectrum, the imposition of spectrum licence conditions, and antenna siting. These matters are beyond the Commission's jurisdiction.

Access to municipal infrastructure

Background

456. Many parties raised issues with respect to access to municipal rights-of-way (ROWs). Both carriers and municipalities have an interest in this infrastructure, though these interests may conflict. Municipalities have an interest in managing and protecting their ROWs for the benefit of all who seek access, and they also have an

⁴¹ For instance, ISED already requires compliance with Health Canada's exposure guidelines set out in [Limits of Human Exposure to Radiofrequency Electromagnetic Energy in the Frequency Range from 3 kHz to 300 GHz](#), Safety Code 6 (2015).

interest in minimizing costs associated with use of these ROWs and resulting construction disruptions in the community. Conversely, carriers seek timely and cost-effective access to these ROWs to deploy, maintain, and upgrade networks in order to remain competitive and better serve consumers of telecommunications services, including mobile wireless services.

457. Issues raised in relation to access to municipal infrastructure touched on whether the Commission's jurisdiction in this area extended to access for the purposes of constructing, operating, and maintaining mobile wireless infrastructure, namely small cell attachments, and whether the Commission could regulate access to publicly owned passive infrastructure.
458. The Commission's jurisdiction with respect to access to municipal infrastructure is set out in sections 42 through 46 of the Act. These provisions provide carriers with a qualified right of access to highways or other public places. Under this regime, access is obtained by way of consent from the relevant public authority. Where such access cannot be obtained under terms deemed appropriate for the carrier or where the public authority is unable to reach an agreement with a carrier, the Commission is empowered to resolve access disputes upon receiving an application.
459. The Commission has resolved various disputes by way of reference to the principles first established in Decision 2001-23 (the Leducor decision). The principles set out in that decision touch on such matters as cost allocation, coordination, and documentation. The Commission anticipated that these principles would assist carriers and municipalities in negotiating terms and conditions under which carriers construct, maintain, and operate transmission lines within municipal ROWs.
460. In Telecom Decision 2013-618, the Commission approved a model municipal access agreement (MAA), which was drafted by a CRTC Interconnection Steering Committee (CISC) working group. This model MAA reflects the principles enunciated in the Leducor decision and is meant to assist parties in reaching mutually acceptable MAAs.

Positions of parties

Access regime

461. Several wireless carriers expressed the view that having timely access to municipal ROWs and passive infrastructure will be critical to the success of 5G deployment. Some suggested that the Commission should not require municipal consent for 5G small cell site deployments, or should at least push for legislative amendments to this effect. To illustrate the need for this change, Bell Mobility claimed that access delays of up to two years are common, which creates significant uncertainty for deployment and deters investment.

462. Conversely, municipal entities, or groups representing the interests of municipalities, such as the Federation of Canadian Municipalities (FCM), Municipalité régionale de comté de Témiscouata, and Ville de Montréal (Montréal), commented on what they believe to be the important and unique role municipalities will play in coordinating the deployment of 5G. The FCM submitted that municipalities are the only entities capable of ensuring that ROWs function efficiently and effectively for all users over the long term, and argued that municipal ROW management has not caused systemic operational delays in network deployment.

The Commission’s jurisdiction

463. Many parties submitted that there is a lack of clarity with respect to the Commission’s jurisdiction over 5G equipment and municipal ROWs. Several carriers suggested that the Commission should clarify its jurisdiction or seek to expand it if necessary by pursuing legislative amendments in order to facilitate the deployment of 5G small cell sites on existing municipal infrastructure and ROWs.
464. Parties raised the question of whether sections 43 and 44 of the Act are available to resolve disputes with regard to the construction, operation, and maintenance of wireless transmission equipment. These sections make reference to “transmission lines,” a term that is not defined in the Act.
465. Several wireless carriers argued that these legislative provisions grant the Commission jurisdiction to resolve issues involving access to municipal ROWs for the purpose of constructing, operating, and maintaining small cells. They submitted that a distinction between “wireline” and “wireless” in this context is untenable, and that an interpretation of “transmission line” that excludes wireless antennas would be outdated, contrary to the principle of technological neutrality, and inconsistent with the rules of statutory interpretation. For instance, TCI argued that the Act should be interpreted to give effect to Parliament’s intent to create a comprehensive regime supporting network deployment. RCCI argued that the Act is intended to regulate all means of telecommunications, regardless of transport technology.
466. Conversely, the FCM argued that when looking at the meaning of “transmission line,” the Supreme Court concluded that this term did not include electrical “distribution lines” and that, therefore, it would likewise not be appropriate to interpret it to include wireless “transmission paths.”⁴² It further argued that when Parliament chooses different words within a statute – for instance, “transmission line,” which appears in section 43, and “transmission facility,” which appears elsewhere in the Act – it is expressing different intentions or different ideas.
467. In addition, several wireless carriers argued that the Commission should adopt a broad interpretation of “highways and other public places,” as found in section 43 of the Act, to grant wireless carriers similar terms of access as they would have with

⁴² Citing *Barrie Public Utilities v. Canadian Cable Television Association*, [2003] 1 S.C.R. 476.

respect to wireline facilities, in line with the determinations set out in Telecom Decision 2005-36 with respect to the City of Edmonton's (Edmonton) light rail transit (LRT) tunnels.⁴³ In that decision, the Commission identified factors such as ownership, public purpose, and degree of access in order to determine whether a given place was a "public place" for the purposes of the relevant statutory provisions.

468. The FCM countered that on a plain reading, the term "a highway or other public place" in section 43 of the Act refers to access to "places" rather than "structures," and that the Federal Court of Appeal decision⁴⁴ disposing of an appeal of Telecom Decision 2005-36 further supported this view. Moreover, it argued that "highway" has consistently been treated as meaning the municipally owned ROW or road allowance, and that infrastructure located within the ROW has never been included. Finally, the FCM noted that the Commission has consistently stated that the conditions of access for "other public places" had to be determined on a case-by-case basis.

Dispute resolution

469. Several parties argued that there is a need for a streamlined and expedited dispute resolution mechanism to settle disputes over rates, terms, and conditions between carriers and municipalities.

470. Some parties, including RCCI, SaskTel, and TCI, suggested that the Commission follow the example of the FCC, which set out guidelines with respect to state and local fees and set out "shot clocks" for local approvals.⁴⁵

471. Shaw and Videotron supported the view that the Commission should adopt principles to assist carriers and municipalities in negotiating the terms and conditions for access involving wireless transmission equipment, and argued that the Commission should establish an expedited dispute resolution process and impose approval timelines.

472. Xplornet argued that section 58 of the Act empowers the Commission to make non-binding statements with respect to any matters within its jurisdiction. Xplornet submitted that the Commission could therefore make non-binding statements that

⁴³ In that decision, the Commission found that LRT lands in Edmonton are an "other public place" within the meaning of section 43 of the Act. The Commission directed Edmonton and MTS Allstream Inc. to negotiate a fee structure based on causal costs for the company to have ongoing access to the LRT lands for the purpose of constructing, maintaining, and operating its transmission lines.

⁴⁴ *Edmonton (City) v. 360Networks Canada Ltd.*, [2007] 4 FCR 747

⁴⁵ See [Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment; Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment](#), FCC 18-133, 27 September 2018. In that policy, the FCC issued guidance and adopted new rules to streamline wireless infrastructure siting to facilitate next-generation deployments.

would assist parties in understanding what the Commission considers reasonable terms of access should it be required to adjudicate a dispute.

473. Montréal submitted that a mechanism of accelerated dispute resolution could help to settle disputes, but must allow the municipalities to put forward their points of view and assert their rights.
474. Some parties argued that following the FCC example would not be feasible. SSi Micro submitted that the shot-clock policy has been controversial in the United States, with legislation introduced to invalidate the order. Similarly, the FCM noted that the FCC's approach led to extended litigation, creating lengthy and costly delays. It argued that the Canadian approach of a regulator arbitrating individual disputes was preferable.

Commission's analysis and determinations

Access regime

475. Parties did not provide persuasive evidence that municipalities systematically act as barriers to deployment. While certain wireless carriers described examples of delays they have encountered with respect to municipal approvals, this evidence does not demonstrate that there is a pattern of denial by municipalities that would require Commission intervention to address.
476. The concept of municipal consent is built into the qualified statutory right of access provided to Canadian carriers in the Act. Furthermore, while the Commission has, in the past, approved terms of access that do not require the concerned carrier to obtain permits for certain activities, such terms were determined in the context of active access disputes brought to the Commission after the parties involved were unable to reach agreement on mutually acceptable terms, as envisioned by the Act. Eliminating the requirement for municipal consent on an *ex ante* basis would require legislative amendment.

The Commission's jurisdiction

477. The crucial question, as it relates to the Commission's jurisdiction, has to do with whether the provisions of the Act dealing with access to public places apply to mobile wireless transmission facilities, namely small cell apparatus such as those that would be deployed in 5G networks. Sections 43 and 44 of the Act set out a consent-based regime governing access by Canadian carriers to highways and other public places controlled by municipalities and other public authorities for the purposes of constructing, operating, and maintaining transmission lines. These provisions, which evolved from provisions found in the *Railway Act*, provide the Commission with certain powers to regulate such access.
478. If this question is answered in the negative, then neither the qualified access right, nor the ability for the Commission to resolve disputes between Canadian carriers and public authorities set out under those provisions, would apply with respect to mobile

wireless transmission facilities such as 5G small cells, which transmit intelligence wirelessly, rather than through a physical line.

479. Ultimately, in light of the arguments made on the record and the applicable principles of statutory interpretation, the Commission considers that these statutory provisions do not provide the Commission with jurisdiction to adjudicate disputes involving mobile wireless transmission facilities. The Commission’s conclusion largely turns on the use of the term “transmission line” in the relevant statutory provisions.
480. Where a tribunal or court is asked to interpret statutory provisions, it is attempting to discern the intent of the legislative body that has enacted the relevant provisions.⁴⁶ In accomplishing this, the tribunal or court looks not only to the ordinary and natural meaning of the words under consideration but also to the surrounding context and the purpose of the provision.⁴⁷ Furthermore, the tribunal or court must also consider the well-established canon of statutory interpretation that a legislature is presumed to speak with meaning and, where it uses different terms, these terms are presumed to have different meanings.⁴⁸
481. The term “transmission facility” is defined in section 2 of the Act as “any wire, cable, radio, optical or other electromagnetic system, or any similar technical system, for the transmission of intelligence between network termination points, but does not include any exempt transmission apparatus.” The presence of this definition demonstrates that Parliament was aware that there were technologies that transmit telecommunications wirelessly – a “transmission facility” would clearly include a radio apparatus used for the wireless transmission of intelligence, such as a small cell.
482. However, in sections 43 and 44 of the Act, Parliament notably used the distinct term “transmission line.” While this term is not defined in the Act, it must mean something other than “transmission facility” – otherwise, Parliament would have simply used that term, which was available to it. Further, given the all-encompassing scope of the term “transmission facility,” it is very likely that “transmission line” is meant to have a narrower meaning.
483. Dictionary definitions of the term “line” are varied but for the most part contemplate a physical and tangible pathway. For example, the *Canadian Oxford Dictionary* defines “line,” in the context of telecommunications facilities, to mean “a wire or cable for a telephone.”⁴⁹ The Act uses the term “ligne de transmission” in French.

⁴⁶ See paragraph 26 of *R. v. Monney*, [1999] 1 S.C.R. 652.

⁴⁷ See, for example, paragraph 21 of *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27.

⁴⁸ See, for example, paragraph 81 of *Agraira v. Canada (Public Safety and Emergency Preparedness)*, [2013] 2 SCR 559.

⁴⁹ Oxford University Press Canada. (2004). Line. In *Canadian Oxford Dictionary* (2nd ed., p. 892).

Le Petit Robert offers numerous definitions for the term “ligne,” a number of which contemplate intangible entities or constructs. However, the only references provided to telecommunications facilities and the transmission of information are found in a grouping of definitions under the heading “fil tendu dans une direction déterminée,” with the heading indicating the existence of a tangible pathway.⁵⁰

484. In light of the above, the Commission considers that, in using the term “transmission line,” Parliament meant to capture “transmission cables” and “transmission wires,” both of which are identified in the Act’s definition of “transmission facility” as types of such facilities.
485. Far from frustrating Parliament’s intent, an interpretation limiting transmission lines to transmission cables and wires appropriately recognizes the broader statutory scheme enacted by Parliament, including the scheme of the closely related *Radiocommunication Act*, which provides the Minister of Industry with the power to approve sites for the placement of radio apparatus, as set out in subsection 5(1) of that Act.
486. Further, given the above, the Commission considers that it does not need to make a determination on the precise meaning of the term “other public place” as it is used in section 43 of the Act.

Dispute resolution

487. The Commission considers that parties have not demonstrated that an approach similar to what the FCC has adopted in the United States would be appropriate or even feasible in the Canadian context. The Commission’s jurisdiction is different than that of the FCC. Further, the Commission already has several policies in place that address similar issues with respect to timelines and costs. For example, with respect to municipal access for wireline facility deployment, the Leducor decision principles outline causal costs, and, more generally, the Commission has policies and procedures in place that facilitate dispute resolution on a case-by-case basis. Where a matter falls under section 43 or 44 of the Act, disputes are to be resolved by the Commission. Additionally, these statutory provisions do not establish timelines limiting when such applications may be brought to the Commission.
488. Given the above, including consideration of its jurisdiction and its existing policies and procedures, the Commission considers that there would be little utility in establishing additional guidelines, as proposed by Xplornet, under section 58 of the Act at this time.

⁵⁰ Éditions Le Robert. (2015). Ligne. In *Le Petit Robert* (p. 1458).

Conclusion

489. In light of all the above, the Commission determines that no further action is necessary or appropriate with respect to municipal access issues at this time. Insofar as these issues are within the Commission's jurisdiction, existing policies and procedures are sufficient to address them.

Regulatory measures at the retail level

490. In adopting the wholesale measures described above, the Commission is taking concrete action to facilitate and accelerate the development of sound and lasting competition across Canada. These measures are designed to encourage competitors to expand to areas where there is less competition and to drive investment and add competitive pressure on the national wireless carriers and SaskTel, which were found to exercise retail market power in every province and territory, whether together in the case of the three national wireless carriers in most provinces, or by SaskTel in Saskatchewan and Bell Mobility in the territories.

491. Notwithstanding the wholesale measures adopted in this decision, the Commission considers that it is necessary to assess whether regulatory measures at the retail level are also warranted in order to ensure that the mobile wireless service market is adequately responding to the needs of consumers.

492. In this regard, many parties urged regulatory intervention to address potential gaps in the market. Specifically, they requested that the Commission mandate the offering and provision of specific mobile wireless service plans. Notably, concerns were raised that there is a lack of affordable plans for lower-income Canadians, to the detriment of those consumers.

493. Some of the proposed plans were characterized as "low-cost plans." Though there was some divergence in terms of the specific proposals, these plans would generally include a certain minimum number of minutes for Canada-wide calls, messaging (text, or SMS [short message service], and MMS [multimedia message service]) and a minimum data allowance, and would be offered at a set price considered to be affordable. Other proposed plans were characterized as "occasional-use plans," and were intended to provide ongoing access to mobile wireless networks for users who do not require service on a regular basis, but want to have it available for sporadic uses, including plans with minimal attributes to use in cases of emergency.

494. A number of other matters related to regulation at the retail level were also raised during this proceeding, including issues relating to winback activities and data overage charges. Moreover, the matter of the continuing appropriateness of reporting requirements associated with the national wireless carriers' lower-cost data-only plans was also raised.⁵¹

⁵¹ In Telecom Decision 2018-475, the national wireless carriers were directed to submit information concerning these plans every six months, measures that were to remain at least until the issuance of a decision on the review of mobile wireless services.

495. Finally, the Commission assesses the continued appropriateness of its current forbearance regime with regard to the offering and provision of retail mobile wireless services in light of the conclusions in this decision. These assessments of retail measures and forbearance have been performed on the basis of the record before the Commission. As with any Commission determinations, developments over the course of time may require that these assessments be revisited.

Positions of parties

Low-cost plans

496. The CCWS submitted that consumers should be able to find at least one comprehensive mobile wireless service plan that includes sufficient voice minutes, text messages, and data to meet the needs of an average user and that is provided at a price that would be affordable for all Canadians, including those with lower incomes. They also submitted that such a plan would ensure that vulnerable Canadians have a trustworthy option that would reduce the risks of being misled or upsold by sales representatives.

497. A number of consumer groups, such as Ageing + Communication + Technologies (ACT), the CCWS, CIPPIC/OpenMedia, and the Manitoba Coalition, submitted that low-cost plans with specific attributes should be mandated. These attributes included being offered on 4G or LTE networks, unlimited voice minutes and text messages, and between 2 GB and 4 GB of data per month. The CCWS and CIPPIC/OpenMedia submitted that their requested low-cost plans should be priced in the range of \$20 to \$30 monthly, a proposal supported by ACT; the Manitoba Coalition suggested a monthly price of \$35 maximum, including the device, or \$25 without the device. ACT, the CCWS, CIPPIC/OpenMedia, and the Manitoba Coalition also generally agreed that there should be no data overage charges, but that throttled data speeds on usage past a certain threshold were acceptable. Of those parties that commented on whether the device should be included, the Manitoba Coalition submitted that it could, while the CCWS submitted that the plans should be offered on a bring-your-own-device (BYOD) basis.

498. The Manitoba Coalition submitted that regulatory action with regard to retail service offerings is needed to meet the policy objectives set out in section 7 of the Act, and because the 2019 Policy Direction emphasizes affordable access to telecommunications services for all Canadians. A similar view was taken by the CCWS and CIPPIC/OpenMedia. In the CCWS's view, the Commission would be justified in requiring all WSPs to offer a low-cost plan with specific attributes. CIPPIC/OpenMedia indicated that low-cost plans should be offered by the WSPs' premium brands in order to ensure broader availability and adoption. In addition, the Manitoba Coalition argued that its proposed low-cost plan should be offered by all WSPs, not limited to flanker brands, and marketed along with other mobile wireless services in print, online, and in-person advertising.

499. The CCWS and the Manitoba Coalition proposed that the low-cost plans be offered on a postpaid basis. The CCWS submitted that postpaid plans are secure and easy for customers, while prepaid plans raise concerns, such as the expiration of calling minutes. The Province of British Columbia (Province of BC) submitted that it has heard many complaints about unused credits expiring at the end of the service coverage period and that prepaid plans provide less billing transparency. The CCWS acknowledged that some customers might prefer prepaid plans because they do not require a credit check; however, it was of the view that mandated plans should be offered on a postpaid basis, but that BYOD plans should not require a credit check, which can be a social barrier to access for some consumers. The CCWS further submitted that its proposed low-cost plan should be available on a postpaid basis in order for consumers to benefit from full protection under the Wireless Code. TCI was of the view that the line between a prepaid and a postpaid plan is now blurring since the difference between a BYOD monthly plan and a pay-as-you-go recurring monthly plan is minimal.
500. Certain WSPs submitted that existing lower-cost data-only plans respond to the needs of budget-conscious consumers and, therefore, mandating low-cost plans is not necessary. The CCWS submitted that the lower-cost data-only plans are not fully responding to the needs of budget-conscious consumers because, in its view, consumers generally prefer direct, cellular network-based voice calls and text messaging as opposed to application (app)-based replacements for such services that use mobile data from their data allotments. The CCWS added that seniors are also less likely to understand the app-based approach to data-only access and that both seniors and low-income users are less likely to have or to use home (wireline) Internet to offload their use to Wi-Fi.
501. Shaw and Videotron were of the view that mandating the provision of low-cost plans would provide nothing that does not already exist in the market today, and that it would be harmful for the regional wireless carriers by limiting their ability to compete and differentiate themselves from other WSPs or, in some cases, by requiring them to offer plans below cost. Shaw added that providing a 4 GB plan at \$25 to \$30 per month would cause a significant recalibration of its existing plans because similar plans are typically provided at a much higher retail price; Eastlink and TBayTel submitted that they would be hard-pressed to profitably offer such a plan because of the associated costs. TBayTel indicated that it would be hard to offer a 2 GB plan at \$25 per month with a device because of the increasing costs of mobile devices; Eastlink submitted that it would likely not recover its costs if it were to offer a 4 GB plan at \$25 per month.
502. The national wireless carriers, the CWTA, and SaskTel were of the view that there is no need for regulatory intervention since the market offers a wide range of wireless plans to suit Canadians' needs and budgets. TCI further argued that there will always be a segment of the population that cannot afford certain important goods or services, such as wireless services, but that this is reflective of a broader problem for which a regulatory solution, such as prescribing the rates for a single commodity, may not be appropriate. SaskTel indicated that low-cost plans are already available, and that consumers can choose from multiple WSPs and their flanker brands.

503. With regard to the submissions made to the effect that WSPs should be mandated to provide low-cost plans on their premium brands, the national wireless carriers submitted that they differentiate their brands and were of the view that flanker brands respond to the needs of customers looking for low-cost plans. Bell Mobility indicated that its premium brand is aimed at consumers for whom network quality was of primary importance, while its flanker brands are aimed at those looking for more affordable options. RCCI indicated that its premium brand targets users looking for “high-touch” service, i.e. service from a customer service representative (CSR), and that its flanker brands are tuned to a market segment that values lower price over high-touch customer support. TCI submitted that its premium brand is aimed at users who want premium devices and use a lot of data, while its flanker brands are aimed at consumers looking for more affordable rates. However, the Manitoba Coalition raised doubts as to the extent the national wireless carriers were upfront in referring consumers looking for lower-cost plans to their flanker brands.
504. SaskTel argued that if a portion of the retail market is found to be insufficiently competitive to protect the interests of users, then directed and targeted retail action should be taken; however, it also submitted that no such action is required at this time in the broader retail market. Bell Mobility submitted that retail price regulation directly conflicts with key elements of the Policy Directions because it does not rely on market forces at all.
505. TCI argued that the issue is not one of availability of low-cost plans or of affordability, but rather may be one of awareness in terms of the offers that are already in the market for more budget-conscious Canadians. It suggested that the Commission could assist by requiring WSPs to report periodically on their low-cost plans and by aggregating this information in a centralized website for consumers to reference. RCCI was of the view that the industry has failed to adequately communicate that Canada has an intensely competitive mobile wireless service market that continues to deliver affordability and value for Canadians. Consumer groups and the Commissioner both argued that low-cost plans are not being adequately promoted on the WSPs’ websites.

Occasional-use plans

506. The CCWS, the Manitoba Coalition, the Province of BC, and l’Union des consommateurs (l’Union) were in favour of the Commission mandating occasional-use plans.
507. ACT indicated that cell phones provide older adults with a sense of security and safety, and that the consumers whose needs are not being met in the current marketplace may include those who use their cell phones infrequently yet face what they perceive to be high costs to keep them connected. WSPs indicated that the national wireless carriers (on both their premium and flanker brands), SaskTel, regional wireless carriers, and resellers offer a variety of occasional-use plans. Shaw submitted that every major Canadian WSP actively competes in this segment of the market. RCCI indicated that plans in the market include text-only plans; data-only

plans; talk and text plans; and talk, text, and data plans that respond to the requirements of persons with only an occasional need for service.

508. Various consumer groups and many individuals expressed concerns about whether existing occasional-use plans are meeting consumers' needs, particularly in regard to what is included in the plans, the cost of the plans, applicable data overage charges (which they described as being high), and service speeds. Certain consumer groups and the Province of BC submitted that when customers, particularly low-income and older Canadians, advise sales representatives that they need a plan for occasional use, they are being pressured or misled into purchasing a more expensive plan that exceeds their needs.
509. The CCWS was of the view that such plans should be offered at a very low price, such as \$5 a month or less than \$100 a year, with no extra charges, and allow the subscriber to have control over the total cost, such as when and how much to pay.
510. ACT, the CCWS, the Manitoba Coalition, the Province of BC, and I'Union indicated that such plans should be voice-focused, though the CCWS, the Province of BC, and I'Union were also of the view that such plans should nonetheless include some text messages. ACT, Data on Tap, the Province of BC, and I'Union were of the view that such plans should also include some data.
511. The CCWS and the Manitoba Coalition believed that a prepaid option would be appropriate and noted that prepaid plans, unlike postpaid plans, do not require credit checks or other identification requirements that some consumers may not meet. The CCWS acknowledged that postpaid plans get the full protection of the Wireless Code, but are typically too expensive. The CCWS, Data on Tap, Distributel, the Manitoba Coalition, the Province of BC, and I'Union took issue with certain prepaid plans as a result of the expiry of account balances.
512. Certain consumer groups, Data on Tap, and the Province of BC cited concerns regarding high pay-per-use and overage rates, as well as costs for customers to keep their cell phones connected. ACT added that socially marginalized people live in fear of excessive overage fees and that seniors frequently turn off their cell phones to conserve minutes to be used only in cases of emergencies.
513. Notwithstanding their expressed views on attributes, the CCWS and I'Union suggested that it may be appropriate for the Commission to conduct a survey to ascertain what constitutes appropriate minimum attributes with regard to voice minutes, text messages, and data in occasional-use plans.
514. All wireless carriers that commented argued that there was no need for regulatory intervention given that, in their view, there is no demonstrated market failure because a variety of such plans is already being offered by the national and regional wireless carriers, as well as by resellers. However, RCCI, Videotron, and Xplornet submitted that should the Commission consider mandating occasional-use plans, a follow-up proceeding would be required. Some wireless carriers and the ITPA added that some of the proposed plans may not fully recover the associated costs at the proposed price points; therefore, the rates would not be just and reasonable.

515. Bell Mobility, SaskTel, TBayTel, and TCI submitted that prepaid plans offer low barriers to entry for budget-conscious and low-income consumers, because the plans require no deposit, credit check, or commitment term.
516. Consumer groups, the Commissioner, Data on Tap, and Tucows were generally of the view that occasional-use plans in the market are not being sufficiently or adequately promoted, particularly on WSPs' websites. For example, they largely agreed that the way WSPs' websites present their plans generally lacks clarity and transparency, thereby making it difficult for consumers to do comparative shopping and make informed decisions. CIPPIC/OpenMedia and I'Union argued that such plans are often absent from the home page and the main package presentation pages on the WSPs' websites. As noted above, TCI suggested that the Commission require WSPs to report periodically on their low-cost plans, including occasional-use plans, and suggested that the Commission aggregate this information in a centralized website for consumers to reference.
517. Certain consumer groups and TCI were of the view that consumer awareness of available plans in the market may be low. ACT submitted that seniors are not necessarily aware of the most affordable options for their current needs and situation. It also submitted that seniors are not generally aware that flanker brands are associated with the national wireless carriers, and that these individuals are concerned about network quality.
518. Bell Mobility and TCI were of the view that the Commission does not need to mandate the way that WSPs brand and promote their plans. Bell Mobility argued that any regulation in regard to how WSPs brand and promote their plans would be highly intrusive and beyond the Commission's jurisdiction. Furthermore, Bell Mobility argued that such regulation is not necessary, because the company has every incentive to keep ensuring consumers are aware of the full range of its available plans.

Winback activities

519. Shaw submitted that the national wireless carriers engage in anti-competitive tactics to win back customers who have switched to Freedom Mobile by, notably, providing better offers only after customers have switched to Freedom Mobile, and by targeting its recently acquired customers directly with instructions on how to cancel a contract during the trial period mandated under the Wireless Code. Shaw proposed that a 90-day prohibition of targeted anti-competitive winback activities be applied to those carriers. Shaw described a targeted anti-competitive winback offer as one that is made only to customers that have moved to a regional wireless carrier. CNOC and the ITPA supported Shaw's proposal; Ice Wireless opposed it, but submitted that winback activities should be limited to advertised plans only.
520. Bell Mobility submitted that it does not call customers who make requests to port numbers. TCI submitted that it reaches out to all customers who leave TCI, regardless of the carrier to which they switched and does this at two different points

in the customer lifecycle: first, within several days of their leaving TCI, in an effort to determine if there is anything TCI can do to retain the customer; second, prior to their contract expiration with the new WSP, approximately 22 months from the time they leave TCI. RCCI indicated that it tries to call ported-out customers within 24 hours to try to retain their business, and added that this is an opportunity to provide more choices to the customer. RCCI was of the view that a time-limited prohibition on winback activities would be anti-consumer and that customers who are willing to engage with the market will get better deals. The national wireless carriers were generally of the view that winback activities are a sign of healthy competition that benefits consumers, and that the Commission should not prohibit this practice.

521. The CCWS and the Manitoba Coalition submitted that winback activities are a sign of market power by the national wireless carriers, are anti-competitive, and benefit only a select number of consumers. These groups suggested that the Commission impose a cooling-off period during which ported-out customers could not be contacted by their previous WSP with winback offers, and adopt measures to make winback offers publicly available to all consumers to increase transparency. The Commissioner submitted that, while winback activities can, in some cases, have negative effects on competition (such as if undertaken to discipline, exclude, or otherwise substantially prevent or lessen competition), these activities can benefit some customers.

Data overage charges

522. ACT, the CCWS, the FRPC, the Manitoba Coalition, and the Province of BC submitted that Canadians are concerned about data overage charges being too high and that regulatory measures concerning this issue are needed. The FRPC added that users' interests are only protected when they know that they are exceeding their data allotment and that an unexpected overage charge of \$49 (i.e. just beneath the \$50 threshold in the Wireless Code) is substantial to those with insecure, unstable, low, or fixed incomes. The Manitoba Coalition was of the view that it would be appropriate to regulate data overage charges through the establishment of either a price ceiling or tariffed rate. Some WSPs, notably the national wireless carriers and SaskTel, indicated that the retail price per GB of data has decreased over the last few years, and that data management tools and the recent introduction of unlimited data plans enable customers to use their full data allowance without fear of overage charges.
523. With regard to data plans advertised as being unlimited, CIPPIC/OpenMedia submitted that while these can prevent bill shock, consumers will still restrict their data consumption in order not to have their service's speed throttled. The CCWS submitted that those plans also treat lower-income Canadians inequitably because these plans are expensive and beyond their financial means in most cases.
524. Most WSPs, including the national wireless carriers, Eastlink, SaskTel, Shaw, SSi Micro, Videotron, and Xplornet, as well as the CWTA, were of the view that the Commission should continue to forbear from regulating data overage charges and rely on market forces.

Commission's analysis and determinations

Low-cost plans

525. During the course of this proceeding, a number of individual Canadians and consumer groups expressed concerns that mobile wireless services are expensive in Canada. The results of the Phoenix telephone survey provided a more nuanced view that only one in six Canadians are somewhat (10%) or very (6%) dissatisfied with their WSP. Of those customers who indicated being dissatisfied, however, 65% mentioned the cost/price of service as the main reason for their dissatisfaction and 38% mentioned the cost/price of data.
526. This decision details certain reasons that might explain such dissatisfaction. In its assessment of market power, the Commission concluded that, notwithstanding the difficulties associated with comparing prices across countries, retail prices are higher in Canada than in other comparable jurisdictions and that this cannot be explained adequately by factors such as network costs or network quality. The Commission further concluded that prices in Canada have not fallen as much as international benchmarks in the last decade.
527. The Commission acknowledges that higher prices can also disproportionately impact lower-income individuals, who are more likely to face affordability issues. Accordingly, an important issue raised in this proceeding is whether lower-income households and other Canadians, seniors notably, are being priced out of the market.
528. As a potential remedy, many consumer groups made proposals for a Commission-mandated low-cost plan. Before assessing the appropriateness of such a plan, however, the Commission must first determine the attributes of a potential low-cost plan.
529. In the Commission's view, to be meaningful, an affordable low-cost plan should include a minimum amount of data that is enough to enable Canadians to participate in the digital economy. According to the Commission's 2019 *Communications Monitoring Report*, the average data usage in Canada was 2.7 GB in 2018, and usage has been increasing every year. The Commission considers that an appropriate data allocation for a mandated low-cost plan would be 3 GB minimum.
530. To the extent that cell phones are increasingly used as substitutes for landline telephones, which provide unlimited minutes for local calls, and that mobile wireless service plans often include unlimited minutes and text messages, the Commission considers that an affordable mandated low-cost plan should include unlimited nationwide voice minutes and text messages.
531. While access to LTE has advantages, 3G speed does not prevent the user from navigating the web and using most applications. As such, plans limited to 3G speeds would generally well serve the segment of the population looking for lower-cost

options. Therefore, 3G plans can be considered responsive to a consumer's most significant needs.

532. The consumer groups generally supported the idea that the plan could be offered on a BYOD basis, although the Manitoba Coalition submitted that, as an alternative, the device could be included for an additional \$10 on the plan's retail monthly price. Adding the cost of providing a mobile device as part of a low-cost plan offering could increase significantly the monthly retail price associated with the plan. Given that one of the main purposes of such a plan is that it be offered at an affordable monthly rate, consumers should be given the option to bring their own device.
533. A number of WSPs commented that some of the consumer groups' proposed prices would not allow them to cover their costs. Based on the record of the proceeding, the Commission is unable to conclusively determine what price level would be commensurate with carriers' costs. Nonetheless, given the attributes deemed as acceptable for a low-cost plan, the fact that the purpose of such plans would be to ensure that consumers (particularly lower-income Canadians) can afford plans that enable them to participate effectively in the digital economy, and the fact that retail wireless prices are generally falling, the Commission considers that a \$35 maximum monthly rate for a plan that would include these attributes would be appropriate in the circumstances.
534. According to the 2019 *Communications Monitoring Report*, in 2018 over 88% of mobile wireless service subscribers were on a postpaid plan, in comparison to about 12% on a prepaid plan, a proportion that has increased from about 83% in 2013. There are certain advantages with postpaid plans that are not offered with prepaid options. For instance, the Wireless Code requires WSPs to provide postpaid plan customers a copy of a Critical Information Summary. In the Commission's view, although prepaid plans might be a good option for certain consumers, given that most people are looking for postpaid options to meet their needs, it would be more appropriate to put the emphasis on postpaid low-cost plans.
535. Regarding the offering of postpaid plans, a subset of advertised BYOD postpaid plans with different data allocations, including 1 GB, 2 GB, and 4 GB (and 3 GB in the case of TBayTel), were compiled in two exhibits and made available to parties during the public hearing.⁵² In general, these exhibits demonstrated that plans were available with data allocations in the range identified by consumer groups as desirable for low-cost plans. However, the advertised monthly prices of those plans at the time of the public hearing, which ranged between \$35 for a 2 GB plan in Quebec (a plan offered at \$50 in the other provinces) and \$55 for a 4 GB plan, were generally above what was proposed by the consumer groups. In addition to those advertised plans posted on the WSPs' websites, the record shows that certain carriers were also offering, in 2019, BYOD non-advertised plans that included, in addition to

⁵² [Exhibit 1a](#)) and [Exhibit 1b](#)) included some of the WSPs' posted mobile wireless service plans offered in November 2019 and February 2020, respectively.

3 GB of data, between 500 and unlimited voice minutes and unlimited text messages per month. These plans, mostly offered by flanker brands, tended to be somewhat cheaper than the advertised offers, that is, in the \$30 to \$45 per month price range.

536. Comparable plans were generally more expensive when looking at the national wireless carriers' premium brands and SaskTel. Low-cost plan options offered on the national wireless carriers' premium brands were all priced at \$40 per month and above for plans with 3 GB of data and unlimited voice minutes and text messages. In the case of SaskTel, the cheapest BYOD postpaid plans it was advertising at the time of the hearing were its 1 GB plan for \$40 per month and a 5 GB plan for \$55 per month.
537. Having established the parameters of potential low-cost plans, the Commission must now consider whether to mandate the provision of such plans. The Commission acknowledges that the plans that were available during the course of this proceeding that included a data allocation similar to what was sought by the consumer groups, in addition to unlimited voice minutes and text messages, were generally offered at prices that were somewhat misaligned with what the consumer groups perceived as affordable.
538. There were, nonetheless, a number of plans in the market that were not too different from what the consumer groups sought. In addition, with the mobile wireless service market evolving quickly, wireless service prices are generally declining. Accordingly, the Commission considers that the market has been moving in the right direction in terms of offering more affordable options and considers that mandating the provision of defined plans with specific attributes would be an unnecessarily prescriptive measure in the circumstances detailed on the record.
539. Notwithstanding the above, the Commission considers that there are persistent issues regarding the availability and discoverability of postpaid low-cost plans with respect to the national wireless carriers' premium brands and SaskTel.
540. In this regard, the Commission is concerned with the claims that CSRs are not appropriately responding to consumers' needs, particularly those of low-income Canadians, when consumers are shopping for low-cost plans, and that low-cost plans are not being sufficiently or adequately promoted, particularly on WSPs' websites. The Commission considers that there may be a consumer awareness problem and issues regarding pricing transparency such that Canadians are not fully informed about their options.
541. With respect to plans that would have the desired attributes of a low-cost plan, flanker brands tend to offer and promote more affordable options, which appears to coincide with the national wireless carriers' general marketing approach. In fact, they submitted that their premium and flanker brands offer different value propositions, with their flanker brands focused on affordability and low-cost options.

542. However, the Phoenix telephone survey indicates that many Canadians, and those with lower incomes in particular, are reluctant to sign up for flanker brand service. About 50% of respondents reporting an annual household income under \$40,000 indicated that they would not switch to a flanker brand, in comparison to between 35% and 40% for people in the \$40,000 to \$80,000 income bracket. The fact that low-cost plans appear to be offered and promoted only on the national wireless carriers' flanker brands likely makes it harder for consumers to find a low-cost plan that meets their needs on the service brand of their choice.
543. In the Commission's view, this creates an unnecessary barrier to consumers who are looking for low-cost plans to find an option that meets their needs, and likely leads to some consumers being upsold, that is, subscribing to a plan the attributes and cost of which exceed their actual needs and budget. The Commission is of the view that it is crucial to ensure that consumers, and in particular lower-income individuals, looking for a low-cost plan find an affordable plan that meets their needs on the service brand of their choice.
544. In light of the above, the Commission considers that it would be appropriate, at this time, to adopt clear expectations and let the market respond to these expectations. Should the market not develop in a manner that adequately responds to these expectations, the Commission could then revisit the issue. Accordingly, the Commission expects that at least one postpaid, low-cost plan will be offered and promoted by SaskTel and each of the national wireless carriers, on their premium brands, in the geographic areas where they were found to exercise retail market power.
545. While the Commission considers that the national wireless carriers and SaskTel should have some flexibility in designing the postpaid low-cost plans they will offer and promote, it also needs to ensure that consumers' needs are met. Consequently, the Commission sets out the minimum service attributes and maximum monthly price of the plans in question. Specifically, these plans are expected to

- be offered at a monthly rate not exceeding \$35;
- allow customers to bring their own device; and
- include
 - unlimited Canada-wide incoming and outgoing calls and SMS messages,
 - the ability to send and receive MMS messages, and
 - a minimum of 3 GB of data per month.

Occasional-use plans

546. Despite a general trend of Canadians increasingly relying on their mobile devices, certain segments of the Canadian population want a mobile wireless service plan only for occasional use. The Commission considers that a properly developed and

functioning mobile wireless service market should respond to the economic and social requirements of all users, including those looking for limited-use options.

547. Parties advocating for regulatory intervention on this issue generally called for a requirement for WSPs to provide plans that would include voice calling and text messaging, and, in some instances a modest data allocation, at a low price.
548. WSPs provided descriptions of a number of plans that were offered at a monthly price of \$15 or less that they considered suitable for consumers having only an occasional need for mobile wireless services. While the plans generally offered the ability to place and receive calls as well as to send and receive text messages, only a small number included some data. Furthermore, the plans were generally offered on a prepaid basis.
549. Freedom Mobile filed evidence that, at the time of this proceeding, it offered a plan for \$15 monthly including 100 outgoing Canada-wide voice minutes and unlimited incoming calls, unlimited incoming and outgoing SMS and MMS messages, 250 megabytes (MB) of data, and no data overage charges (speeds are throttled after 250 MB of usage), on a postpaid basis. The Commission is of the view that the price point and attributes of this plan would likely address a number of concerns raised by consumer groups, since the plan allows subscribers to bring their own device and provides assurances that they will not incur fees on incoming calls, sending and receiving text messages, or using data. However, a plan offered by a regional wireless carrier would not be available to Canadians in all geographic markets.
550. While the evidence demonstrates that some occasional-use plans are available on national wireless carriers' premium brands and from SaskTel, the Commission considers that there is insufficient availability of plans offered on a postpaid basis. This state of affairs limits the ability of certain consumers to find a plan that meets their needs. Based on the above, the Commission concludes that consumers wishing to subscribe to a postpaid occasional-use plan on the brand of their choice are not all well served by the market.
551. The Commission is of the view that SaskTel and the national wireless carriers (with respect to their premium brands) should each offer and promote a postpaid occasional-use plan in order to better ensure that consumers have access to and can easily find a plan that meets their needs. In this regard, the Commission considers it important that appropriate postpaid occasional-use plans be made available by SaskTel and the national wireless carriers on their premium brands in areas where they have been found to have retail market power. As discussed above in the context of low-cost plans, there is a sizable section of the population that is reluctant to sign up for flanker brand service and this reluctance, coupled with the general lack of such postpaid plans offered on the main brands of the dominant wireless carriers, results in a certain gap in the market.

552. As also indicated in the low-cost plan section above, service offerings evolve and prices are expected to continue to decline in the future. Accordingly, the Commission considers that it is more appropriate, at this time, to adopt clear expectations on the offering of occasional-use plans and let the market respond to these expectations, rather than mandating such plans, which would be an unnecessarily prescriptive measure in these circumstances. Nevertheless, the Commission could revisit the issue should the market not develop in a manner that adequately responds to these expectations. The Commission therefore expects that at least one postpaid occasional-use plan that meets the attributes and price point set out in paragraph 553 below, exclusive of plans geared to emergency use which are discussed below, will be offered and promoted by each of SaskTel and the national wireless carriers, on their premium brands, in the geographic areas where they were found to exercise retail market power.

553. While the Commission considers that the national wireless carriers and SaskTel should have some flexibility in designing the postpaid occasional-use plans they will offer and promote, it also needs to ensure that consumers' needs are met. Consequently, the Commission sets out the minimum service attributes and maximum monthly price of the plans in question. Specifically, these plans are expected to

- be offered at a monthly rate not exceeding \$15;
- allow customers to bring their own device; and
- include
 - a minimum of 100 outgoing Canada-wide voice minutes,
 - unlimited incoming calls,
 - unlimited incoming and outgoing SMS messages,
 - 250 MB of data, and
 - no data overage charges.

554. In the Commission's view, however, the \$15-per-month postpaid occasional-use plan described above would not respond to the needs of those seeking a low-cost plan for emergency purposes only.

555. The record shows that Bell Mobility, RCCI, and SaskTel each offered at least one prepaid occasional-use plan in the \$5 to \$10 monthly price range in early 2020. Since then, however, they have ceased promoting these options on their websites, and are now promoting more expensive plans, each at a minimum monthly price of \$15. The Commission is concerned that, without those basic options, the most vulnerable segments of the population might not have access to mobile wireless services for emergency purposes.

556. The Commission notes that TCI currently offers, on its premium brand, a plan branded as “Talk + Text 100.” This prepaid plan is offered for \$100 and is valid for a full year. The plan includes up to 400 minutes for local calls and 400 text messages per year. The Commission is of the view that this plan would address the needs of someone looking for the ability to access mobile wireless services in order to respond to emergencies at a monthly rate equivalent below \$10. In the Commission’s view, by including reasonable minimum allocations for two key functionalities, namely text messaging and voice calling, without the need to regularly reload one’s account, a plan designed to resemble TCI’s Talk + Text 100 plan would be more likely to be readily available for emergency uses than many other options currently offered in the market over which consumer groups have raised concerns, such as monthly reloadable prepaid plans. In this regard, the Commission considers that emergency use of mobile wireless services would be sporadic and that a person’s consumption of such services would vary from month to month. A service providing yearly allotments rather than monthly allotments would better reflect this reality and better ensure that, in times of emergency, the consumer is able to make use of the service in an effective manner.

557. In order to better ensure that all Canadians, regardless of socio-economic factors, can access mobile wireless services for, at a minimum, emergency use, the Commission expects SaskTel and the national wireless carriers (with respect to their premium brands) to each offer and promote, in the markets where they were found to exercise retail market power, prepaid occasional-use plans that meet the following minimum attributes and maximum price:

- available on a prepaid basis for a yearly maximum of \$100;
- allow customers to bring their own device;
- not expire prior to 365 days (rate plan and any add-ons);
- 400 anytime local minutes per year, plus 400 incoming/outgoing SMS messages per year;
- \$0.15 per minute for local calls after the allotted minutes are used;
- \$0.50 per SMS message after allotted messages are used; and
- \$0.50 per minute for long distance calls originating in Canada and terminating in either Canada or the continental United States, in addition to local airtime.

Terms and conditions applicable to the Commission’s expected low-cost and occasional-use plans

558. The Commission expects these plans to be offered within **90 days** of the date of this decision. To ensure that the expected low-cost plans, postpaid occasional-use plans, and prepaid occasional-use plans are all made widely available, the Commission further expects each qualifying plan

- to be offered broadly and made available to all Canadians, regardless of income and age, for instance;
- to be offered year-round (i.e. not only during periods when there are a lot of promotions, such as back to school or holidays);
- if offered as part of a bundle, to also be offered on a stand-alone basis, with no additional conditions limiting its access, and not linked or tied in any way to other services offered by the WSP; and
- to clearly articulate and communicate to the customer whether any extra charges apply. Such charges could include taxes, device subsidy installment payments, connection fees, long distance, additional airtime, and pay-per-use charges.

559. Finally, while the Commission acknowledges that additional or ancillary fees may be charged for services not included as part of the expected plans (for instance, connection fees, pay-per-use charges), it intends to monitor such fees, in part through the reporting requirements set out in greater detail below. The Commission expects that fees charged to subscribers of the expected plans will not be disproportionate as compared to other subscribers so as to represent an unjust form of discrimination against them. Should intervention be required in that regard, the Commission has tools at its disposal to take appropriate action.

Promotional efforts for the Commission's expected low-cost and occasional-use plans

560. As indicated above, the Commission is concerned that some consumers, particularly vulnerable Canadians, cannot easily find a plan that meets their needs, even where such plans are available, and that they may not, in some cases, be adequately served by CSRs when shopping for a plan. The Commission considers that setting promotional-related expectations on the national wireless carriers and on SaskTel with respect to the Commission's expected low-cost and occasional-use plans would help ensure that consumers can easily find and subscribe to such plans when they wish to do so.

561. Accordingly, the Commission sets the following expectations on the national wireless carriers and on SaskTel with regard to promotional efforts for the low-cost plans described in paragraph 545 above:

A. Digital promotion:

- i. Each WSP is expected to post on its website's first landing page that features its specific mobile wireless service offerings, i.e. the first page on which the WSP introduces its mobile wireless service plans, in a manner similar to that which it uses to promote the offers that appear on the landing page,

- key details of the low-cost plan that it offers, i.e. the price and service attributes described in paragraph 545 above; and
 - a prominent and descriptive link to the low-cost plan offering (e.g. an anchor link) at the top of the landing page referred to above.
- ii. For WSPs that offer, or will eventually offer, a customer self-service application that allows customers to change plans, the low-cost plan should be presented as an option for customers and be displayed and promoted in a similar manner as other plans appearing as options.

B. CSRs:

- i. Each WSP is expected to ensure that all CSRs who interact with the public (in person, online, over the telephone, or otherwise) are trained on the low-cost plan that it offers. As a result of this training, CSRs should mention this plan to customers who indicate that they are looking for a low-cost option. Accordingly, each WSP should, at a minimum, ensure that
- all the relevant information is included in the training materials provided to CSRs (e.g. training manuals, bulletins, and emails) to make new and existing CSRs aware of the low-cost plan offered by the WSP; and
 - relevant questions are included in the questionnaire/decision tree that CSRs use when assessing a customer's needs in person, on the telephone, or online. The Commission expects that questions to determine whether a low-cost plan would be appropriate for that customer would be featured early in the questionnaire/decision tree.

C. In stores and kiosks:

- i. Each WSP is expected to publicly display in an easily visible way information about the low-cost plan that it offers in a visual format (via, for instance, an exhibit, flyers, or posters) in each of their stores and kiosks.

562. While the Commission considers it important to ensure that occasional-use plans are properly promoted, it is mindful that there is a need to balance consumers' interests and WSPs' marketing choices, especially when it comes to marketing plans that will target niche market segments and are expected to garner a limited number of subscribers. Accordingly, the Commission sets the following expectations on the national wireless carriers and on SaskTel in regard to promotional efforts for these plans described in paragraphs 553 and 557 above:

A. Digital promotion:

- i. Each WSP is expected to post on its website's first landing page that features its specific mobile wireless service offerings, i.e. the first page on which the WSP introduces its mobile wireless service plans, in a manner similar to that which it uses to promote the offers that appear on the landing page,
 - key details of the occasional-use plans it offers, i.e. the price and service attributes described in paragraphs 553 and 557 above; and
 - a prominent and descriptive link to each occasional-use plan offering (e.g. an anchor link) at the top of the landing page referred to above.

B. CSRs:

- i. Each WSP is expected to ensure that all CSRs who interact with the public (in person, online, over the telephone, or otherwise) are trained on the occasional-use plans that it offers. As a result of this training, CSRs should mention these plans to customers who indicate that they are looking for an occasional-use option. Accordingly, each WSP should, at a minimum, ensure that
 - all the relevant information is included in the training materials provided to CSRs (e.g. training manuals, bulletins, and emails) to make new and existing CSRs aware of the occasional-use plans offered by the WSP; and
 - relevant questions are included in the questionnaire/decision tree that CSRs use when assessing a customer's needs in person, on the telephone, or online; the Commission expects that questions to determine whether an occasional-use plan would be appropriate for that customer would be featured early in the questionnaire/decision tree.

Monitoring and reporting

563. To further ensure that the Commission's expected low-cost and occasional-use plans are offered and promoted as per the Commission's expectations and to assess whether further regulatory action might be appropriate, the Commission considers it necessary to impose certain reporting requirements on the relevant WSPs. Furthermore, the Commission considers that the objectives pursued through its expectations will be assisted through the provision of objective information to Canadians to help them make informed decisions when seeking low-cost or occasional-use plans.

564. Accordingly, the Commission considers it appropriate to require the national wireless carriers and SaskTel to each report back to the Commission with respect to their low-cost and occasional-use plan offerings so that the Commission may (i) ascertain whether the established expectations are being met, (ii) assess the market response to these expectations and adoption of these plans, and (iii) have a basis for any follow-up proceedings that might be required if there is any failure to fulfill the Commission's expectations.
565. Wireless carriers might choose to offer more than the expected low-cost plan defined in paragraph 545. For example, these carriers may also choose to offer low-cost plans under a flanker brand and might also decide to offer similar plans but on a prepaid basis. Given this, and in order to permit the Commission to better monitor the market, the reports to be filed by the national wireless carriers and SaskTel shall include information not only on any low-cost plan option that meets or exceeds the minimum service attributes and that is offered at or below the expected maximum monthly rate but also on any plans that would otherwise meet the expected attributes save for the fact that they are offered on a prepaid basis. Furthermore, these carriers shall also include in their reports information on such plans that are offered by their flanker brands.
566. In order to provide the public with as much information as possible regarding these plans and how they satisfy the Commission's expectations with respect to maximum price and minimum service attributes, and to gauge the promotional activities undertaken, the Commission expects that the relevant WSPs will strive to limit the confidentiality claims made with regard to information provided in response to the reporting requirement set out below.
567. In light of the above, the Commission **directs** the national wireless carriers and SaskTel to each provide a semi-annual report (including an abridged version for publication on the Commission's website should certain information be provided in confidence), pursuant to paragraph 37(1)(b) of the Act, that will include the information below relating to their offering and promotion of low-cost and occasional-use plans in areas where they have been found to exercise retail market power:
- I. For each of the low-cost and occasional-use plans offered that meets or exceeds the minimum service attributes and is offered at or below the maximum price set out in paragraphs 545, 553, and 557 above, as well as any low-cost plan captured by the requirement to report set out in paragraph 565, provide information on each of the following elements. With regard to occasional-use plans, the list of plans should also include any appropriate plan offered by flanker brands.
 - name of the plan;
 - the brand it is offered on;
 - whether the plan is offered on a prepaid or postpaid basis, or both;

- price (excluding 9-1-1 fee);
 - number of voice minutes (broken down by incoming and outgoing minutes if the plan makes this distinction; identifying any time of day or day of week limitations and calling areas, i.e. local, nationwide, United States, or international);
 - number of SMS and MMS messages (broken down by incoming and outgoing messages if the plan makes this distinction);
 - any geographic limitations, e.g. messages to Canadian, American, or international telephone numbers;
 - data allocation;
 - whether data overage charges are applied past a certain usage threshold and, if so, the corresponding details;
 - whether data speeds are throttled past a certain usage threshold, and, if so, the corresponding details;
 - the network/network speed on which it is offered (3G, 4G, or 5G);
 - whether a device is included;
 - included features (e.g. voicemail or call display)
 - any add-ons available with the plan;
 - a list of all applicable additional or ancillary fees, including the circumstances in which these are incurred and the specific charge (e.g. fees for connection, to change the telephone number or plan, for device setup, or for support from a CSR);
 - any limitations on availability (e.g. whether the plan is offered only by customer retention department, or whether the customer must be enrolled in autopayment);
 - coverage and provinces/territories where the plan is available; and
 - the number of subscribers per plan, by province/territory.
- II. For each of the low-cost and occasional-use plans offered that meets or exceeds the minimum service attributes and is offered at or below the maximum price set out in paragraphs 545, 553, and 557 above, as well as any low-cost plan captured by the requirement to report set out in paragraph 565, provide information on each of the following promotional efforts. With regard to occasional-use plans, the report should also include any appropriate plan offered by flanker brands:
- screenshots of web pages displaying the plan;
 - a description of the path to be used by the consumer from the home page to the web page where the plan appears;

- copies of any other means to promote the plan (e.g. letters, billing inserts, emails, or screenshots of text messages);
- a description of the training received by CSRs about the plan (e.g. a description of how the reference to low-cost and occasional-use plans was added to the training manuals and the CSRs' scripts, highlighting passages in the manuals where the text has been modified); and
- for low cost plans specifically, information on how each plan is promoted in stores and kiosks, including copies of any flyers, posters, or advertisements for the plan.

568. The first semi-annual report is to be filed by **30 September 2021**, and subsequent semi-annual reports are to be filed by **31 March** and **30 September** of each year.

569. In Telecom Decision 2018-475, the Commission indicated that it expected the national WSPs to implement proposed lower-cost data-only plans, and that these plans should remain available at least until the issuance of a decision with respect to the review of mobile wireless services. The national wireless carriers were also directed to submit information concerning these plans every six months.

570. The Commission considers that in light of the record and the determinations made in this decision, the reporting requirement imposed on WSPs in Telecom Decision 2018-475 is no longer justified.

571. Accordingly, the Commission eliminates the requirement established in Telecom Decision 2018-475 for the national wireless carriers to each submit a report every six months concerning their lower-cost data-only plans. Notwithstanding the elimination of this requirement, the Commission encourages WSPs to continue offering their existing lower-cost data-only plans because they bring value to consumers who are seeking such options.

Winback activities

572. The evidence on the record, including evidence of port-in and port-out requests between carriers, does not support the claim that winback activities taking place in the market target customers moving to a regional wireless carrier. It does not demonstrate the existence of winback activities constituting anti-competitive acts undertaken to discipline or exclude a competitor, or to substantially prevent or lessen competition such that it would be appropriate to introduce new rules governing these activities.

573. The Commission acknowledges that winback activities sometimes take the form of non-advertised offers, which some have argued can be unfair because these offers are not always made available to all consumers. However, generally speaking, prohibiting or limiting winback activities would impede customers' ability to negotiate with their WSPs to get better deals or plans that are more tailored to their

needs. Evidence from the Phoenix telephone survey indicates that customers who threaten to leave their current WSPs are often able to negotiate lower rates for their services.

574. For these reasons, the Commission is of the view that winback activities do not unduly harm regional wireless carriers or competition generally. Further, the Commission considers that winback promotions or special offers can be legitimate business practices and that consumers benefit from them in the form of lower prices or offers that better meet their needs.
575. In light of the above, the Commission concludes that the overall benefits to consumers outweigh the costs of imposing limits on or prohibiting winback activities at this time. Refraining from limiting or prohibiting winback activities aligns with the policy objectives in that such activities, as a general matter, assist in rendering reliable and affordable telecommunications services of high quality accessible to Canadians and enhance the efficiency and competitiveness of telecommunications in Canada. Furthermore, the determination to refrain from imposing regulatory measures aligns with the objective of fostering reliance on market forces. In addition, it furthers the 2019 Policy Direction's call to encourage all forms of competition and enable innovation in telecommunications services, including differentiated service offerings.
576. Notwithstanding the above, although it does not appear that winback activities are targeting particular carriers, a demonstration that such practices are taking place would be worrisome. Accordingly, the Commission emphasizes that winback activities are not to be used to give an undue advantage to a given WSP or customer or unjustly discriminate against a competitor.

Data overage charges

577. Concerns about data overage charges were raised throughout the proceeding. Over the course of the last several years, a number of options that would appear to address these concerns in various ways have become increasingly available across the country, including plans with more generous data allowances, unlimited data plans, and options such as data rollover and data top-up. The Commission acknowledges that consumers with smaller data allotments are more likely to incur overage charges if they subscribe to a postpaid service. It also acknowledges that unlimited data plan options (i.e. plans that offer throttled speeds past a given data cap) currently mostly apply to larger full-speed data allotments and more expensive plans, so they might not be an appropriate answer for all consumers looking for a solution to avoid data overage charges.
578. Nonetheless, the Commission considers that a number of tools and options are being offered to help consumers prevent the bill shock that may be caused by data overage charges. These include the measures in the Wireless Code (such as the overage fee cap), carriers' practices with respect to data usage notification, and prepaid plans for which overages charges cannot be applied.

579. As a result, no further regulatory measures with respect to data overage charges are required at this time. The Commission expects that the national wireless carriers and SaskTel will continue to offer plans without such charges, and encourages all WSPs to offer additional consumer-friendly mobile wireless service plans and functionalities that would enable customers to minimize data overage charges, regardless of their plans' data allowances.
580. Having regard to the industry practices highlighted above, the Commission considers that, with respect to data overage charges, the market has largely developed so as to respond to the economic and social requirements of consumers. The Commission considers that these developments reflect innovation in telecommunications services, including the provision of differentiated service offerings, and, as such, considers that it would be appropriate, at this time, to continue to rely on market forces in this area.

Forbearance from the regulation of retail mobile wireless services

581. In general, the Act contemplates a regime of *ex ante* regulation of the offering and provision of telecommunications services by Canadian carriers. However, pursuant to section 34 of the Act, the Commission may and, in some circumstances must, forbear from the exercise of certain powers in relation to a telecommunications service or class of services provided by a Canadian carrier; such forbearance may be in whole or in part and conditional or unconditional.
582. In particular, the Commission may forbear, under subsection 34(1) of the Act, where it finds, as a question of fact, that doing so would be consistent with the policy objectives; the Commission must forbear, under subsection 34(2), where it finds, as a question of fact, that a telecommunications service or class of services is or will be subject to competition sufficient to protect the interests of users. However, pursuant to subsection 34(3), the Commission must not forbear where it finds, again as a question of fact, that doing so would likely impair unduly the establishment or continuance of a competitive market for the relevant service or class of services.
583. Since the mid-1990s, the Commission has largely forborne from regulating mobile wireless services, except with respect to its powers under section 24 and subsections 27(2), (3), and (4) of the Act. As a result of forbearance, wireless carriers are, among other things, not generally required to obtain prior Commission approval of the rates, terms, and conditions for their mobile wireless services.
584. In the current proceeding, the Commission has analyzed the state of competition in the retail market based on the record and using the market power assessment first articulated in Telecom Decision 94-19, which looks at market share as well as relevant demand and supply conditions.
585. This assessment reveals that there are certain positive signs in the retail market: retail prices for mobile wireless service in Canada have generally been decreasing in the last several years. Furthermore, there are indications of rivalrous behaviour between

dominant and competitive firms and, when looking at price comparisons across provinces and territories, prices are generally lower in areas where there is competition from a regional wireless carrier.

586. However, the retail market assessment qualifies these data points by placing them in a broader context in which they may be seen as positive developments but ones that have not yet produced the results that would transpire in a fully competitive market. Barriers to both entry and expansion, while not insurmountable, do exist. Retail market power is currently exercised in all geographic markets in the country and retail prices across provinces and territories are higher than they otherwise would be in a workably competitive market.
587. Based on this assessment, the Commission finds that it is unable to conclude that the conditions prevailing in the retail market are such that they require continued forbearance under subsection 34(2) of the Act. The Commission considers that the record of this proceeding does not allow it to find, as a question of fact, that competition alone in the retail market is, or will be in the short term, sufficient to protect the interests of users.
588. However, notwithstanding the above, the full-scale reassertion of regulation over retail mobile wireless services would be a disproportionate response. The positive market developments outlined above should be accelerated by the adoption of the wholesale measures mandated by the Commission in this decision, and the identified gaps in the retail market should be addressed by the provision of the low-cost and occasional-use plans that the Commission expects certain carriers to offer and promote. Conversely, the Commission considers that there would be significant harm caused by the broad reassertion of forbore powers to regulate the offering and provision of retail mobile wireless services, based on the record.
589. For instance, this could serve to depress the ability of regional wireless carriers competing with dominant wireless carriers to invest in their networks and grow their customer bases. Such an adverse effect would impede their ability to exert greater price discipline and enhance service offering innovation and competition. Simultaneously, reintroducing retail regulation would introduce significant regulatory costs and limit the ability of established carriers to quickly respond to market changes.
590. Furthermore, the Commission highlights that it has maintained its powers under section 24 of the Act with regard to the offering and provision of mobile wireless services and has used these powers to impose the Wireless Code, which provides significant protections for retail users of mobile wireless services.
591. Ultimately, it is preferable that the interests of users be met through the operation of competitive forces, accompanied by targeted wholesale and retail regulatory measures, rather than through broad-based retail regulation. These targeted measures constitute a more efficient and effective means of achieving the implementation of the policy objectives, taken as a whole. As rates are generally decreasing, regional

wireless carriers have been competing against dominant wireless carriers, growing in size, and increasing their competitive impact; therefore, there is a need to avoid regulatory measures that would slow regional wireless carriers' growth.

592. More specifically, based on the record, the Commission finds that continued reliance on market forces with respect to the provision of retail mobile wireless services is the best way to ensure the long-term efficiency and competitiveness of Canadian telecommunications and to ensure that the market is responsive to the economic and social requirements of users of telecommunications services. Furthermore, and relatedly, this approach will serve to maintain the incentive to innovate in the provision of telecommunications services.
593. In light of all the above, the Commission finds, as a question of fact, that maintaining retail forbearance would be consistent with the policy objectives, under subsection 34(1) of the Act.
594. Further, the record shows that competitors have been making significant investments in order to increase the quality and coverage of their networks, increasingly strengthening their market positions, and exerting an increasing amount of market discipline. The targeted wholesale measures mandated in this decision will serve to further accelerate the development of those entities best suited to compete with the dominant wireless carriers and the market discipline that they are currently in the process of providing.
595. Accordingly, pursuant to subsection 34(3) of the Act, the Commission finds, as a question of fact, that continued forbearance would not be likely to impair unduly the establishment or continuance of a competitive market for retail mobile wireless services.
596. In addition, the Commission considers that the approach it has described above is consistent with the Policy Directions. This approach seeks to rely on market forces to the maximum extent feasible as the means of achieving the policy objectives and adopts targeted regulatory measures as a complement to those forces, including time-limited measures. The ultimate goal of the Commission's approach is to accelerate the expansion of retail competition, especially from regional wireless carriers competing with dominant wireless carriers. As a corollary, the approach is aimed at the acceleration of the erosion of retail market power, which is mainly exercised by the national wireless carriers. Finally, this approach permits greater service innovation and differentiation than the alternative of broadly regulating retail offerings.
597. As such, the approach adopted by the Commission, which helps ensure that network investment incentives are protected, will better ensure that sustainable market forces develop such that Canadians throughout the country have access to reliable and affordable telecommunications services of high quality and that the market properly responds to the economic and social requirements of users of telecommunications services. For the same reasons, this approach will promote the orderly development

throughout Canada of a telecommunications system that serves to safeguard, enrich, and strengthen the social and economic fabric of Canada and its regions.

598. However, the Commission reminds the national wireless carriers and SaskTel that it intends to closely monitor the implementation of its expectations with respect to the offering and promotion of low-cost and occasional-use plans. If these expectations do not result in market forces addressing the concerns identified for consumers seeking these types of retail options, the Commission's determinations under subsection 34(1) of the Act may need to be revisited.
599. More generally, as with any Commission determination, the determinations made under section 34 of the Act on the basis of the record of the proceeding can be revisited in the event of significant changes in circumstances.
600. Finally, the Commission notes that nothing in the present decision is to be interpreted as disposing of any of the issues raised in Telecom Notice of Consultation 2020-178 with respect to the accessibility of mobile wireless service plans for persons with various disabilities. The Commission may, if it is appropriate to do so on the basis of the record of that proceeding, make additional determinations with respect to forbearance from the regulation of retail mobile wireless services in that forum.

Other issues

Establishing a 5G working group

Background

601. Certain parties proposed that the Commission create a working group to enable stakeholders to address various issues related to wireless network deployment. Overall, these suggestions were aimed at streamlining 5G deployment through developing common standards and processes.

Positions of parties

602. A number of parties supported the general concept of a working group that would aid in ensuring that 5G deployment is timely, efficient, and cost effective.
603. For the most part, parties that favoured the establishment of such a working group suggested that it consist of representatives from the Commission, industry, consumer groups, and the various levels of government implicated in 5G deployment. With respect to the organization of the group, SSi Micro and TBayTel supported a structure similar to CISC.
604. There was, however, disagreement on the required level of participation in such a group. TBayTel submitted that it is necessary to have full participation by all stakeholders, while SSi Micro submitted that members should be permitted to decide whether to participate. Bell Mobility and TCI argued that though stakeholders often

do in fact work together to resolve deployment issues, mandating participation in a 5G working group would be inefficient and could result in greater delays. Eastlink added that mandated participation would create difficulties for smaller companies that may have more limited resources.

605. Furthermore, parties' views on the scope and mandate of such a group were inconsistent. Parties suggested that the working group deal with a variety of issues, with some wanting it to deal with policy issues, and others submitting that it would only be appropriate for technical issues to be discussed. Specific topics proposed included implementation and deployment issues, setting equipment technical standards, matters relating to municipal approvals and infrastructure access, and establishing best practices.
606. The FCM cautioned that the Commission should endeavour to avoid the types of issues experienced during the CISC Model MAA process, which, in their view, was time consuming, did not result in concrete progress on contentious issues, and ended up straining relationships. Bell Mobility, RCCI, and TCI held similar views.

Commission's analysis and determinations

607. Based on its own experience with various past working group initiatives, the Commission considers that while working groups can be useful, they work best when they arise out of an agreed need to resolve discrete issues between specific stakeholders.
608. A 5G working group would be a significant undertaking involving numerous stakeholder groups with competing interests. Further, in this proceeding, parties' views on the scope and mandate of such a group were inconsistent and wide-ranging. As a result, it is difficult to reconcile parties' arguments that a working group must have clear and achievable goals to be effective with the disparate views that were submitted with respect to the governance, membership, and scope of such a group.
609. As a result, the Commission questions the potential efficacy of such an initiative. It appears unlikely that a successful working group would result from the numerous suggestions as to what the focus of the group should be, what it should be empowered to do, and who should participate. Once 5G deployment is widely underway, certain issues may arise. At that time the Commission may then consider establishing a working group or working groups that are narrower in scope and are designed to address discrete issues affecting specific stakeholders.
610. In light of the above, the Commission determines that it is not appropriate to establish a 5G working group at this time. However, the Commission encourages parties to collaborate as they deploy 5G networks.

Changes to the IMSI Guidelines

Background

611. The Canadian Electricity Association (CEA) and the Railway Association of Canada (RAC), which represent electrical utilities and railway operators respectively, requested that the Commission direct the CISC Canadian Steering Committee on Numbering (CSCN)⁵³ to revise the International Mobile Subscription Identity [IMSI] Assignment Guideline (IMSI Guideline) to allow critical infrastructure operators (CIOs) to acquire mobile network codes (MNCs).

Positions of parties

612. The CEA and the RAC submitted that negotiating access to individual existing mobile wireless networks is no longer meeting their members' needs, and that it is critical that they get access that will meet their evolving connectivity requirements. For example, they submitted that their membership will require increased broadband connectivity to accommodate millions of IOT and M2M devices to be used in their members' operations in the coming years, as well as in applications like smart electricity grids.

613. They further explained that having MNCs would mean that their members would not need to depend on a single wireless carrier for RAN access. Instead, they could rely on many networks, including those of wireless carriers, the Public Safety Broadband Network (PSBN),⁵⁴ or others, possibly in conjunction with CIO-deployed networks. With their own core networks, CIOs would be able to operate an integrated network using their own MNCs, which would be distinct from, and, in their view, more reliable than, the individual networks on which they currently depend for RAN access. In addition, CIOs would be able to route their own communications through their own core networks, which they considered to be more secure than commercially available options.

614. Wireless carriers were generally of the view that the current proceeding is the wrong forum for this request and that the needs expressed by CIOs could largely be addressed by the carriers' existing commercial offerings in the market.

615. Shaw also expressed concern about granting MNCs to CIOs, given the limited number of MNCs available. It submitted that granting the request could lead to other industries seeking MNCs, which could quickly exhaust the remaining MNC supply.

⁵³ The CSCN was established in 1991 to consider and resolve numbering resource issues and became a subtending CISC working group in 1998.

⁵⁴ A PSBN is a secure high-speed wireless data communications network that emergency responders and public safety personnel use to communicate with each other in emergency situations and during day-to-day operations. This [initiative](#) is being led by Public Safety Canada.

616. In reply, the CEA and the RAC reiterated that their members' needs have not been met in the market, and that there is a strong case justifying this narrow extension of access to MNCs. Nevertheless, in recognition of the scarcity of this resource, the CEA proposed several possible limitations, such as MNC sharing among members of a CIO group. They argued, however, that these limitations could affect how their members put their services into operation.

Commission's analysis and determinations

617. The Commission considers that granting the CEA and the RAC's request would have clear benefits to the public interest, because it would lead to more reliable, innovative, and integrated networks for CIOs. However, MNCs are a finite resource that must be allocated carefully and used responsibly.

618. As a result, the Commission considers that the CSCN should explore ways to allocate MNCs to CIOs, with a view toward striking the appropriate balance between network complexity and efficiency, while mitigating the potential risk to MNC supply, and make a recommendation to the Commission in this regard.

619. Accordingly, the Commission requests that the CSCN (i) explore the best way to allocate MNCs efficiently to CIOs, (ii) amend the IMSI Guideline to allow CIOs to acquire MNCs, and (iii) submit the amended IMSI Guideline for Commission approval within **120 days** of the date of this decision.

Public safety MVNOs

Background

620. Halton Regional Police Service (HRPS) proposed that the Commission mandate wholesale MVNO access to any available network for non-profit public safety MVNOs (PSMVNOs). HRPS projected that this new class of PSMVNO would enhance reliability and resiliency for public safety entities, such as police services, by allowing them to access a "network of networks" rather than having them rely on the access services of any one mobile wireless carrier. HRPS also requested that these PSMVNOs have wholesale access at specialized rates that would potentially be below the rates charged to commercial MVNOs.

621. HRPS's submission also raised several proposals that the Commission considers to be out of scope, such as legislative amendments, issues under ISED's jurisdiction, such as spectrum policy, and the PSBN process currently underway at Public Safety Canada.

Positions of parties

622. Several parties, including Bell Mobility, RCCI, SaskTel, Shaw, and Videotron, argued that the current proceeding is not the appropriate forum for HRPS's request. Many of these parties argued that the request is premature because Public Safety Canada has not yet finalized the PSBN or the eligibility criteria for access to the service.

623. In addition, some parties argued that HRPS's request could be served by existing service offerings. Shaw argued that there is no need to mandate PSMVNO access because provisions already exist for public safety associations to obtain MNCs. Similarly, Bell Mobility and TCI argued that a PSMVNO solution should be implemented on a negotiated basis through services they already offer, including those specifically marketed to first responders.
624. HRPS responded that it was appropriate to seek mandated PSMVNO access from the Commission at this time in order to implement the capabilities of both a PSMVNO and PSBN at the same time as two prongs of the same overall solution that combines the capabilities of both services. Further, HRPS reiterated that existing service offerings do not meet all its needs.

Commission's analysis and determinations

625. HRPS's PSMVNO proposal is laudable as an example of long-term thinking about how to leverage technology to improve public safety. Over the coming years, in order to ensure that the Commission fulfils its role in supporting the development throughout Canada of a telecommunications system that serves to safeguard, enrich, and strengthen the social and economic fabric of Canada and its regions, it will be important for the Commission to consider how it can support public safety organizations like HRPS as they modernize their services.
626. However, in practice, the Commission is concerned that this significant and far-reaching request would require extensive work by wireless carriers to accommodate not just HRPS, but potentially hundreds of other first responder organizations across the country that would likely want to use a mandated PSMVNO service. This would also involve establishing a specific RAN access service that is custom-made for the particular requirements of first responders with guaranteed quality of service, traffic prioritization and digital ROWs, intersystem seamless roaming, network sharing with wireless carriers, and access to VoLTE, 4G, and 5G network technologies, and that would be available to first responder organizations at reduced rates set by the Commission.
627. Furthermore, the PSBN is being designed for the very purpose HRPS has described – to provide public safety entities with a secure, robust, and dedicated network at specialized rates. Despite this, HRPS proposed that the Commission mandate a PSMVNO service that would work in tandem with the PSBN, once it is operational, to maximize effectiveness and network redundancy. The Commission is not persuaded at this time that the benefits of such redundancy would outweigh the costs, because there is insufficient evidence on the record to make such an assessment.
628. In addition, the Commission is concerned that jurisdictional considerations were not adequately addressed and notes, in this regard, that HRPS's submission did not address how the Commission could impose or put into operation such regulatory measures.

629. Finally, several carriers submitted that they are currently offering specialized services for public safety organizations.

630. In light of all the above, the Commission determines that it would not be appropriate to mandate the provision of a PSMVNO access service at this time.

Policy Directions

631. Throughout this decision, the Commission has taken care to demonstrate how its determinations advance the policy objectives in a manner consistent with the 2006 and 2019 Policy Directions.

632. The Commission is imposing targeted measures to constrain the market power of dominant wireless carriers, expand competitive options, and promote the broad availability of a variety of retail options at affordable rates. In this way, the Commission's determinations in this proceeding advance the policy objectives set out in paragraphs 7(a), (b), (c), (f), and (h) of the Act. These determinations are aimed at facilitating the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich, and strengthen the social and economic fabric of Canada and its regions; rendering reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas; enhancing the efficiency and competitiveness of Canadian telecommunications; fostering increased reliance on market forces for the provision of telecommunications services while ensuring that regulation, where required, is efficient and effective; and responding to the economic and social requirements of users.

633. The 2006 Policy Direction requires, among other things, that the Commission rely on market forces to the maximum extent feasible as the means of achieving the policy objectives. The 2006 Policy Direction also requires the Commission to regulate, where there is still a need to do so, in a manner that interferes with market forces to the minimum extent necessary to meet the policy objectives.

634. The determinations made in this proceeding comply with the 2006 Policy Direction. Specifically,

- consistent with subparagraph 1(a)(i) of the 2006 Policy Direction, the Commission considers that market forces alone cannot be relied upon to ensure that the policy objectives are achieved, especially in light of its findings of market power in markets across the country, and considers that wholesale obligations and retail expectations are necessary;
- consistent with subparagraph 1(a)(ii) of the 2006 Policy Direction, the regulatory requirements established are efficient and proportionate to their purpose, and minimally interfere with competitive market forces, since the wholesale measures adopted, including the narrow and time-limited mandate to provide an MVNO service, will support those firms that are best positioned to disrupt the market power of the dominant firms;

- consistent with subparagraph 1(b)(ii) of the 2006 Policy Direction, relying on commercial negotiation to establish MVNO rates, with an FOA backstop, will neither deter economically efficient competitive entry into the market nor promote economically inefficient entry, because it will ensure that the rates for the mandated wholesale MVNO access service will be just and reasonable and established with the close involvement of the wholesale service providers and customers;
- consistent with subparagraph 1(b)(iii) of the 2006 Policy Direction, the Commission has determined that the mandate to provide a facilities-based wholesale MVNO access service will be imposed on all wireless carriers exercising market power and that this mandate will be limited to the areas in which it is exercised. By imposing the mandate on the basis of such objective criteria, the Commission has ensured that the mandate is imposed in a symmetrical and competitively neutral manner; and
- consistent with subparagraph 1(b)(iv) of the 2006 Policy Direction, the determinations in this decision will enable competition from new technologies insofar as they promote expansion of and access to 5G networks; to the extent that these determinations may favour carriers over resellers, the Commission does not consider this to be artificial, given the findings in this decision concerning the relative likely impacts of broad-based and facilities-based wholesale MVNO access mandates.

635. The 2019 Policy Direction provides that when the Commission is exercising its powers and performing its duties under the Act, it should consider how its decisions can promote competition, affordability, consumer interests, and innovation. The determinations in this decision comply with the 2019 Policy Direction as follows:

- consistent with subparagraph 1(a)(i), the determinations encourage all forms of competition and investment. By providing regulatory support to regional wireless carriers, network capacity should be increased, which would make the organic emergence of a broader MVNO market more likely;
- consistent with subparagraphs 1(a)(ii) and (iii), the determinations foster the availability of affordable and lower-priced services of high quality across the country. By creating the conditions for an expansion of sustainable retail competition and creating clear expectations for specific types of service offerings, lower prices should be more broadly available;
- consistent with subparagraph 1(a)(v), the determinations reduce barriers to entry into the market and to competition for telecommunications service providers that are new, regional, or smaller than the incumbent national service providers. By mandating access to the networks of dominant firms, regional wireless carriers will be able to expand their own coverage, expedite the expansion of their own networks, and serve more customers; and

- consistent with subparagraph 1(a)(vi), the determinations enable innovation in telecommunications services, including new technologies and differentiated service offerings. Targeted wholesale measures will permit regional wireless carriers to expand their networks, including next-generation networks, without impeding the ability of the dominant firms to continue to invest. Continued forbearance at the retail level ensures that the ability of WSPs to innovate in their service offerings is not adversely affected.

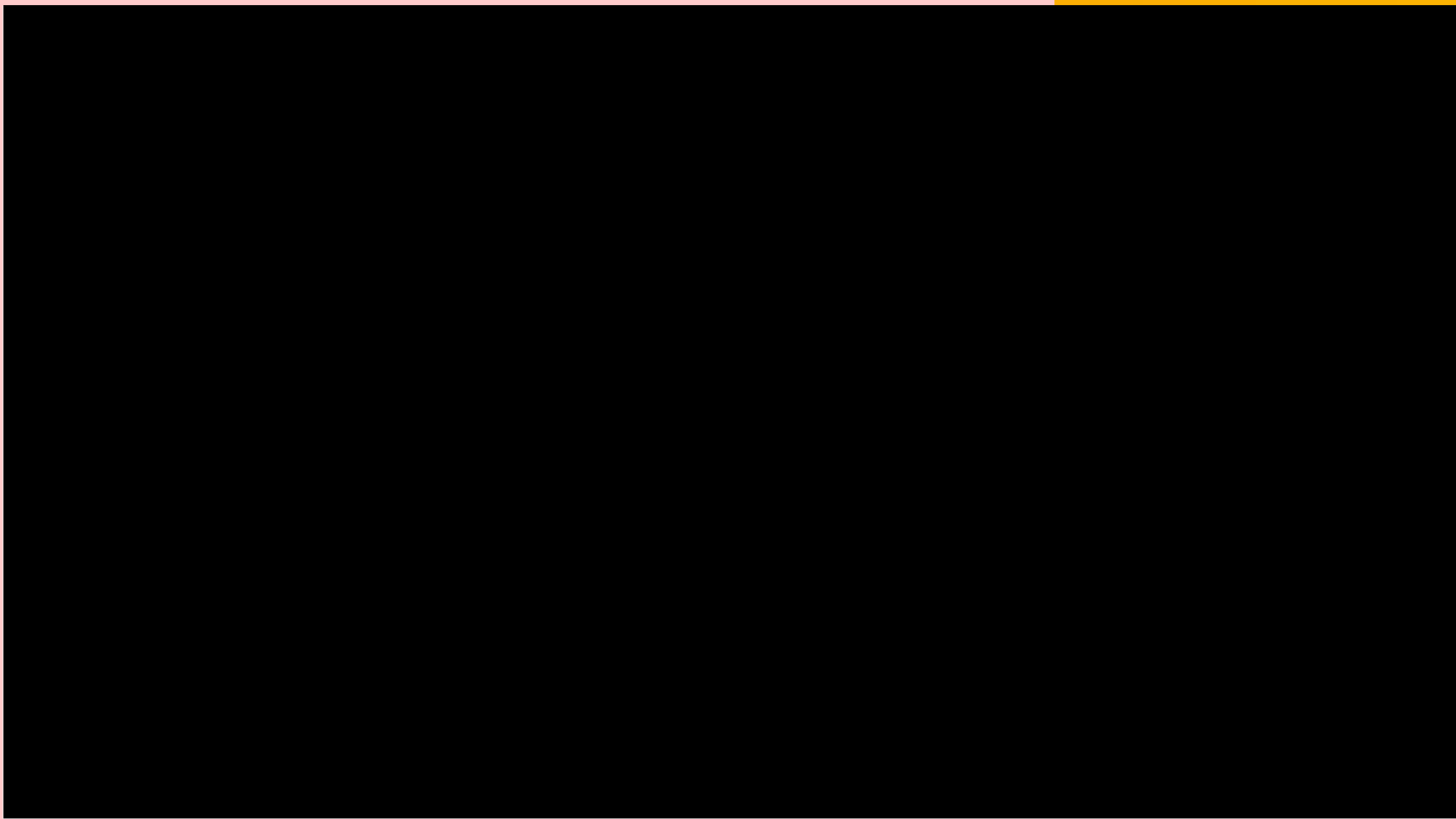
Secretary General

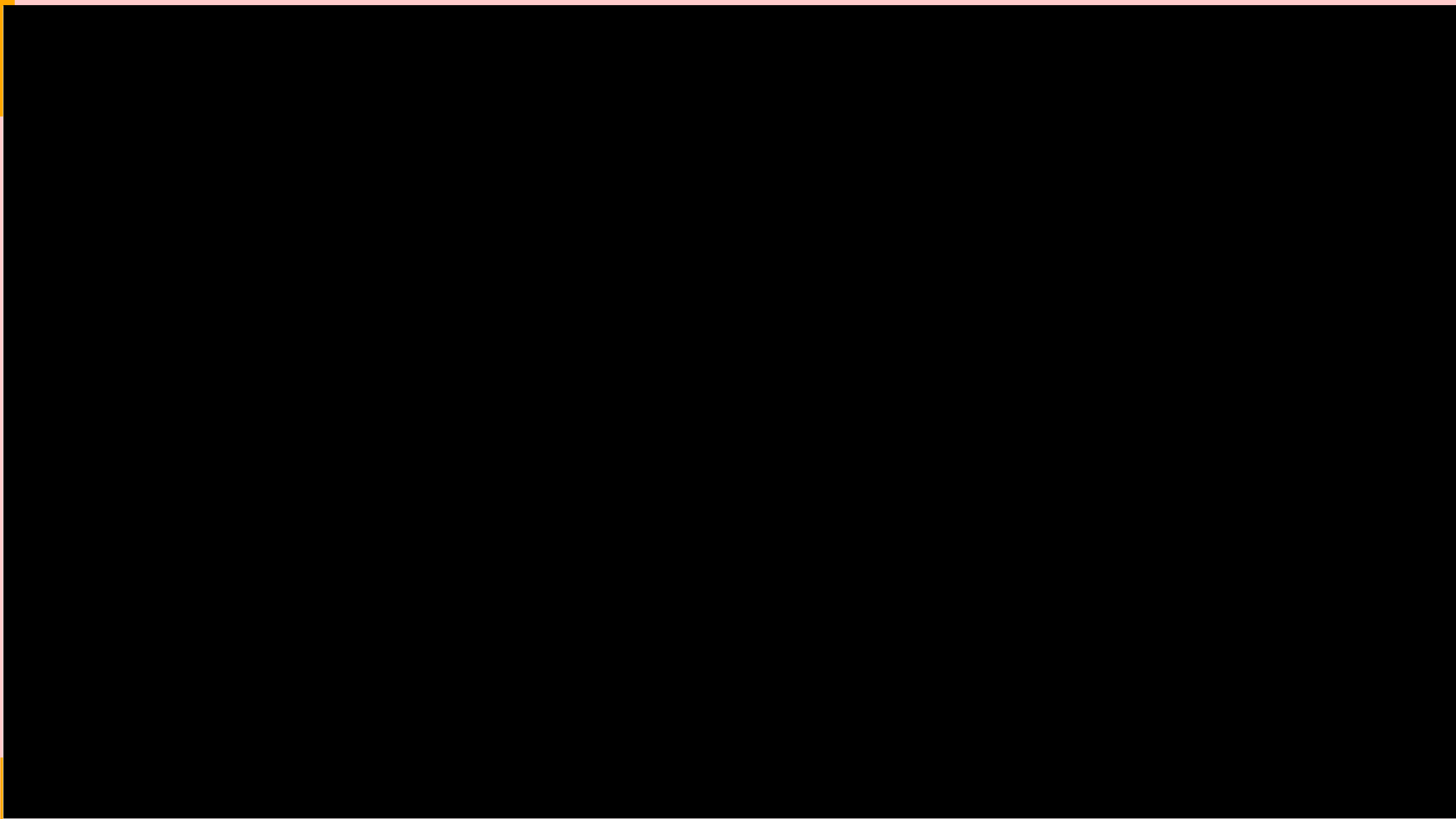
Related documents

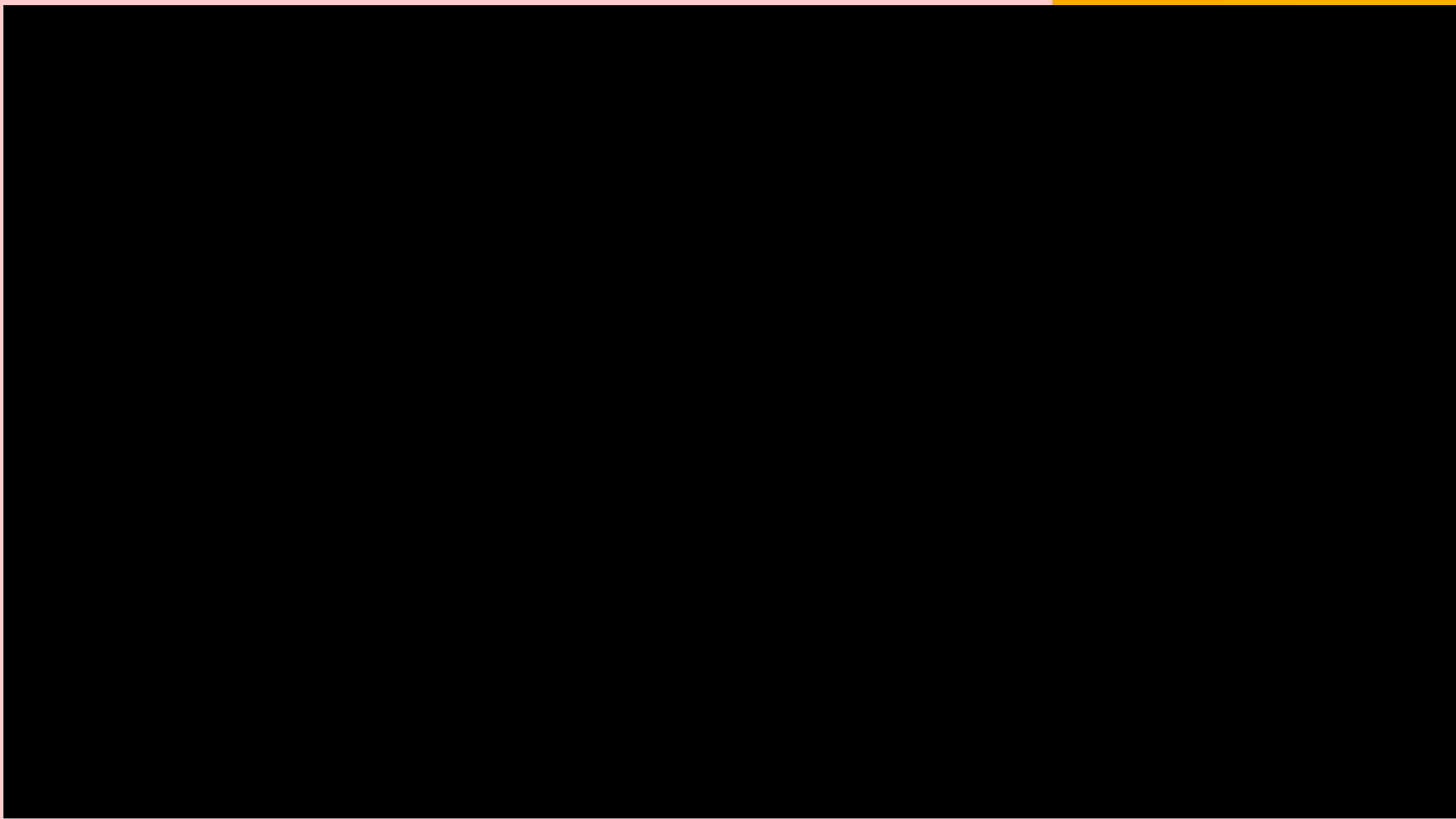
- *Bell Mobility Inc. – Request to strike the Commissioner of Competition’s expert report from the record of the proceeding initiated by Telecom Notice of Consultation 2019-57, and related procedural matters*, Telecom Decision CRTC 2021-129, 15 April 2021
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- *Practices and procedures for dispute resolution*, Broadcasting and Telecom Information Bulletin CRTC 2019-184, 29 May 2019
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- *Lower-cost data-only plans for mobile wireless services*, Telecom Decision CRTC 2018-475, 17 December 2018
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- *Follow-up to Telecom Decision 2017-56: Wholesale mobile wireless roaming service tariffs – Final terms and conditions*, Telecom Order CRTC 2017-433, 6 December 2017
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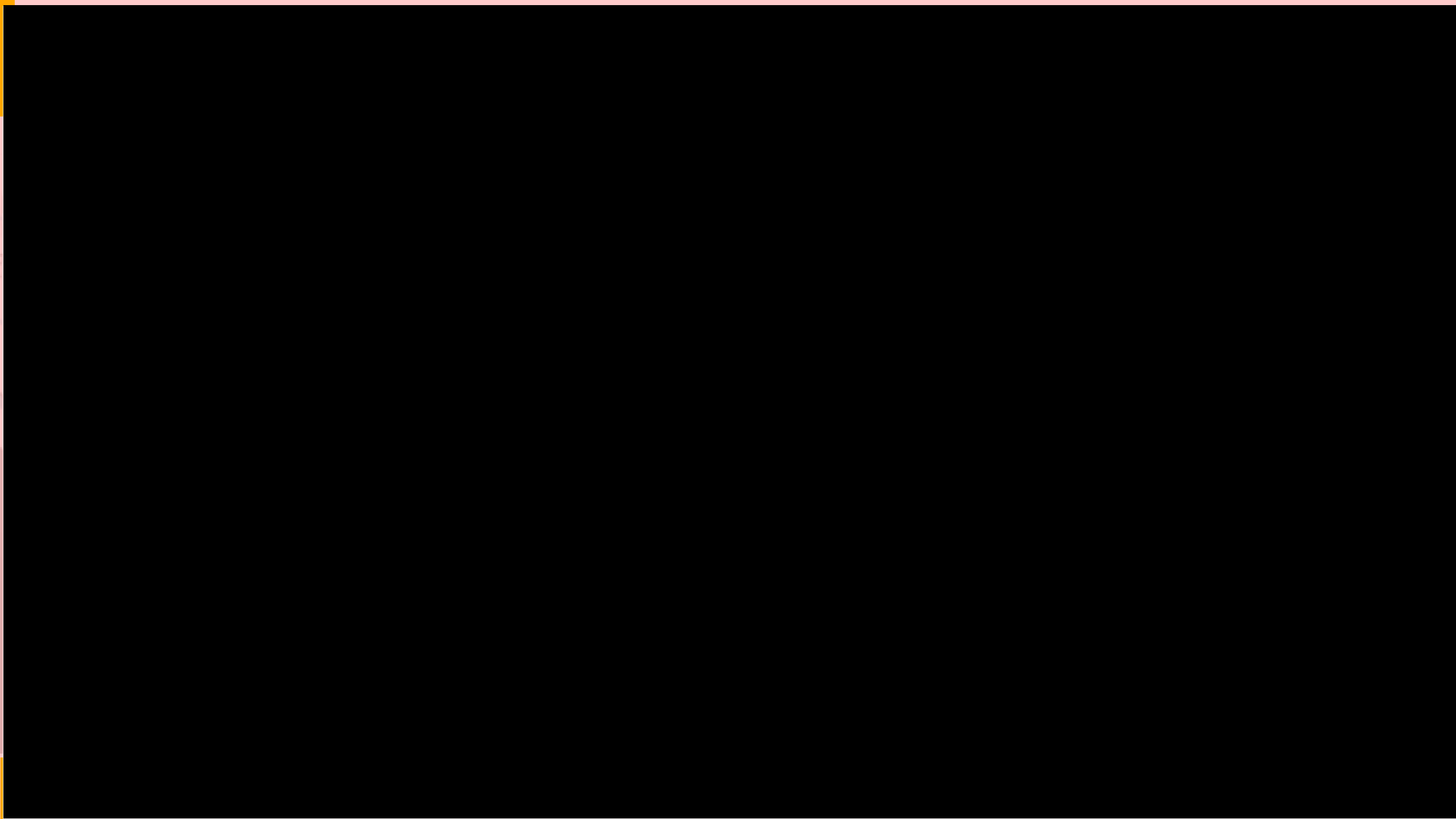
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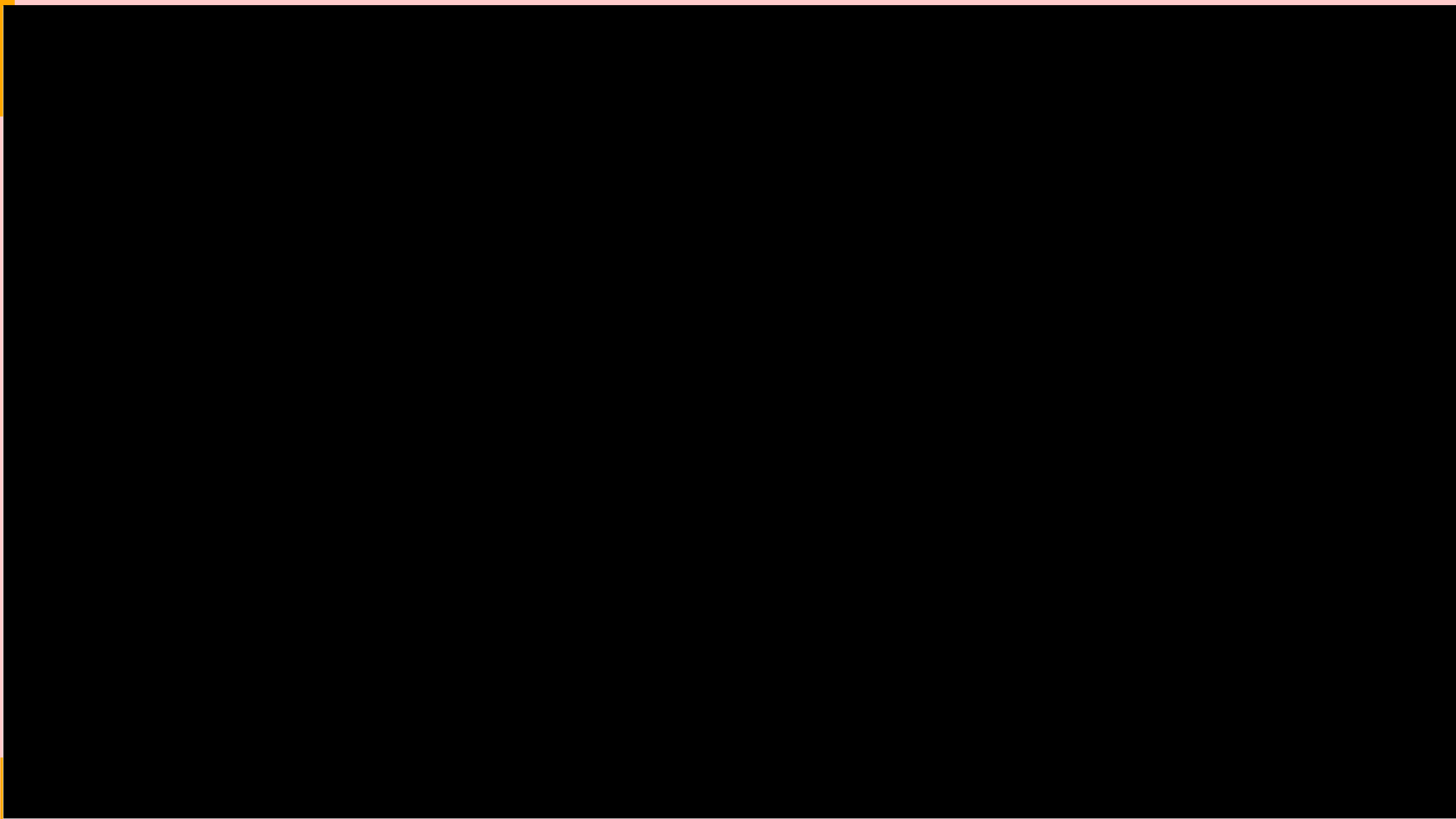
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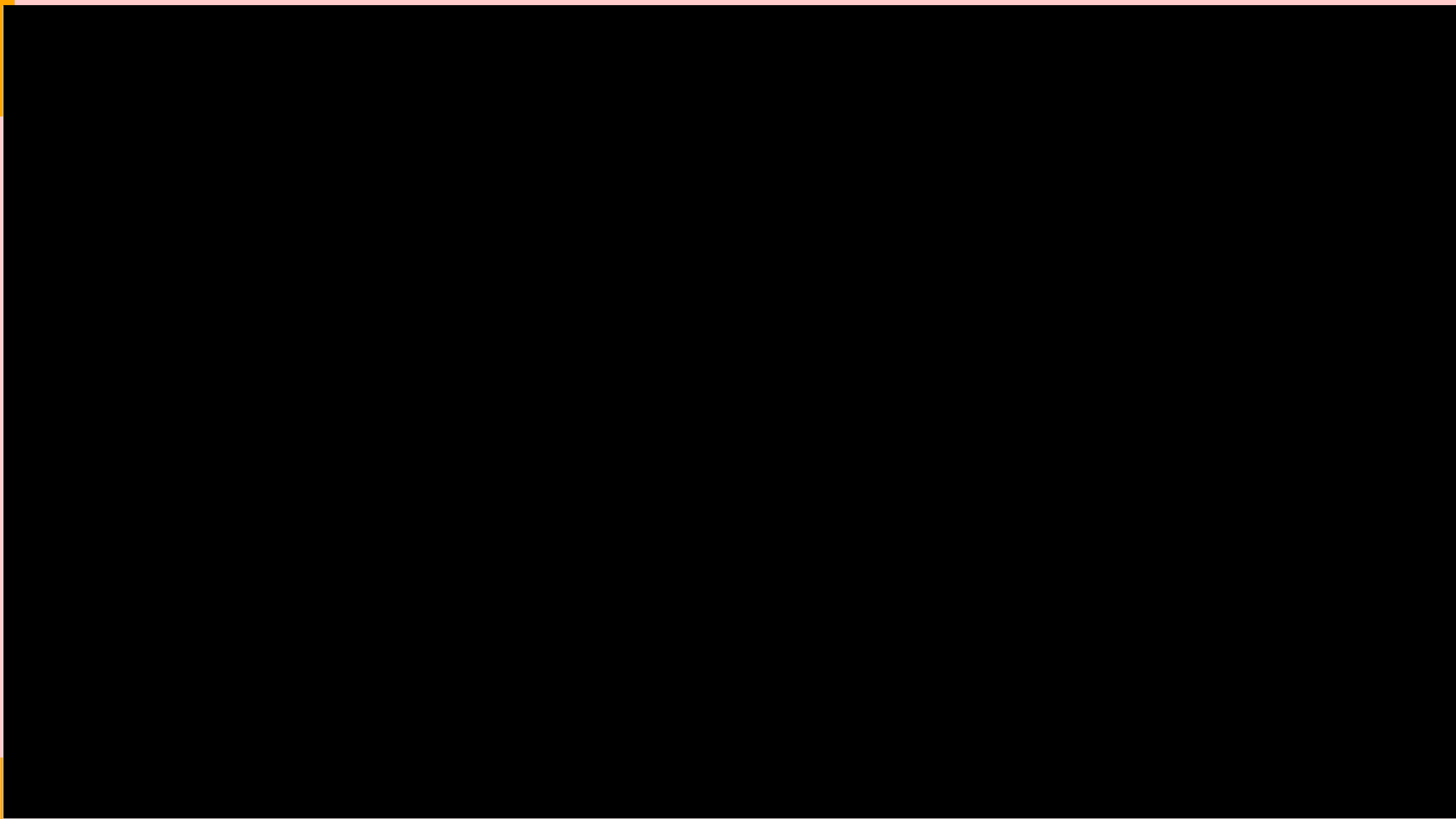


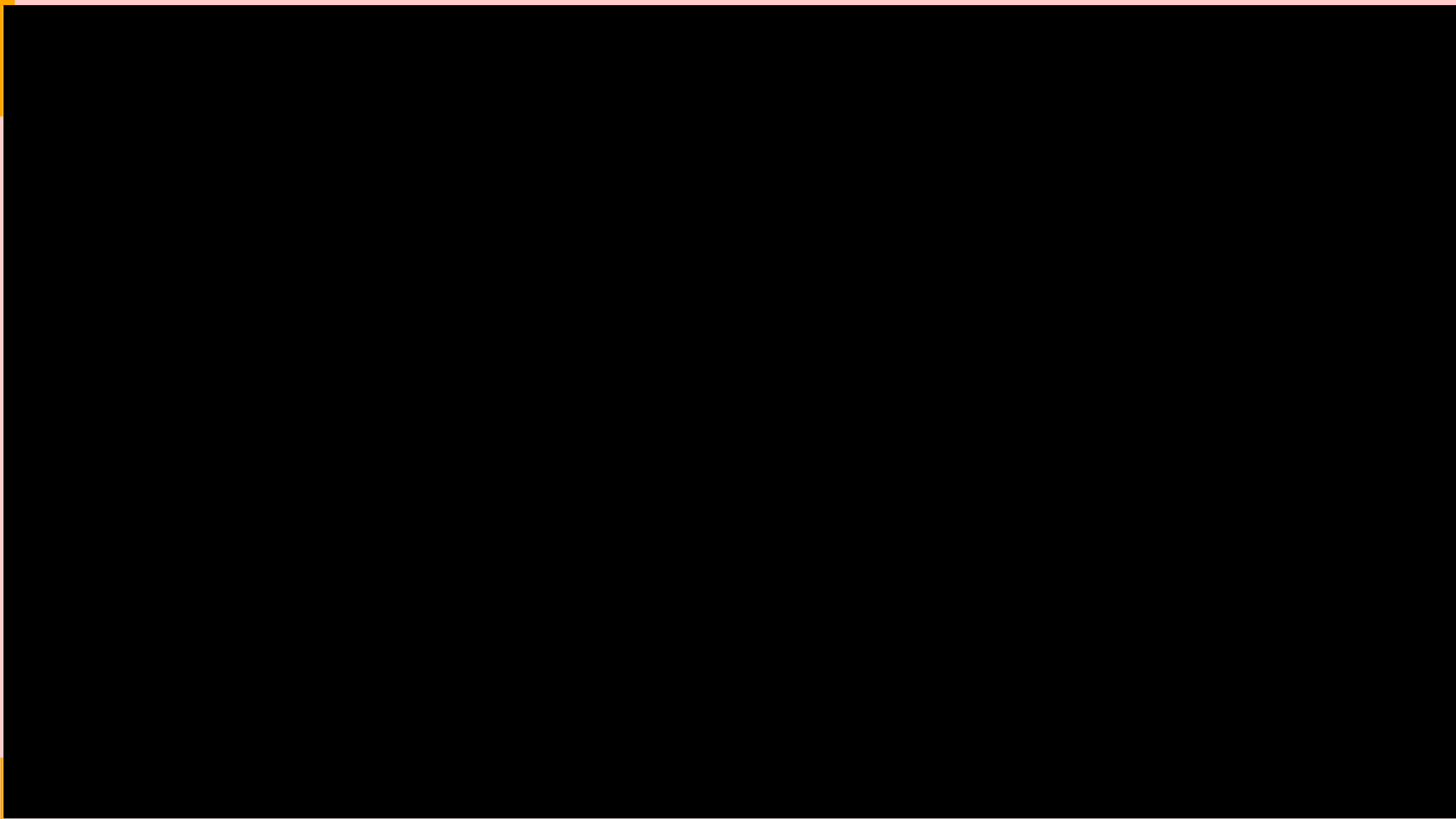


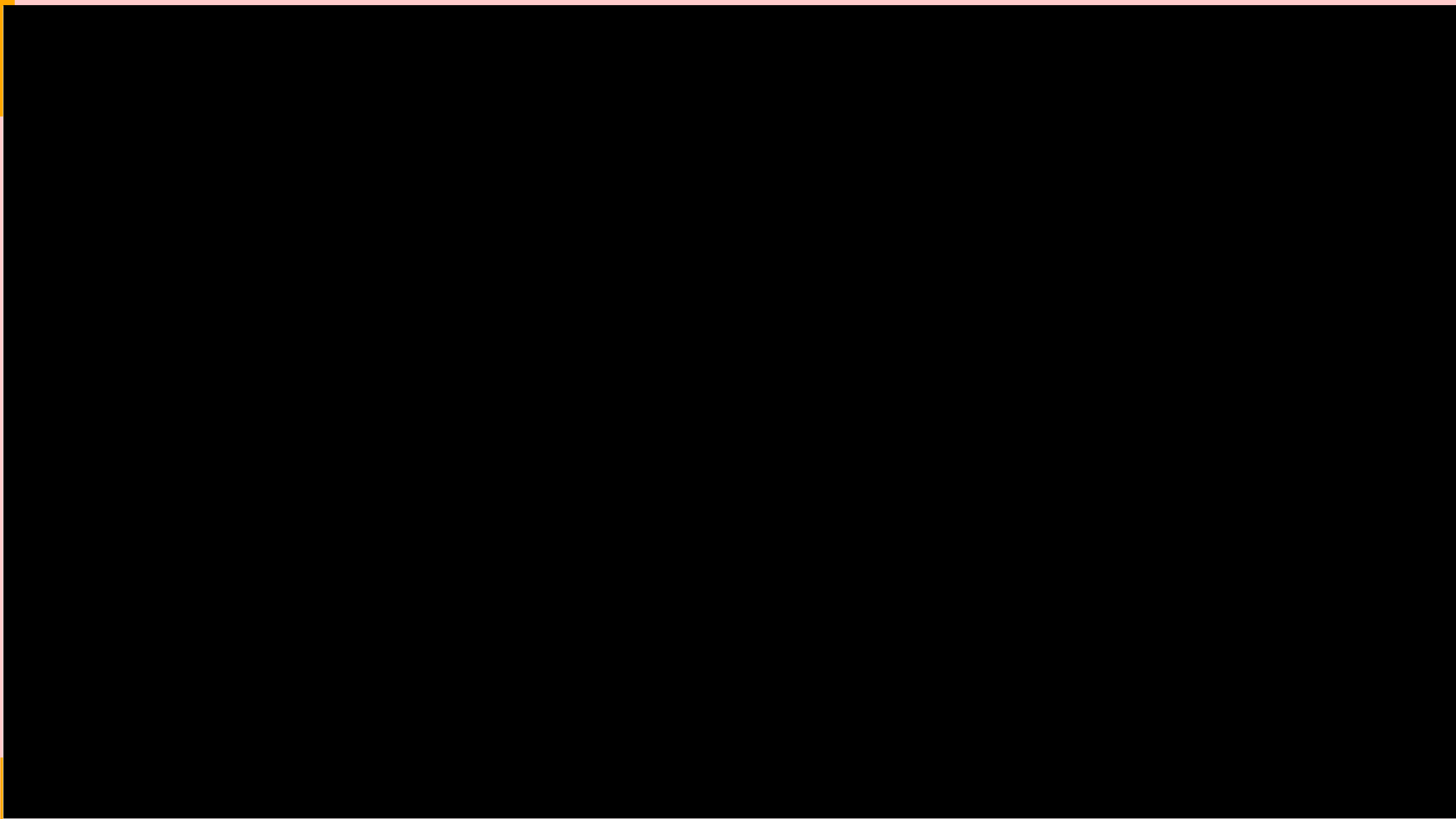


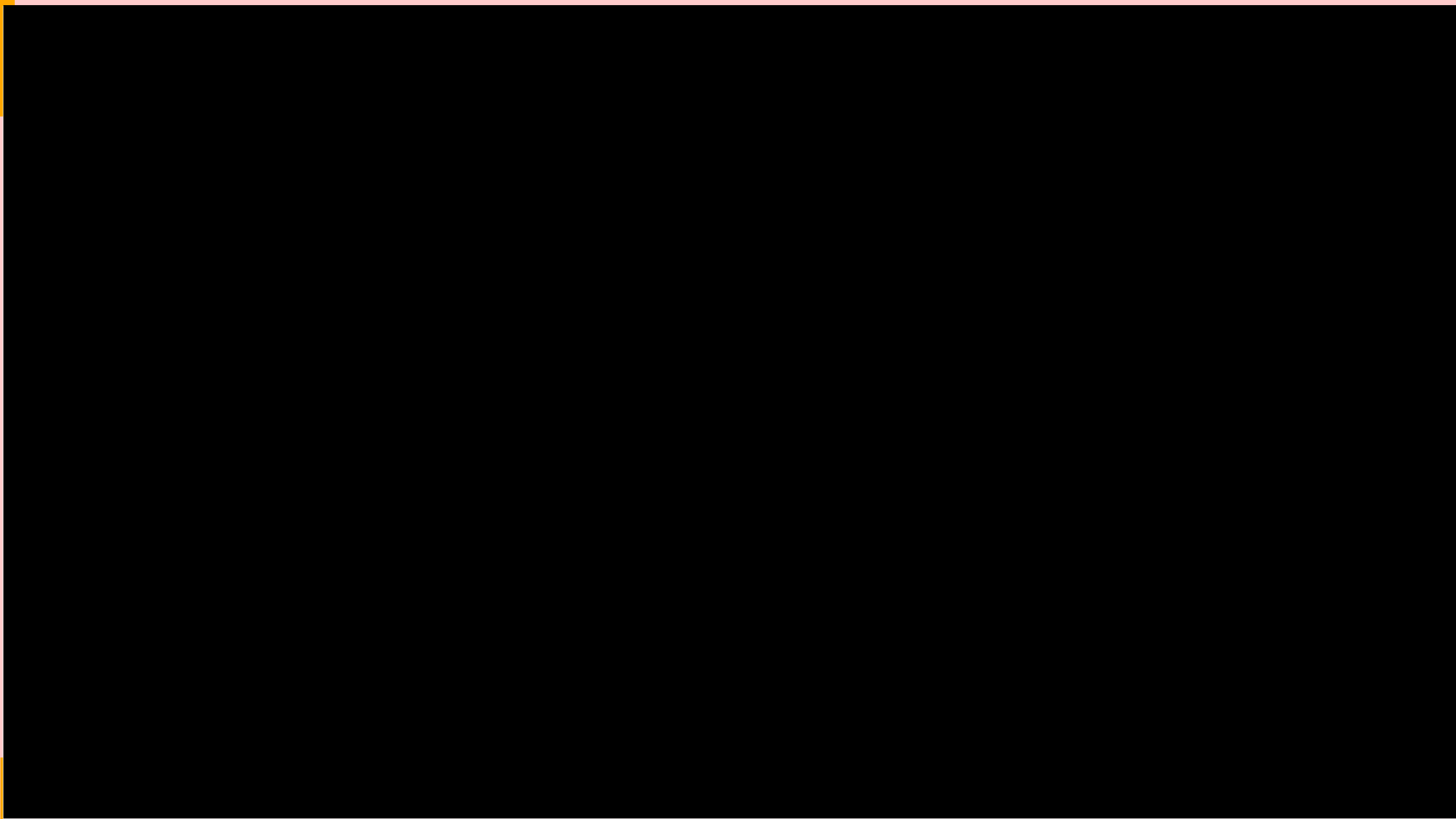


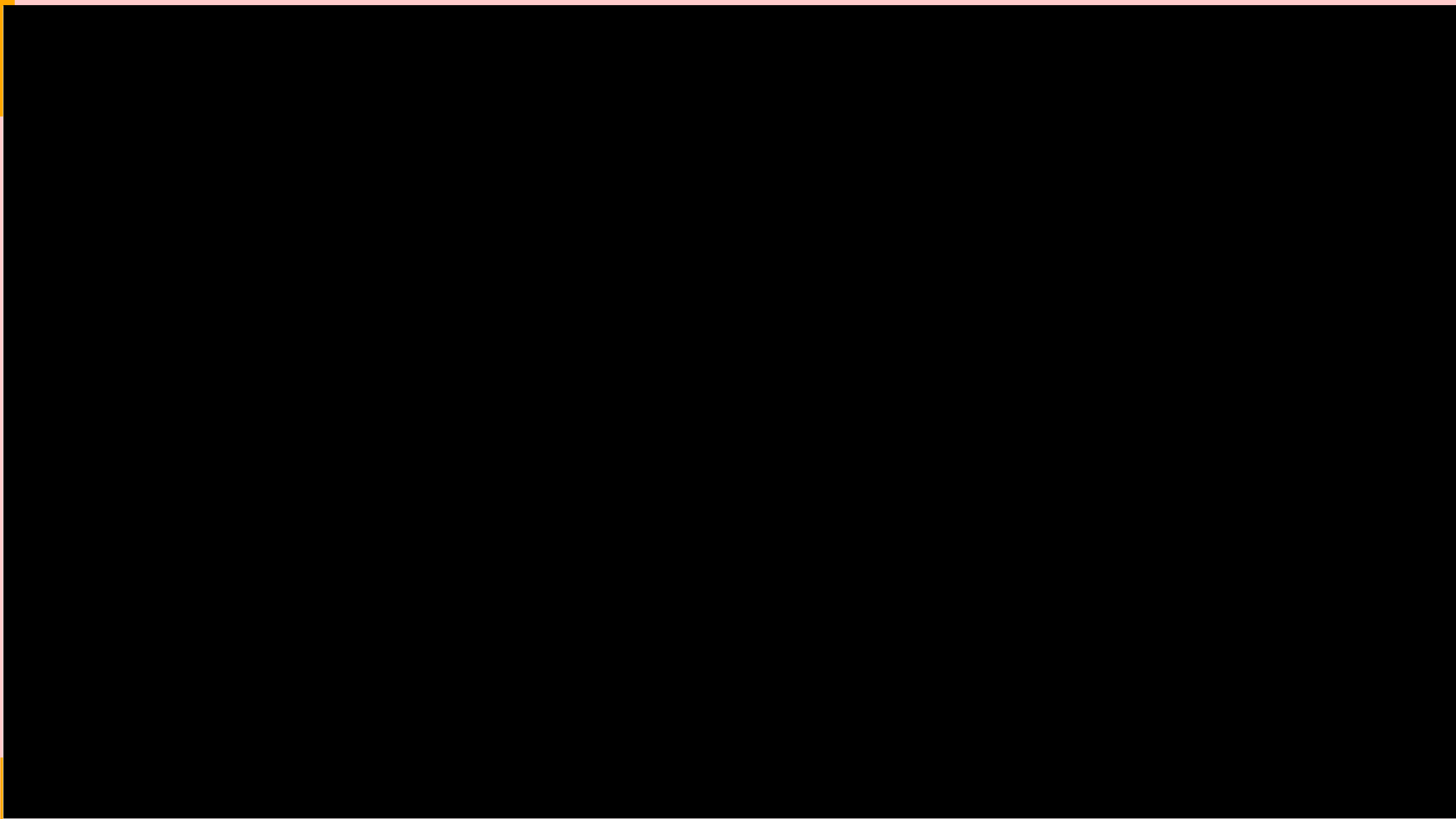


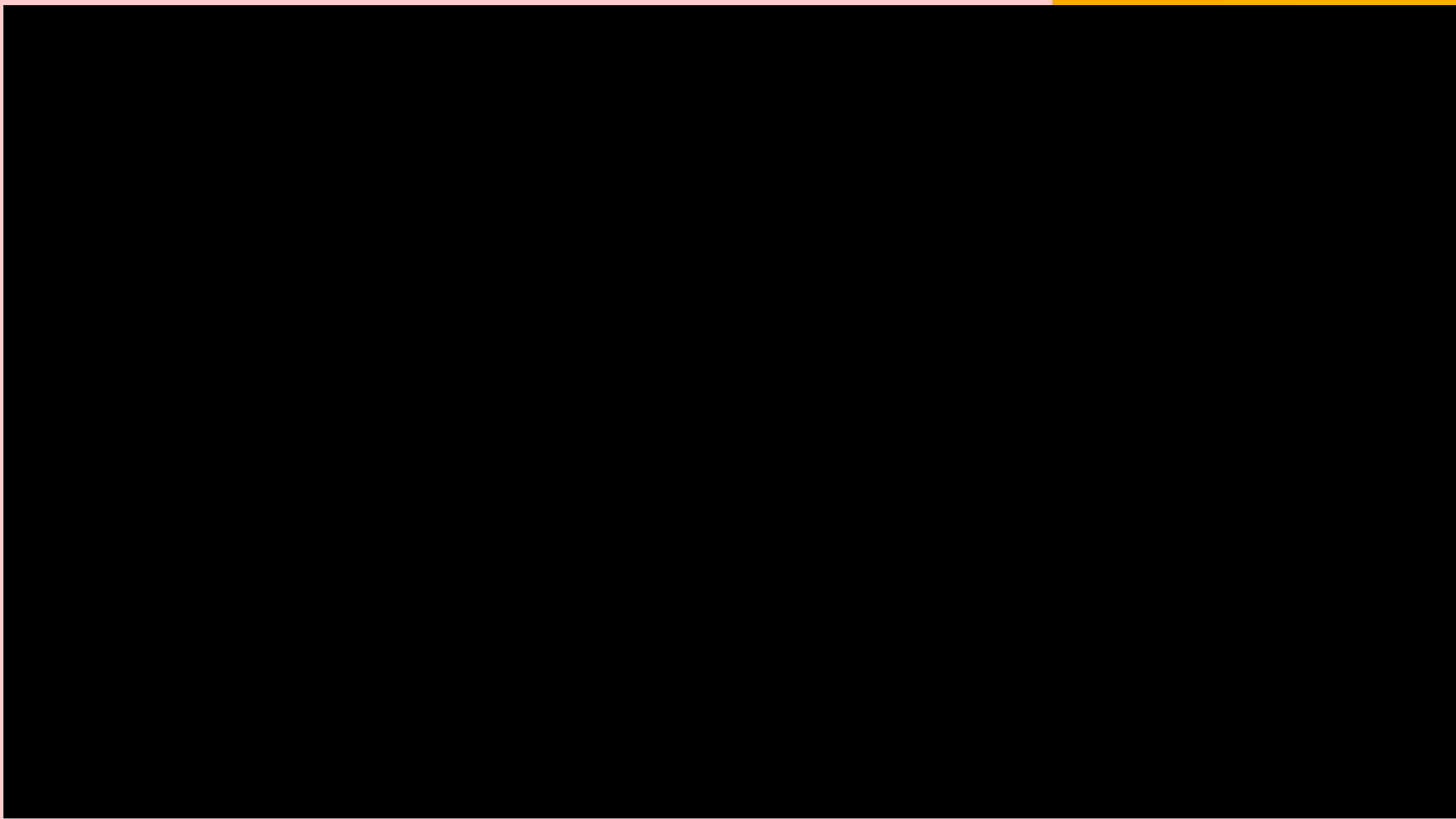


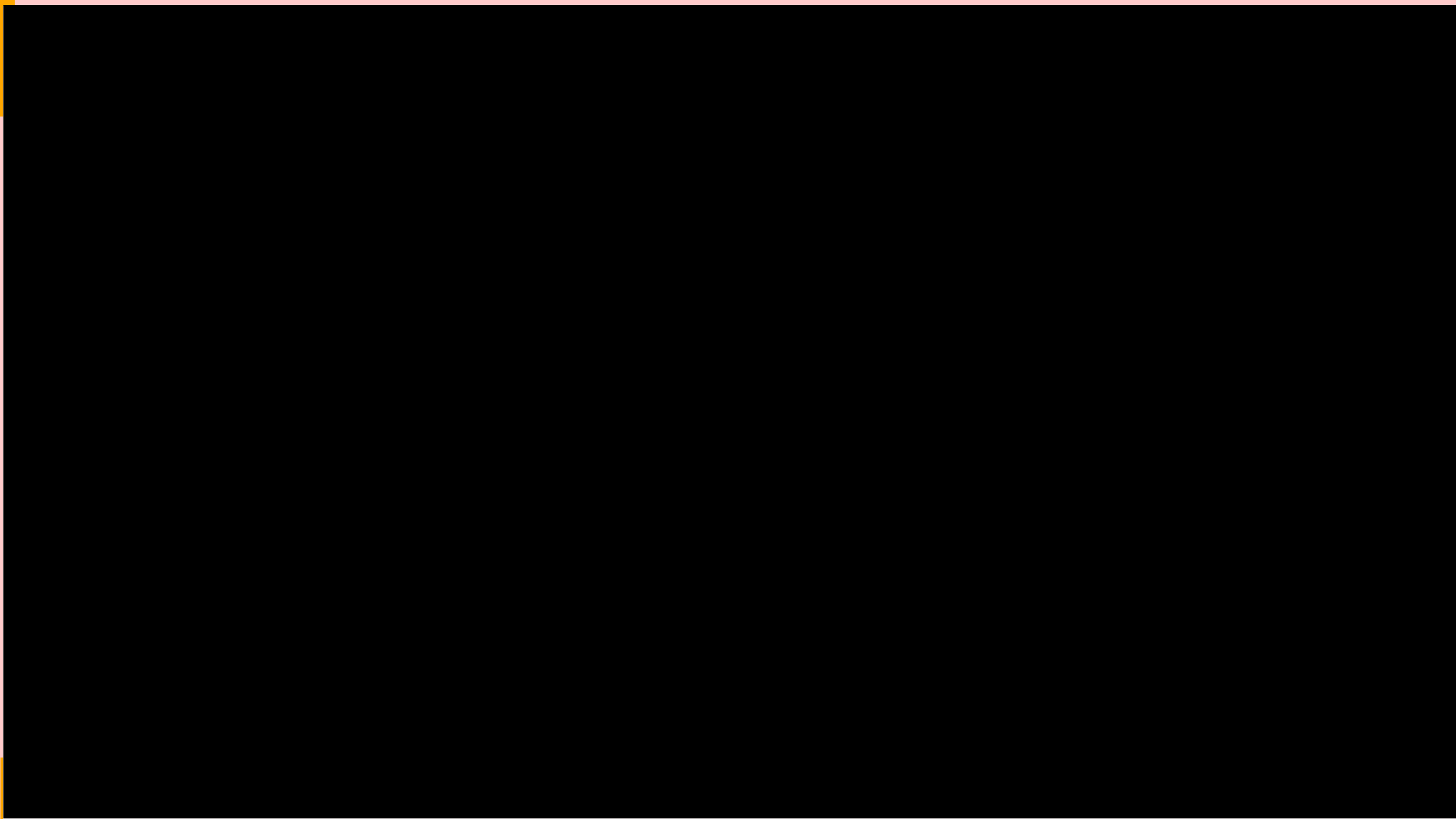


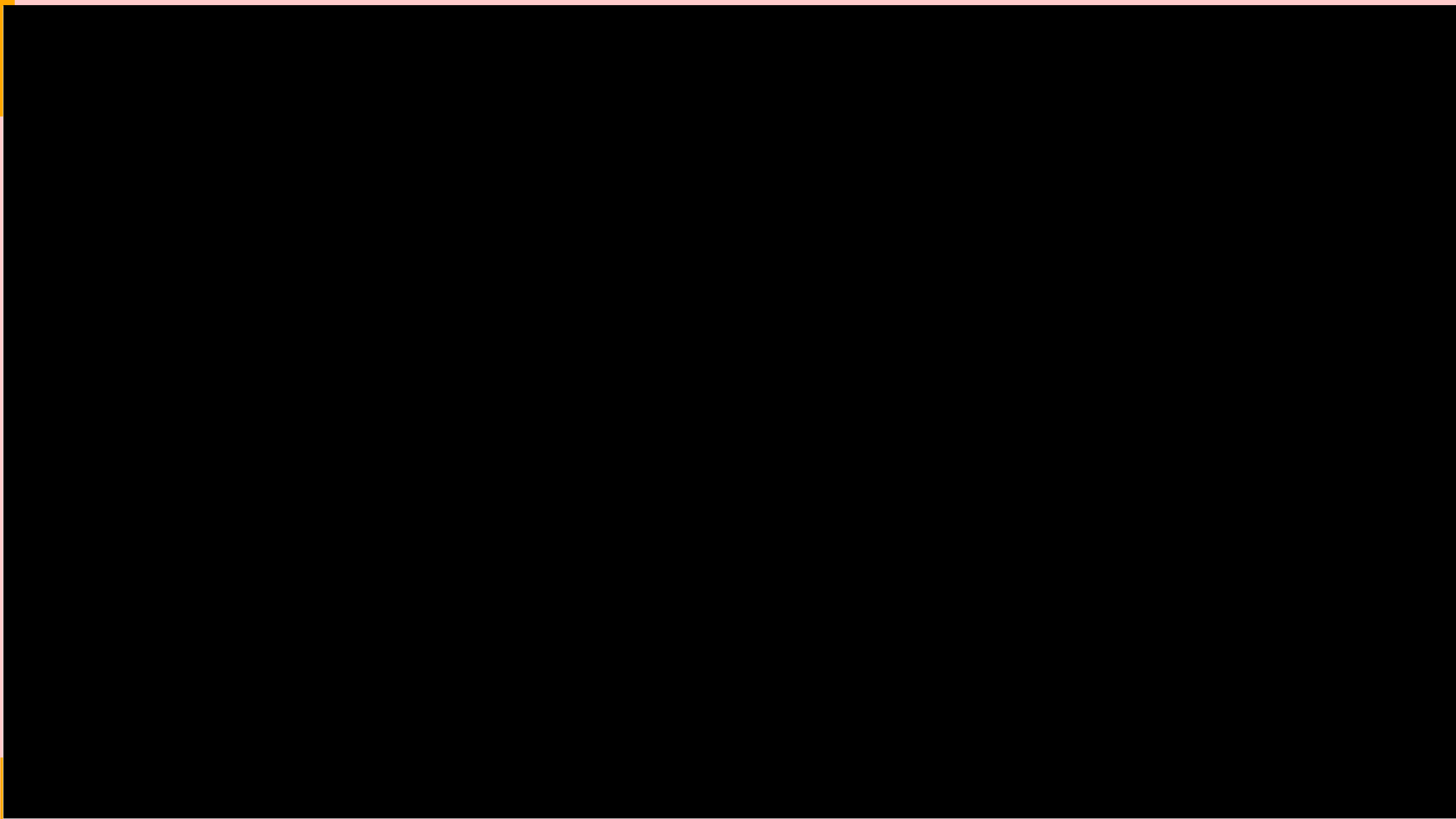


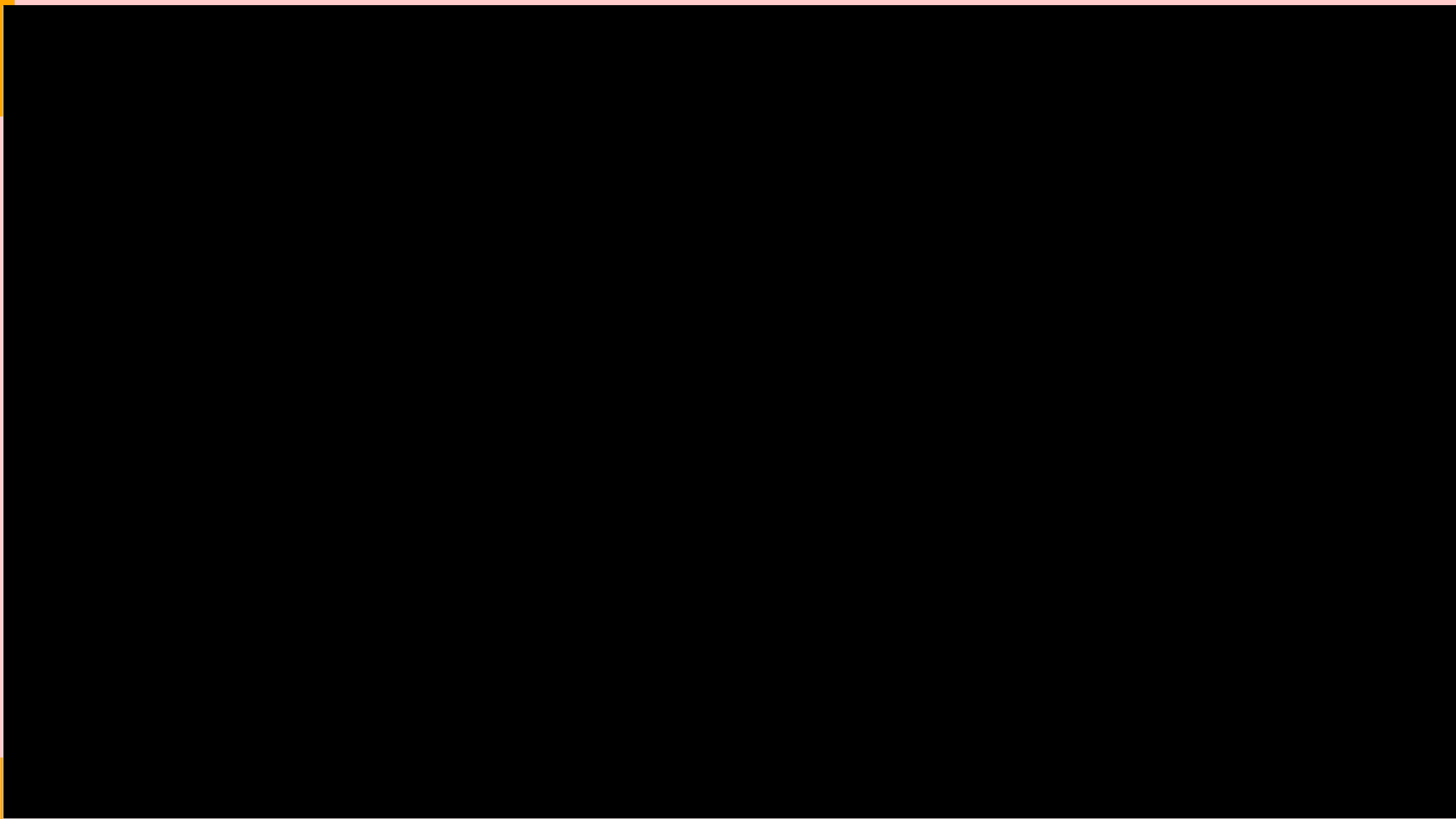


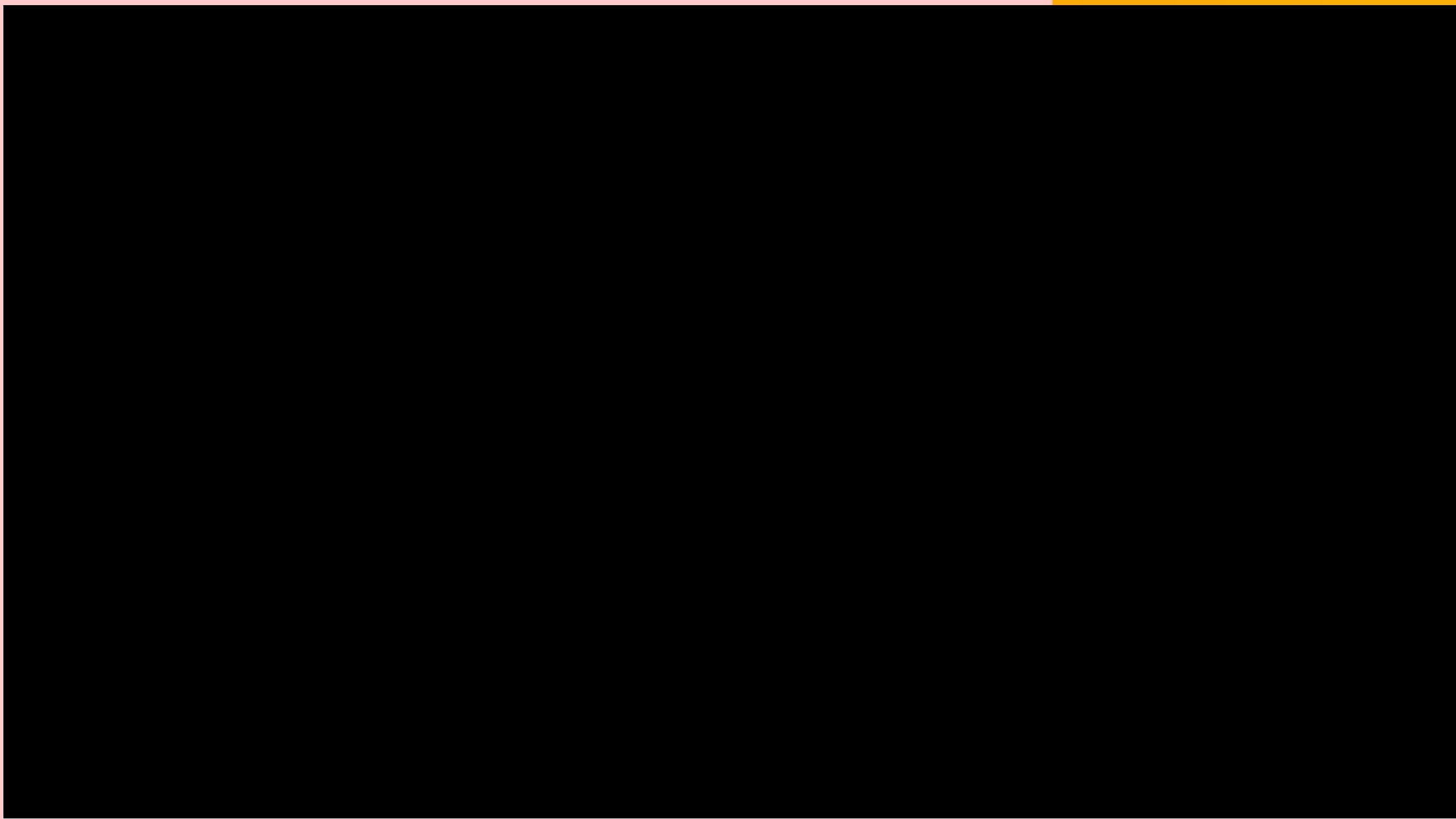


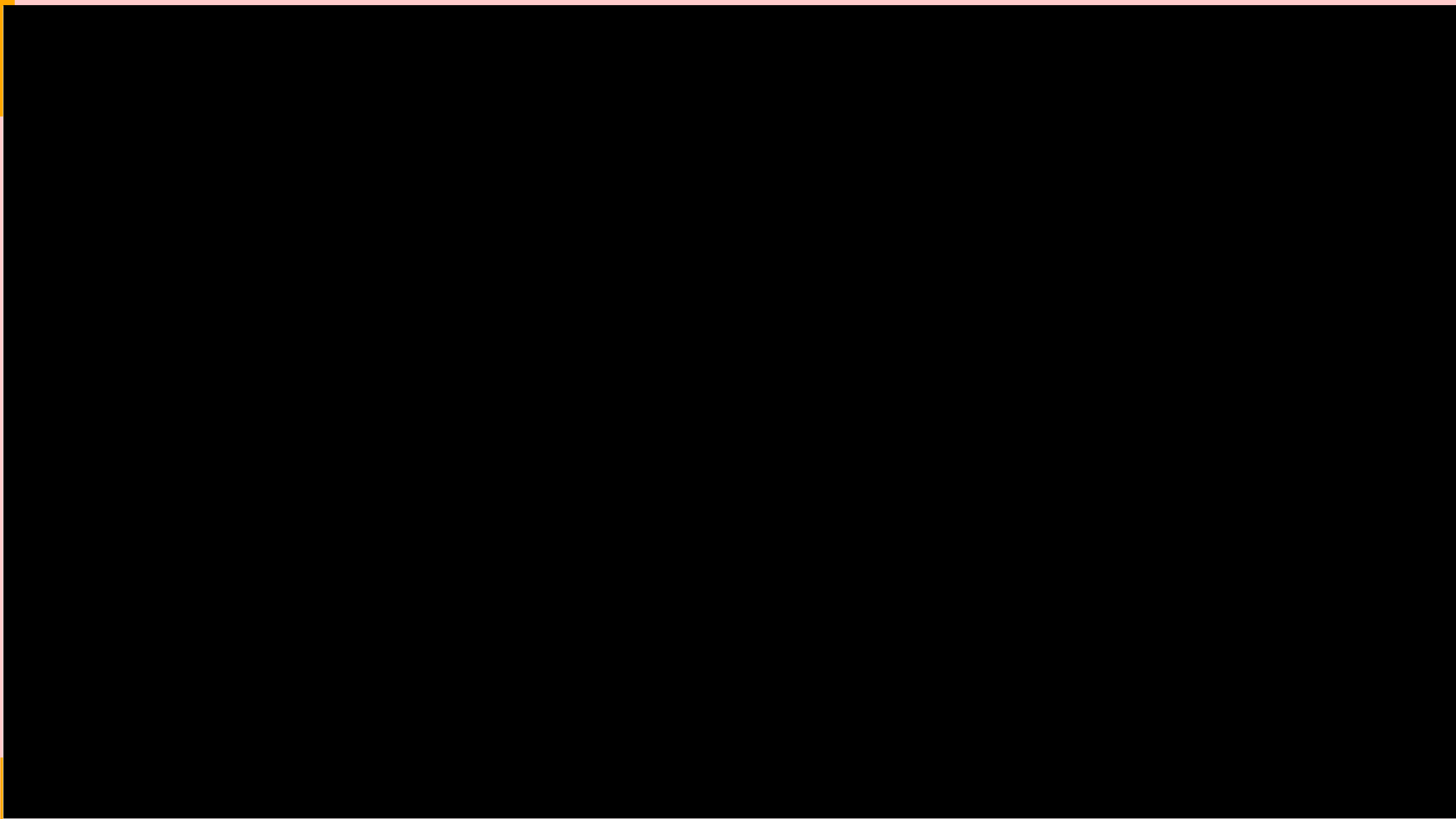


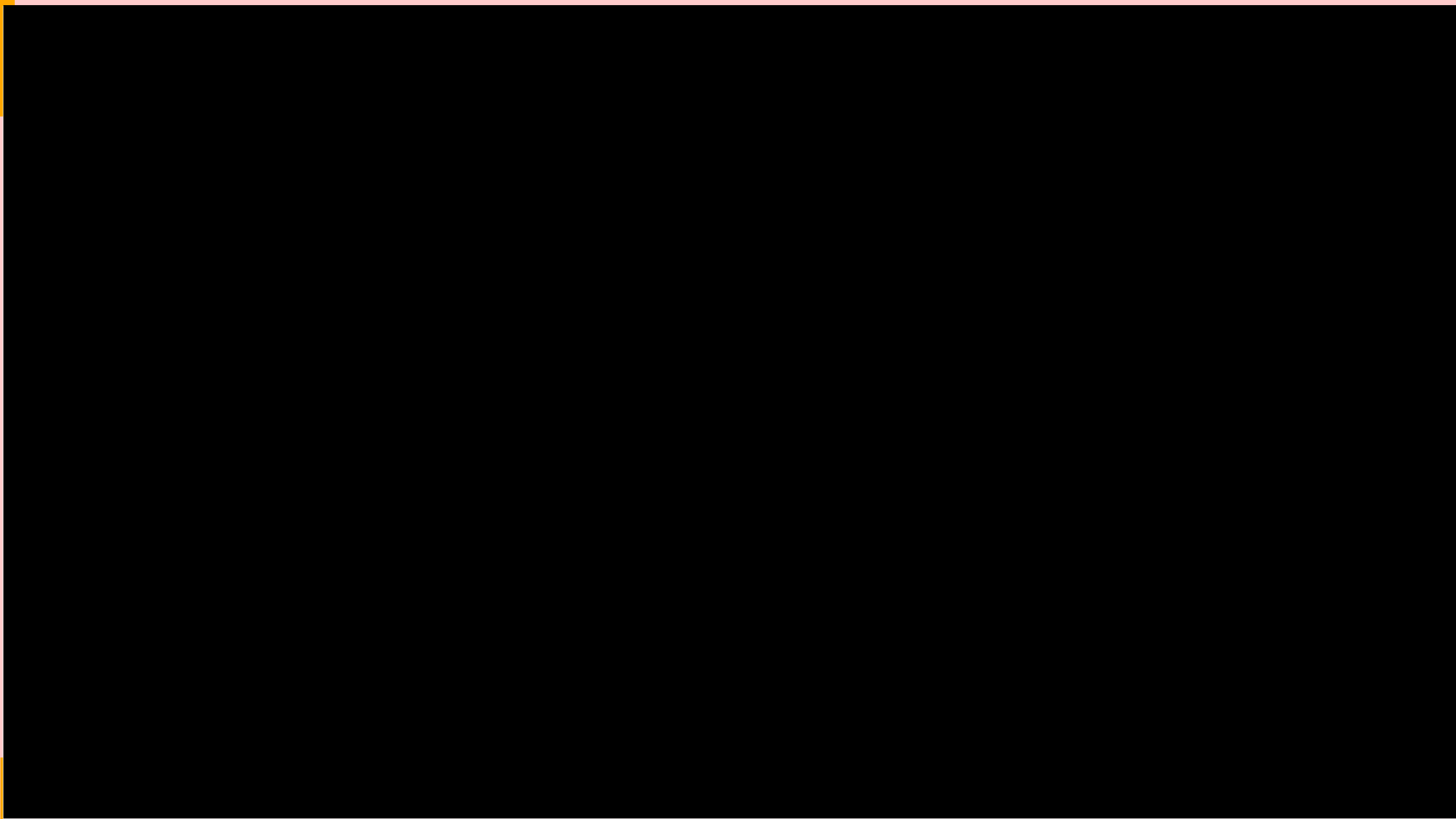


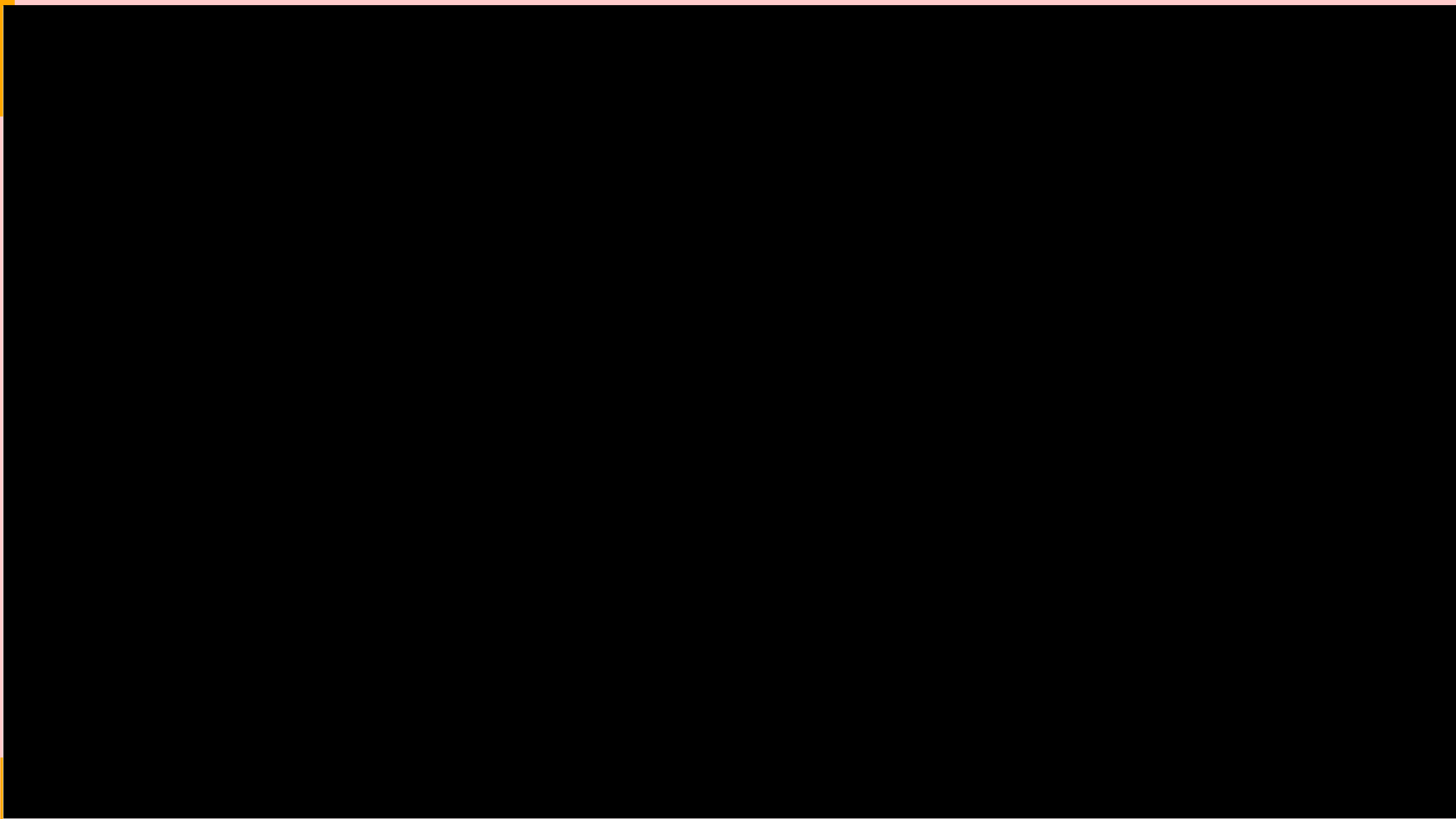


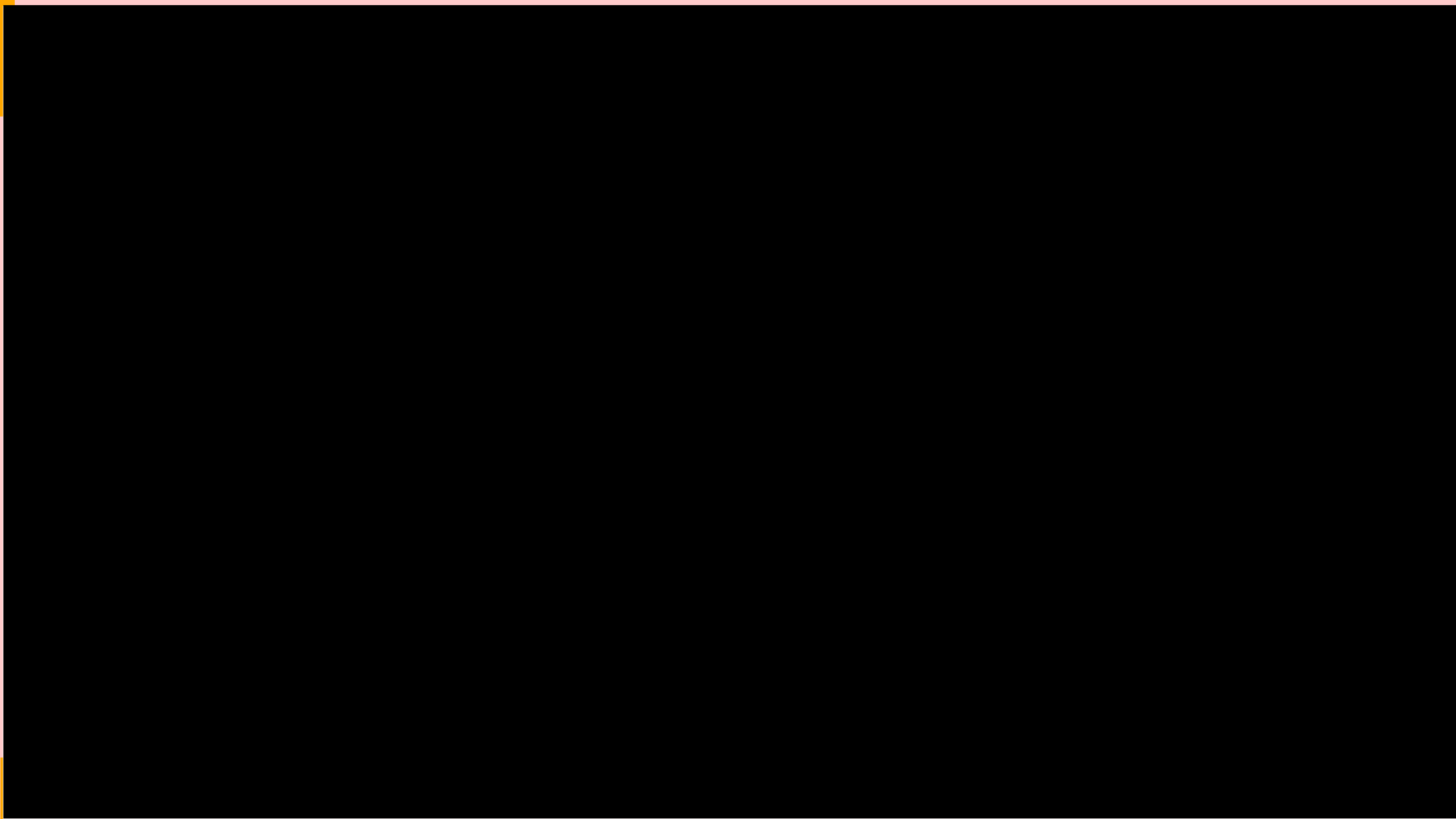


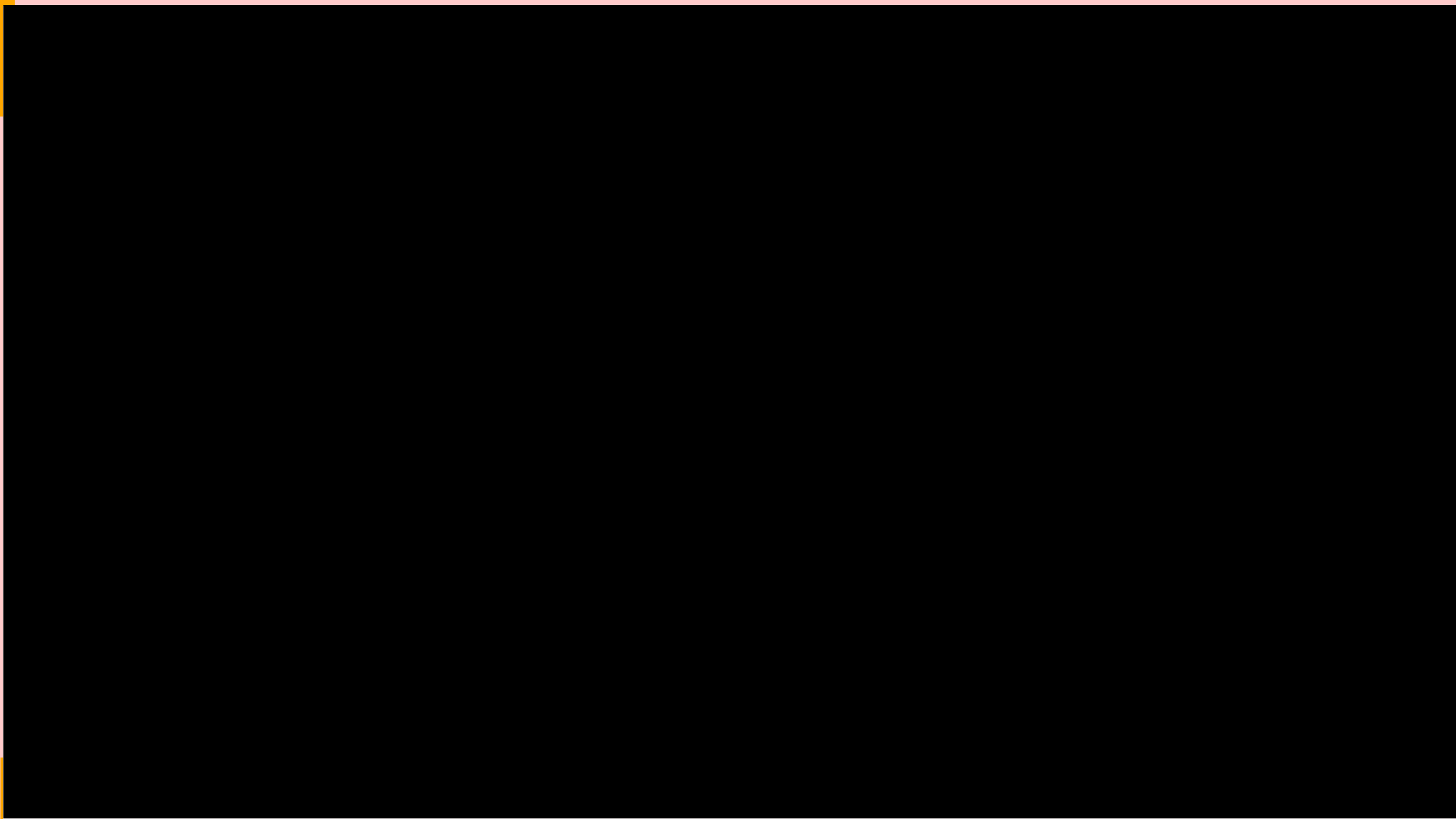


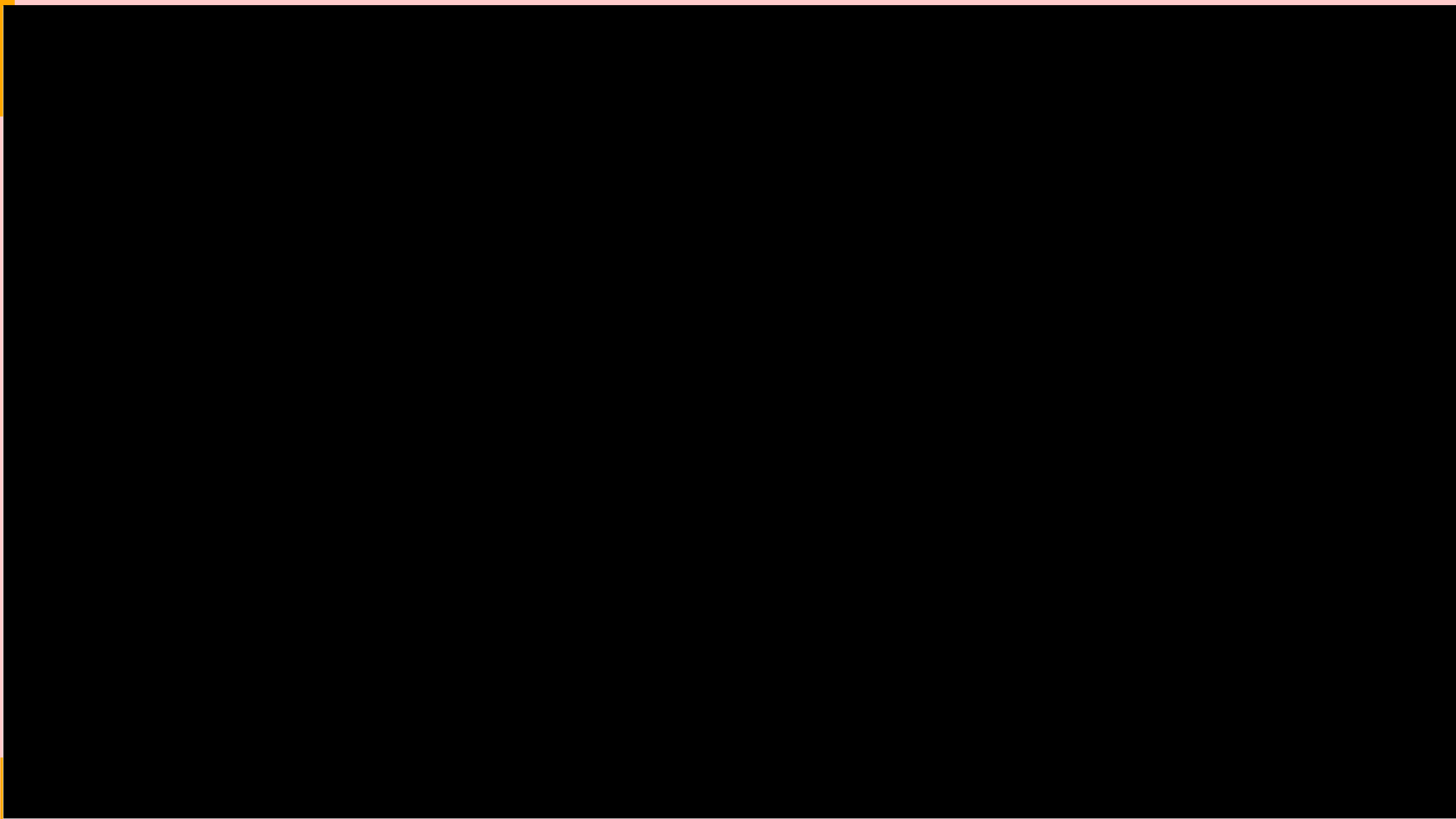


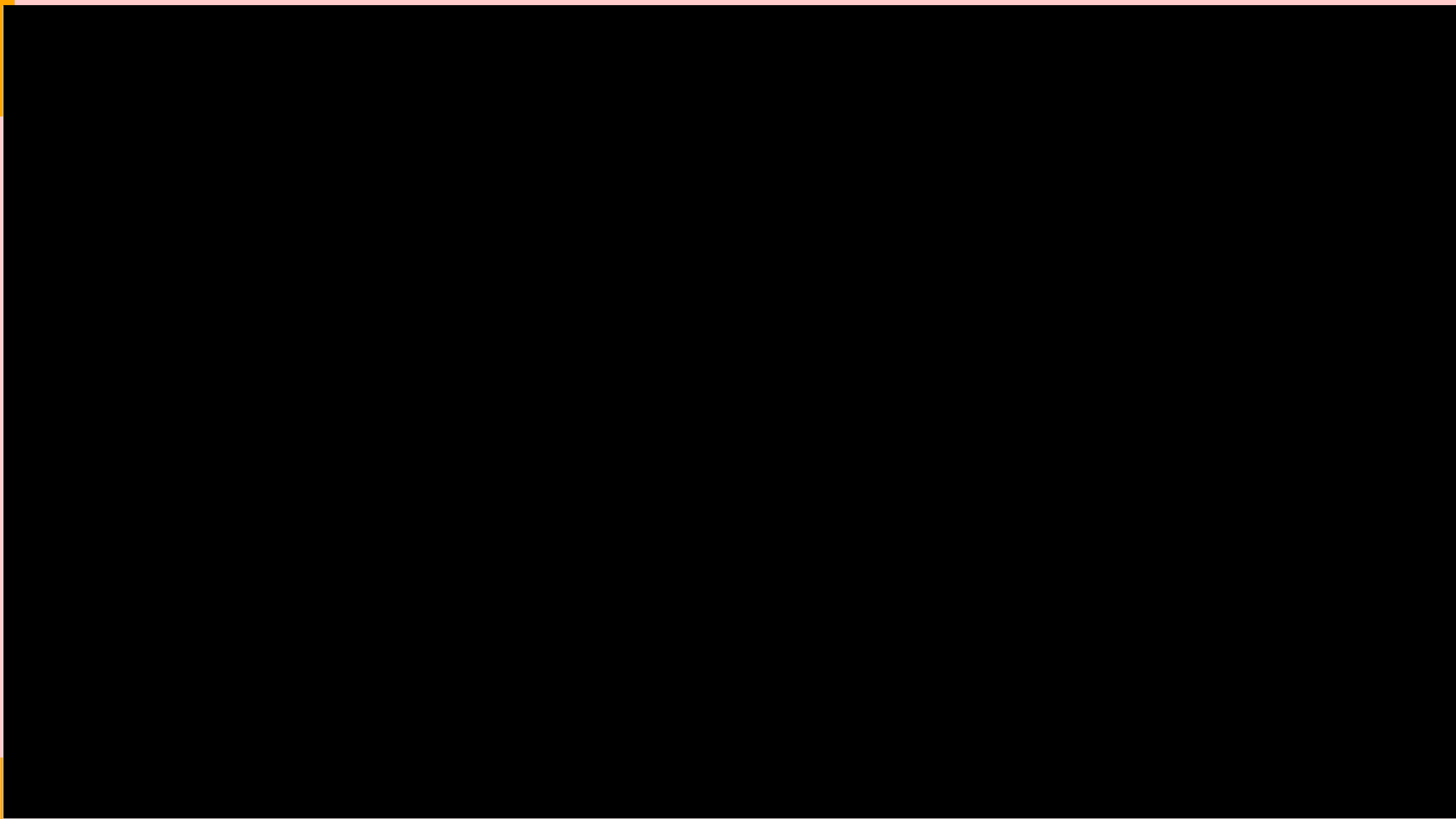


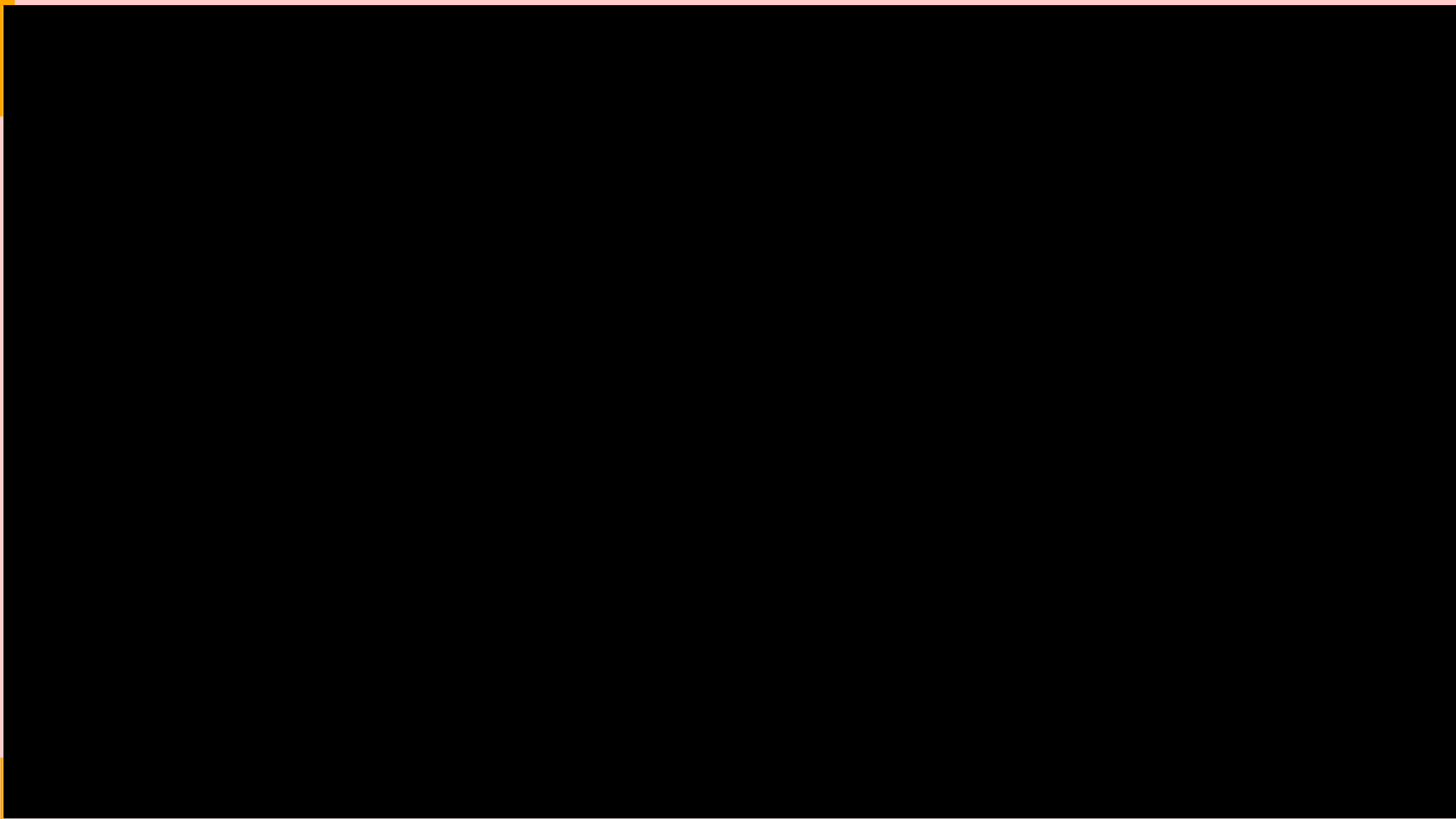


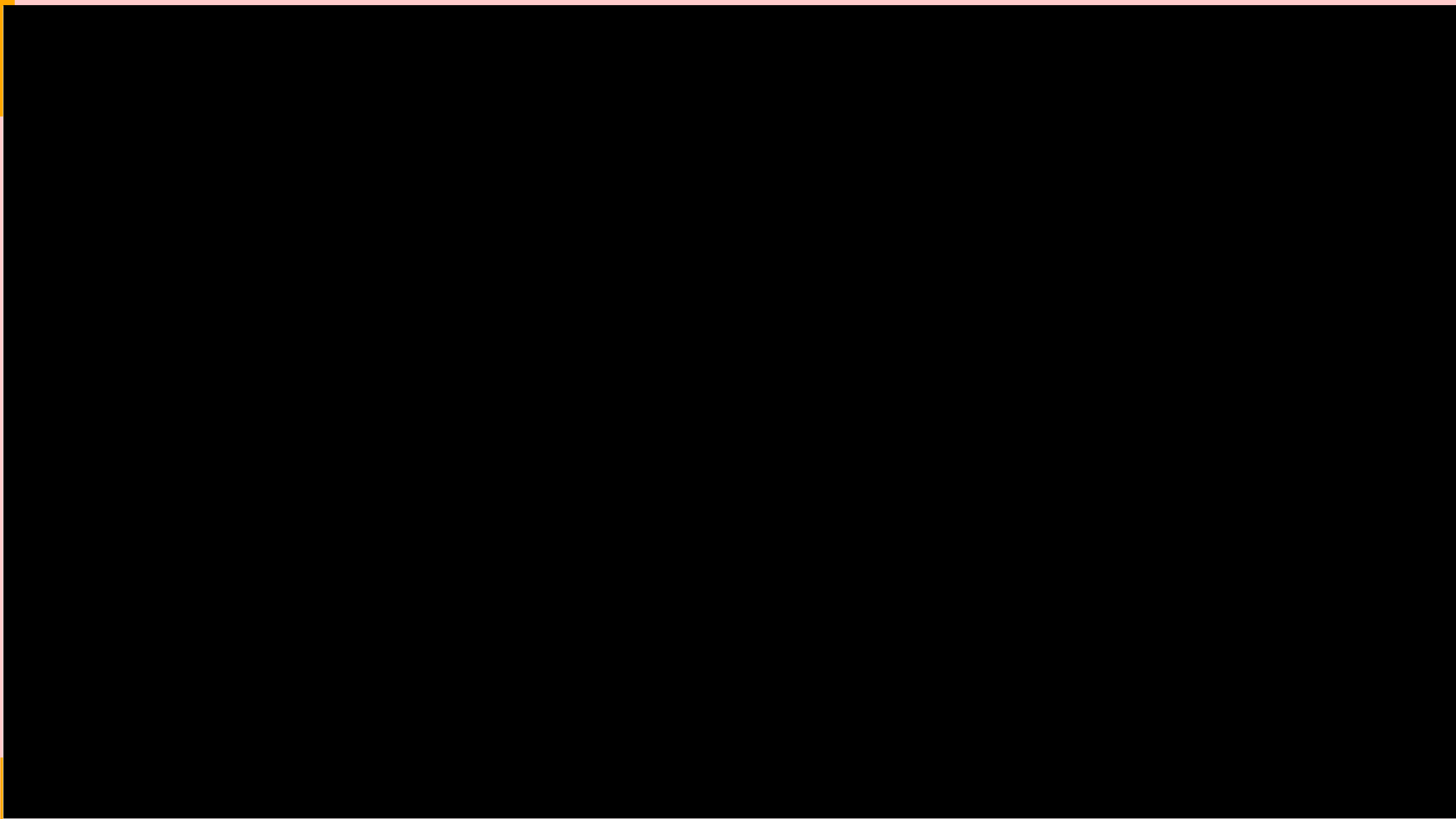


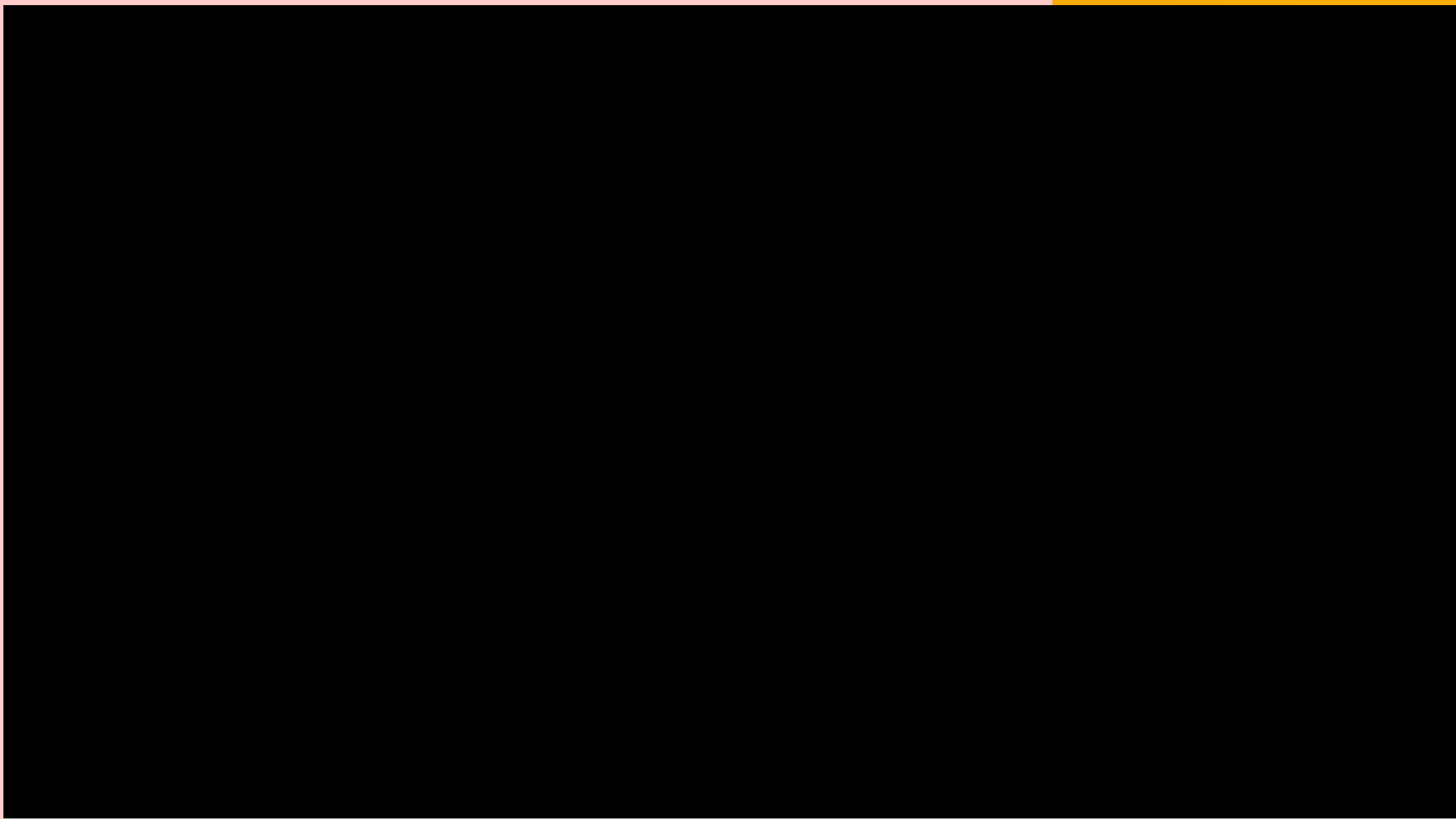


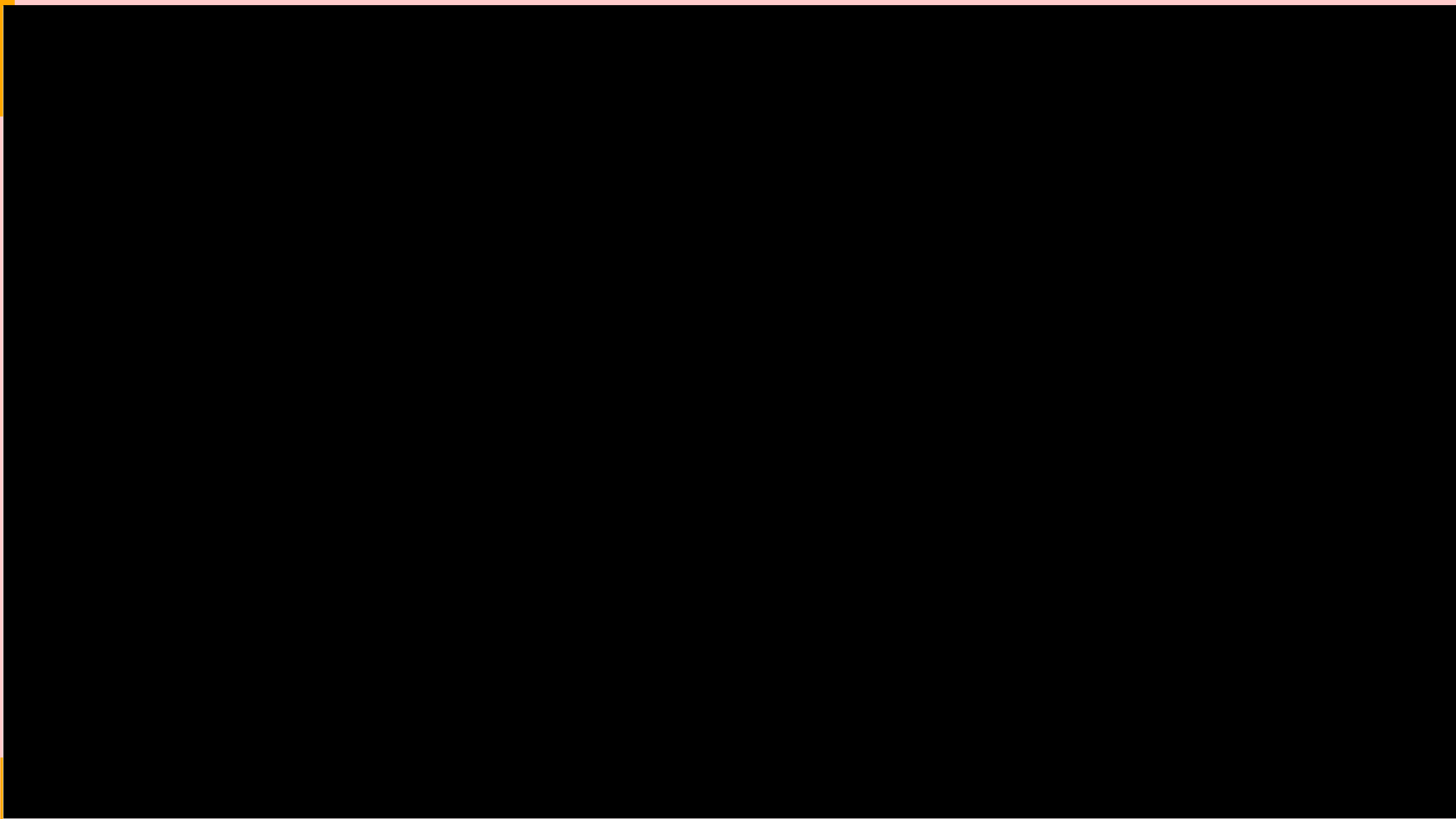


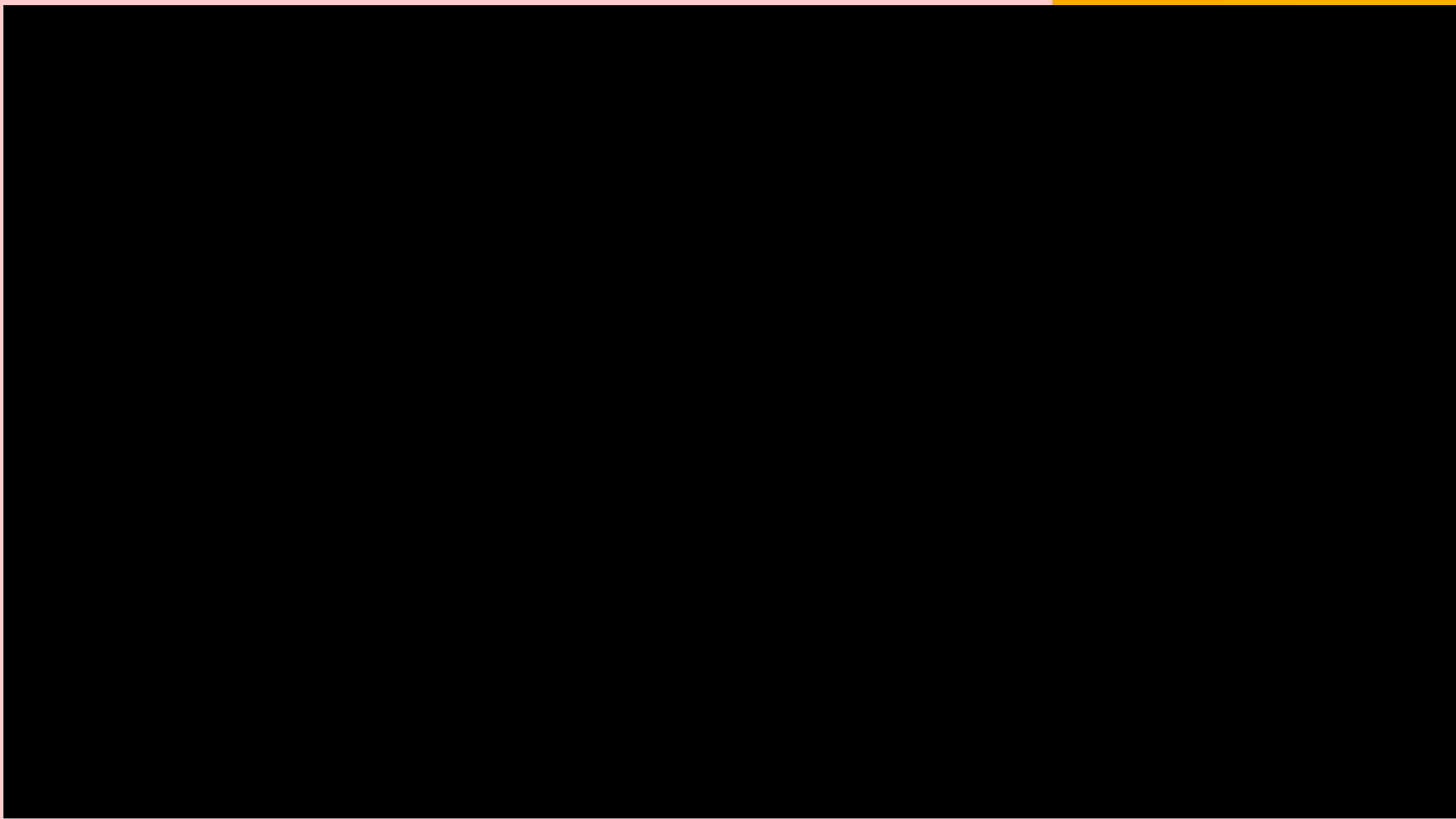


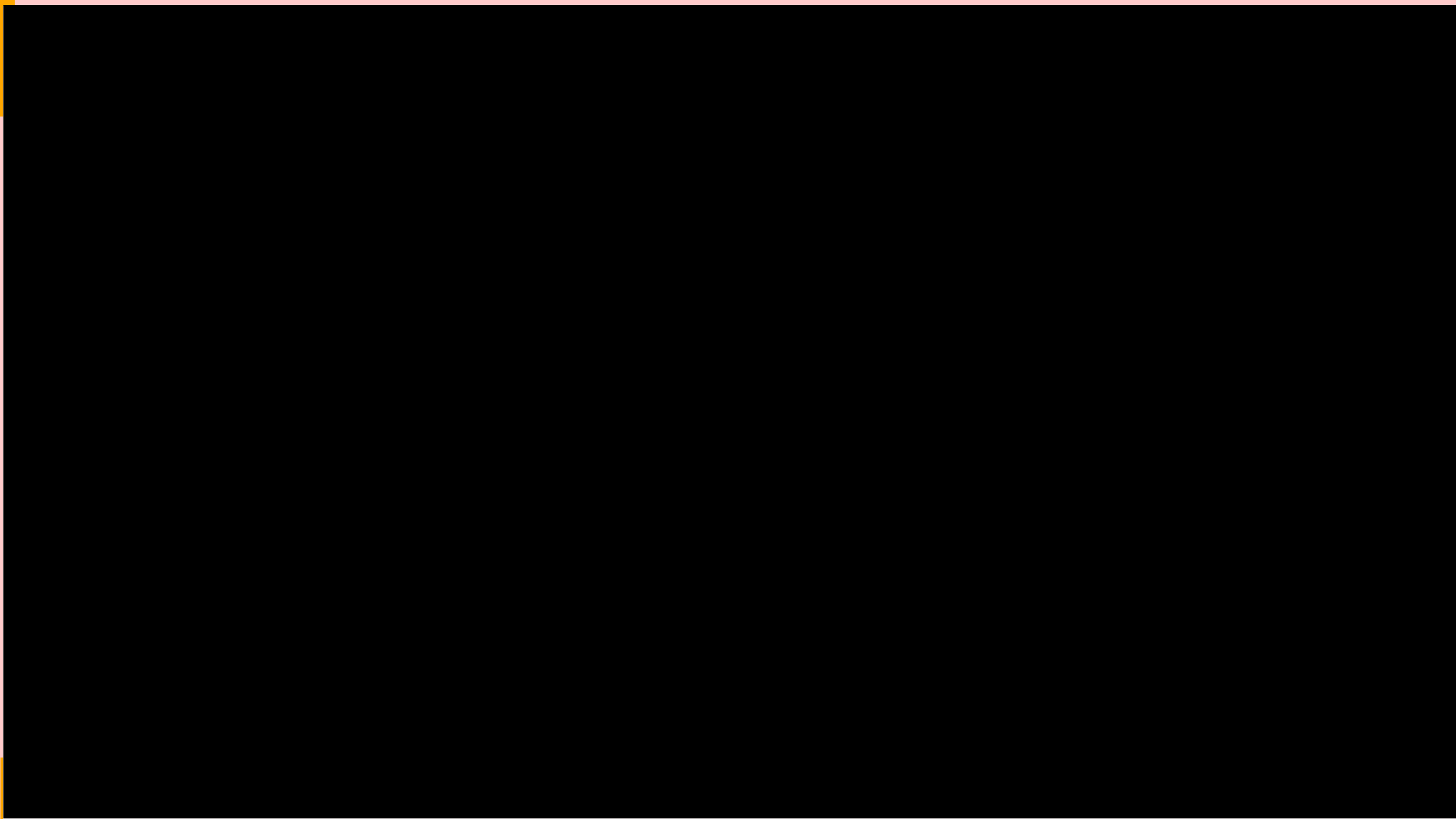


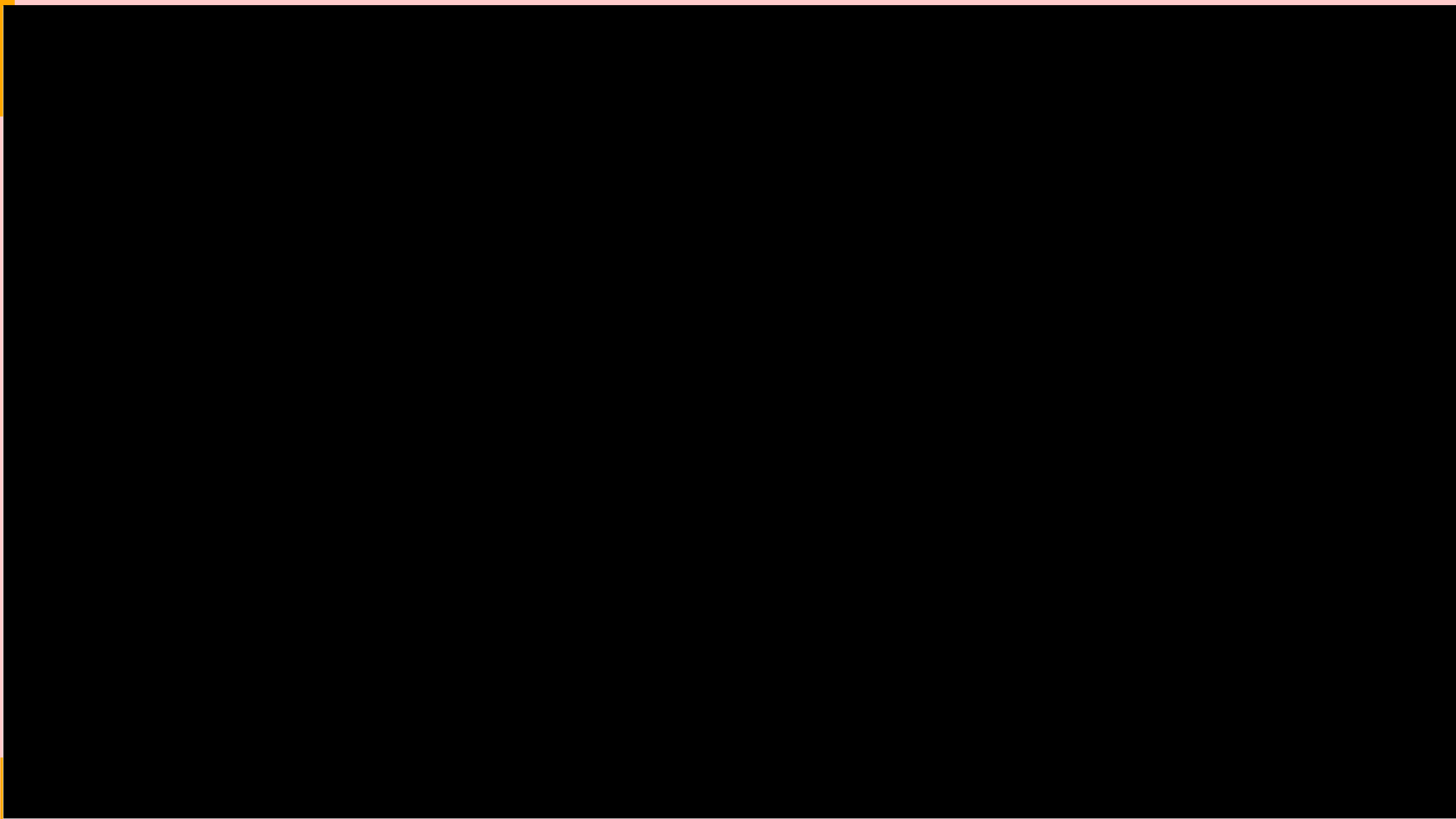


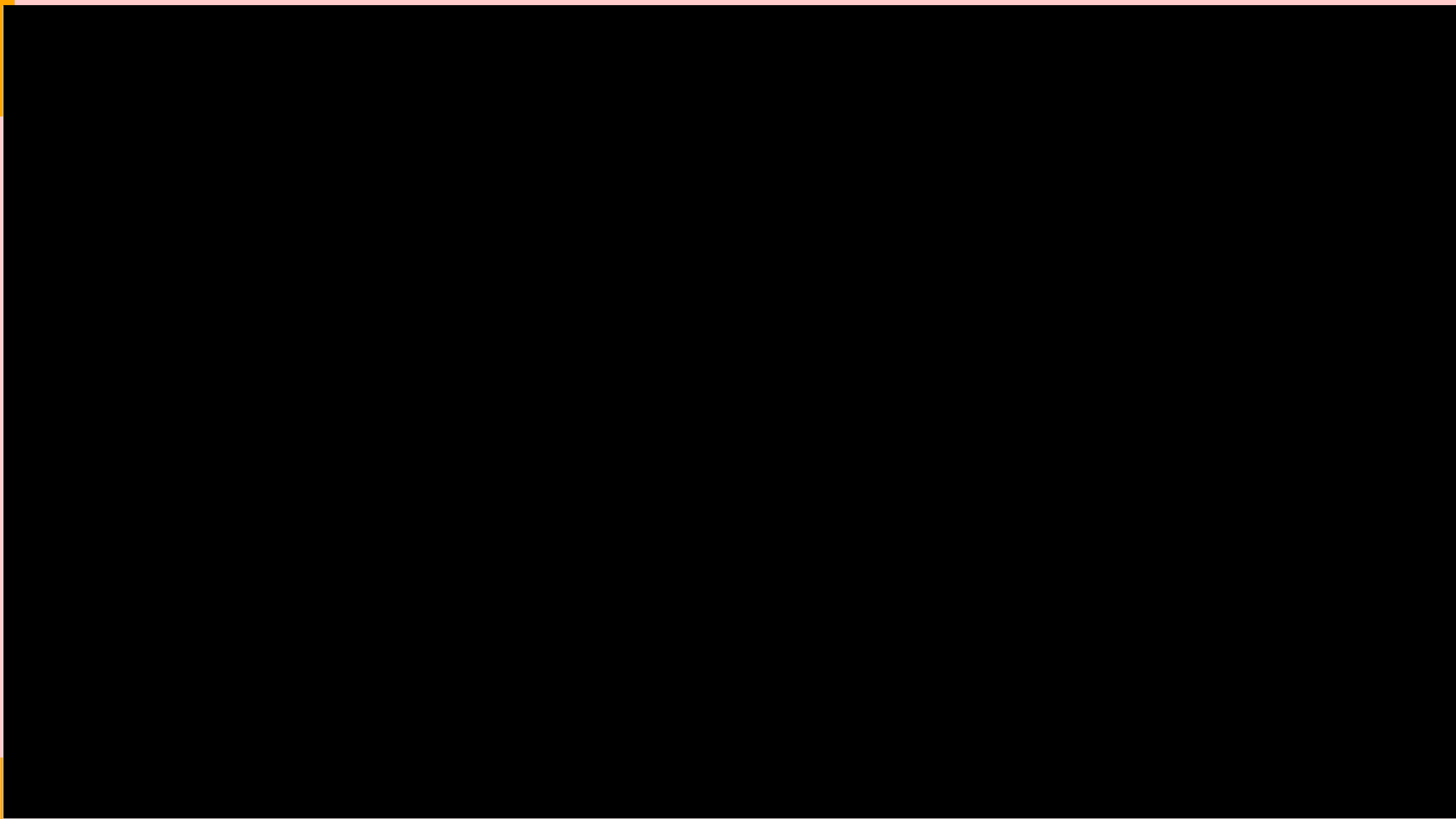


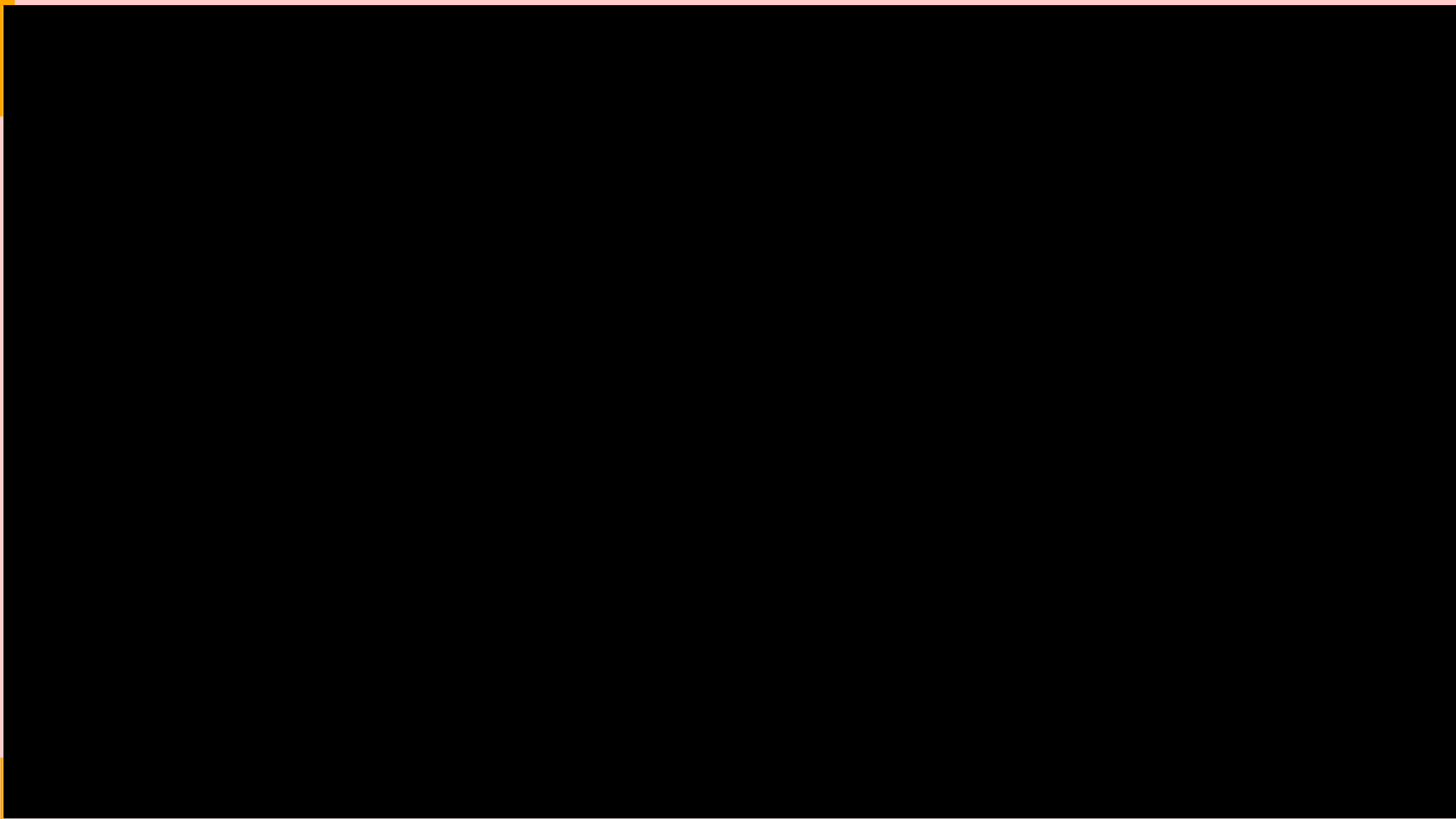


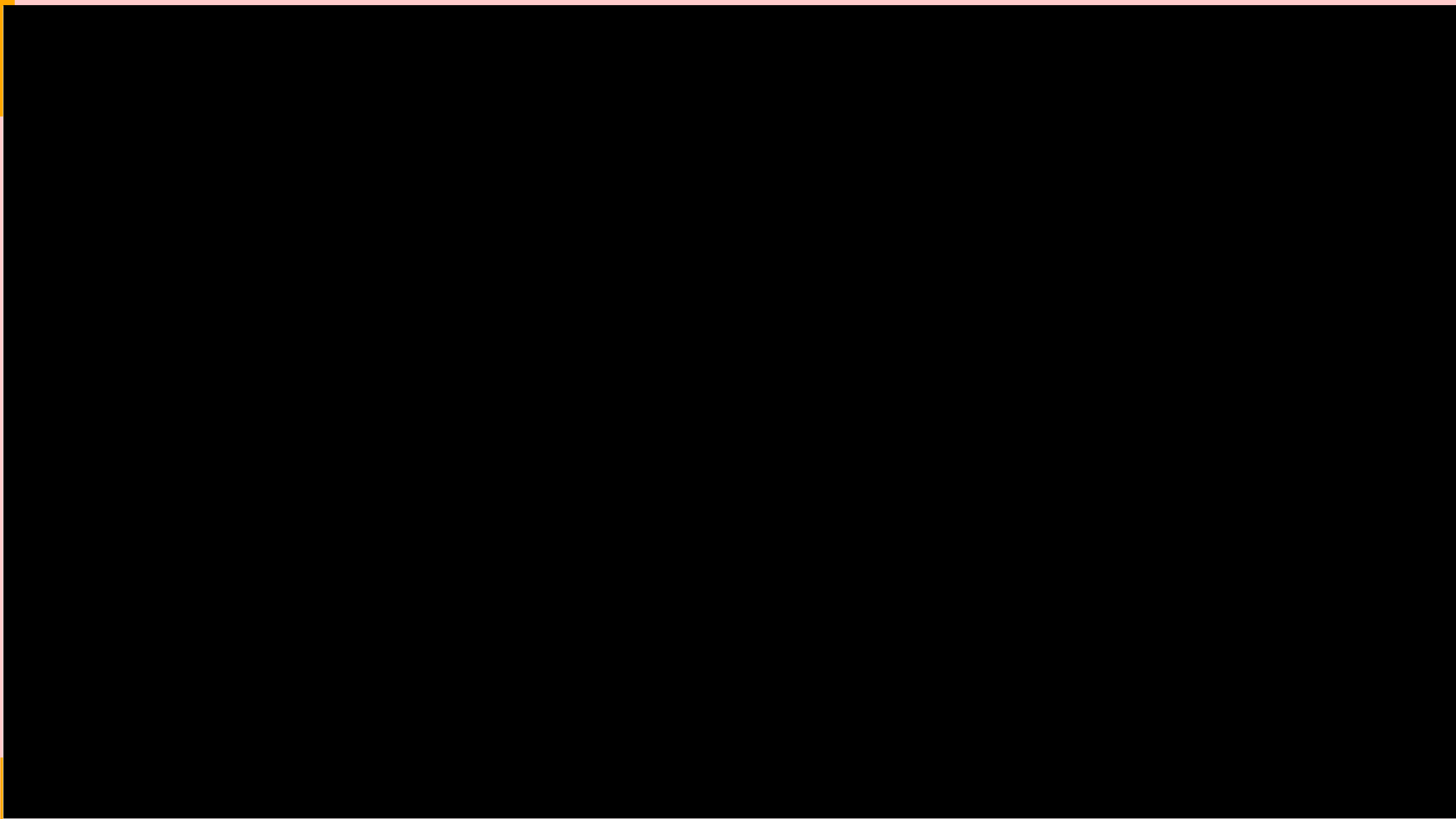


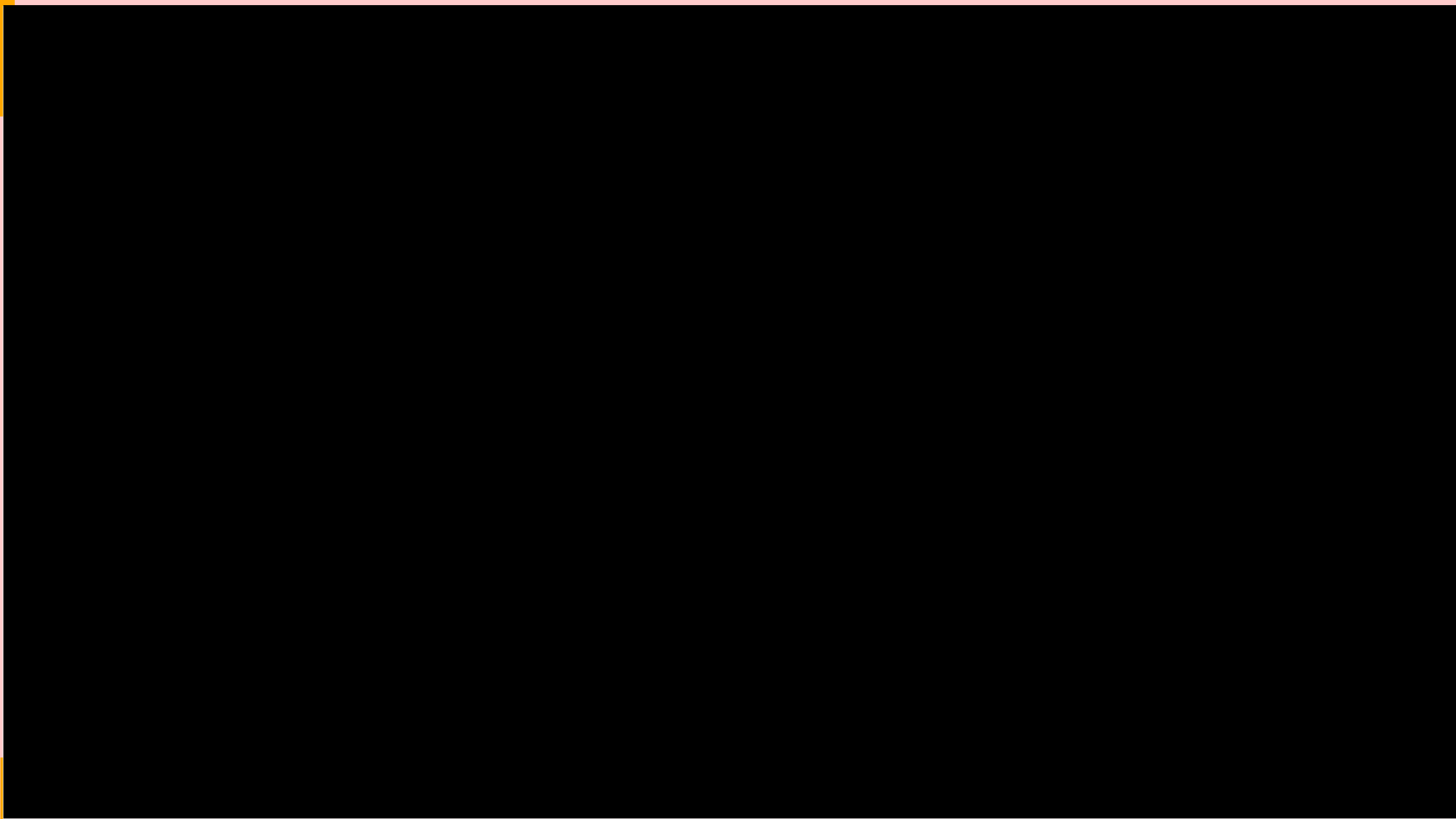


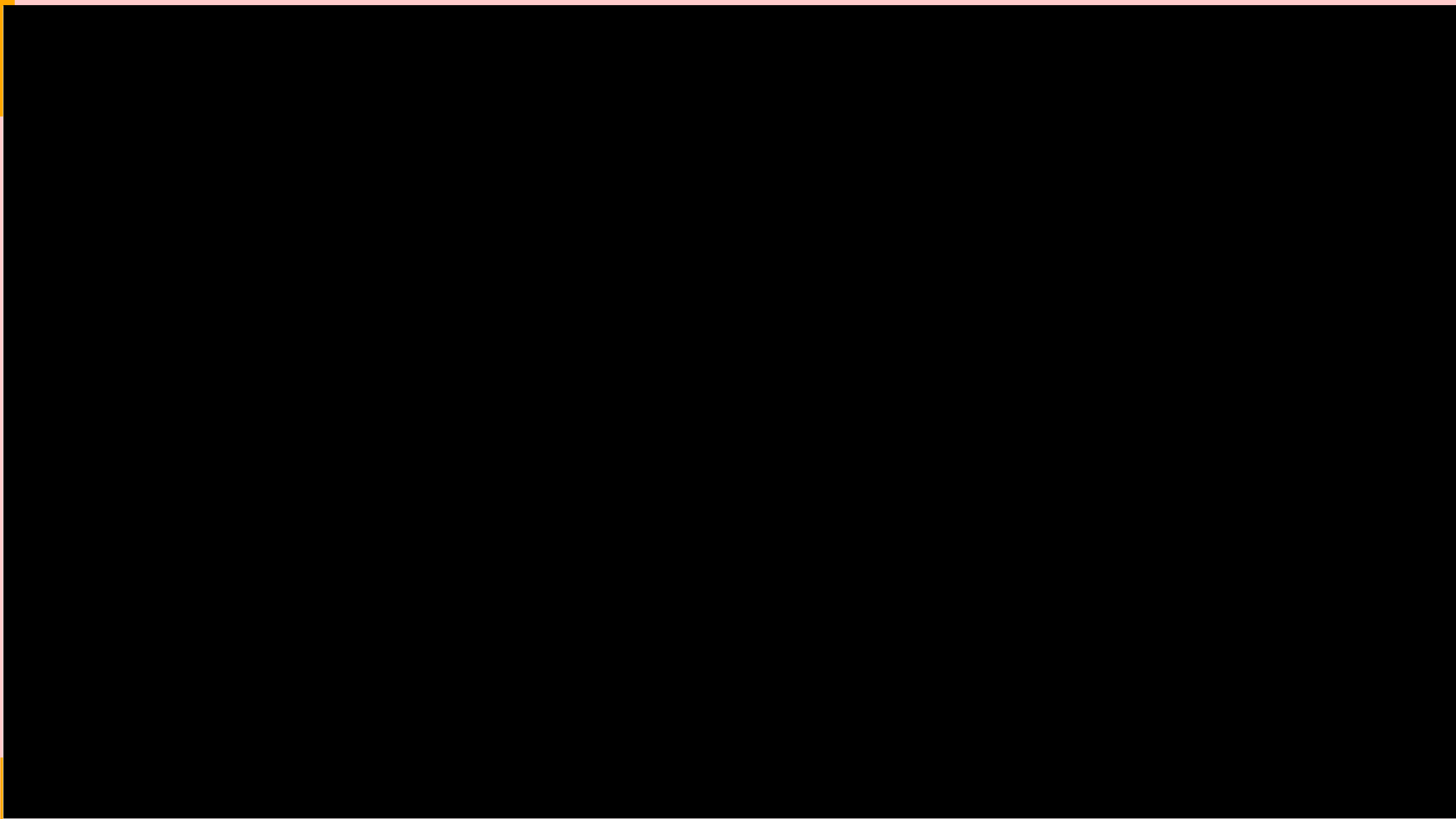


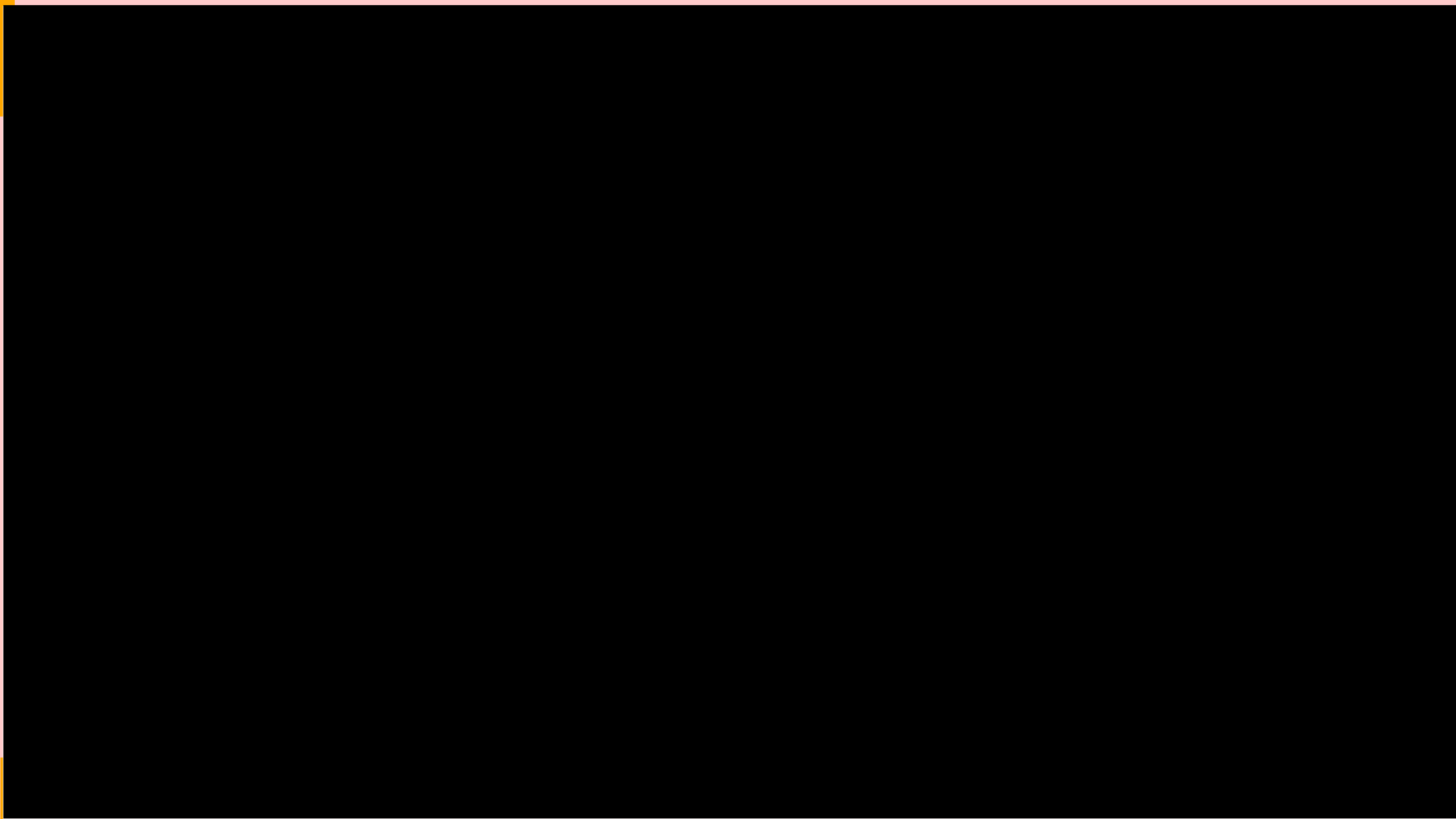


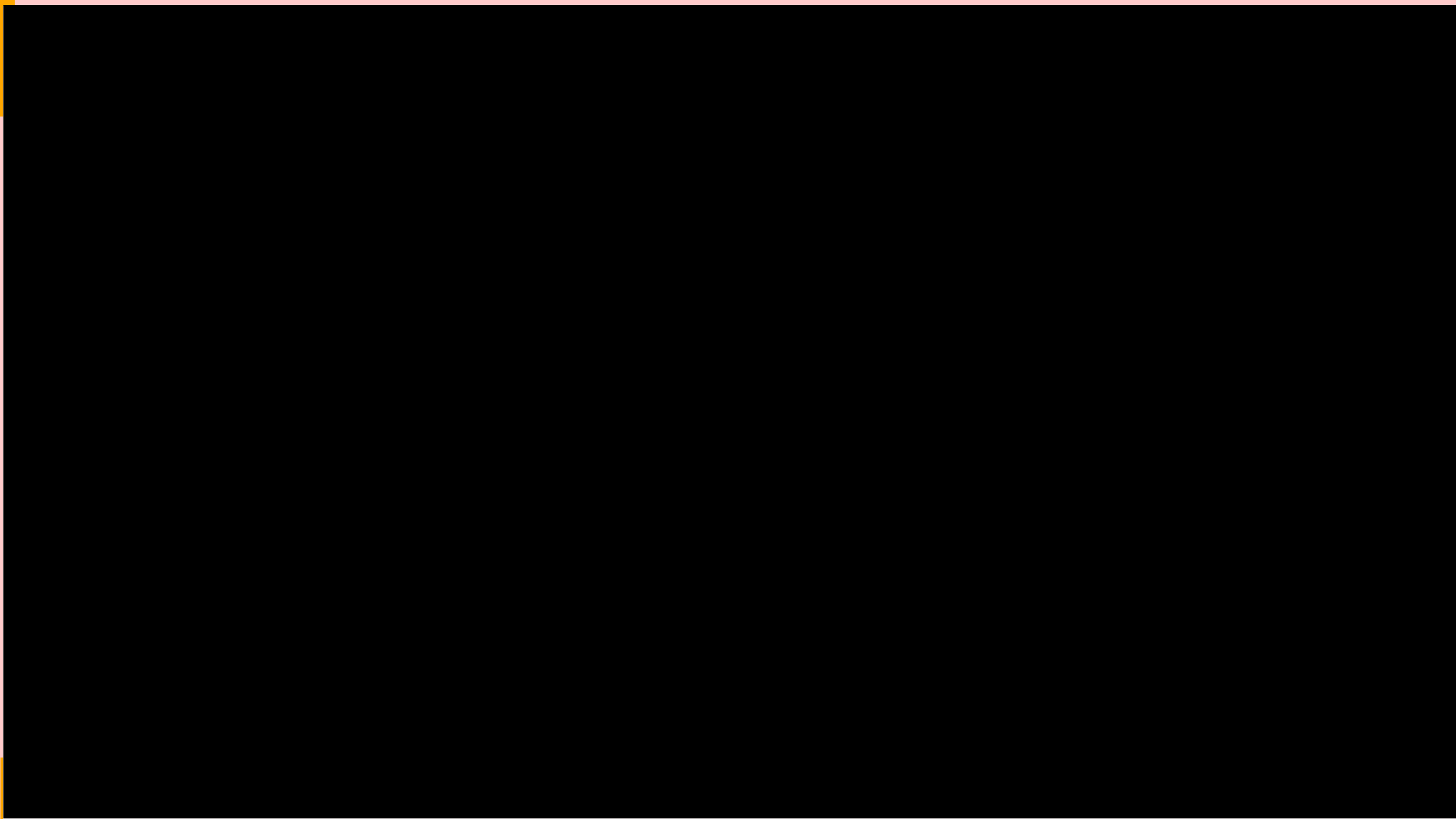


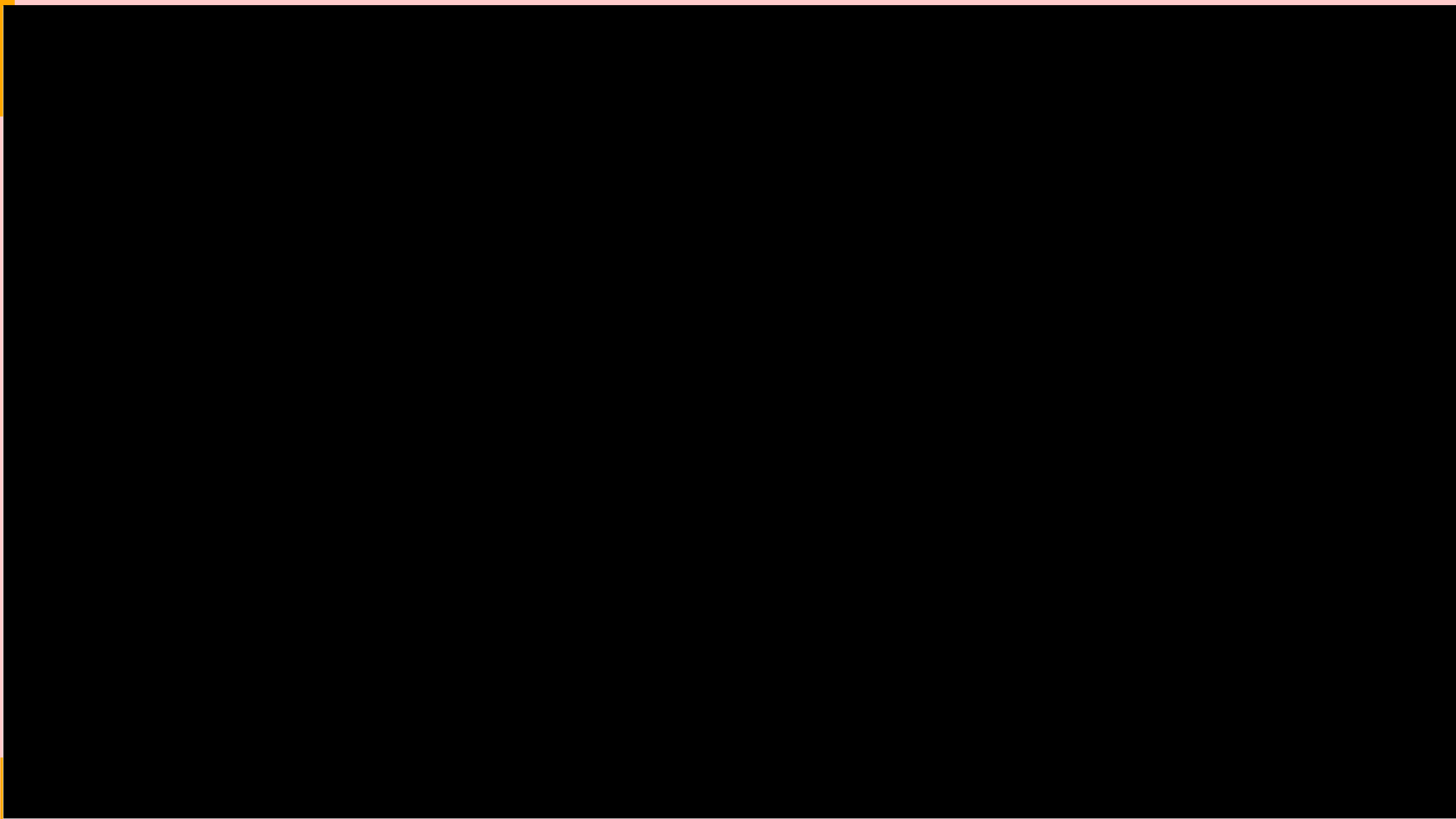


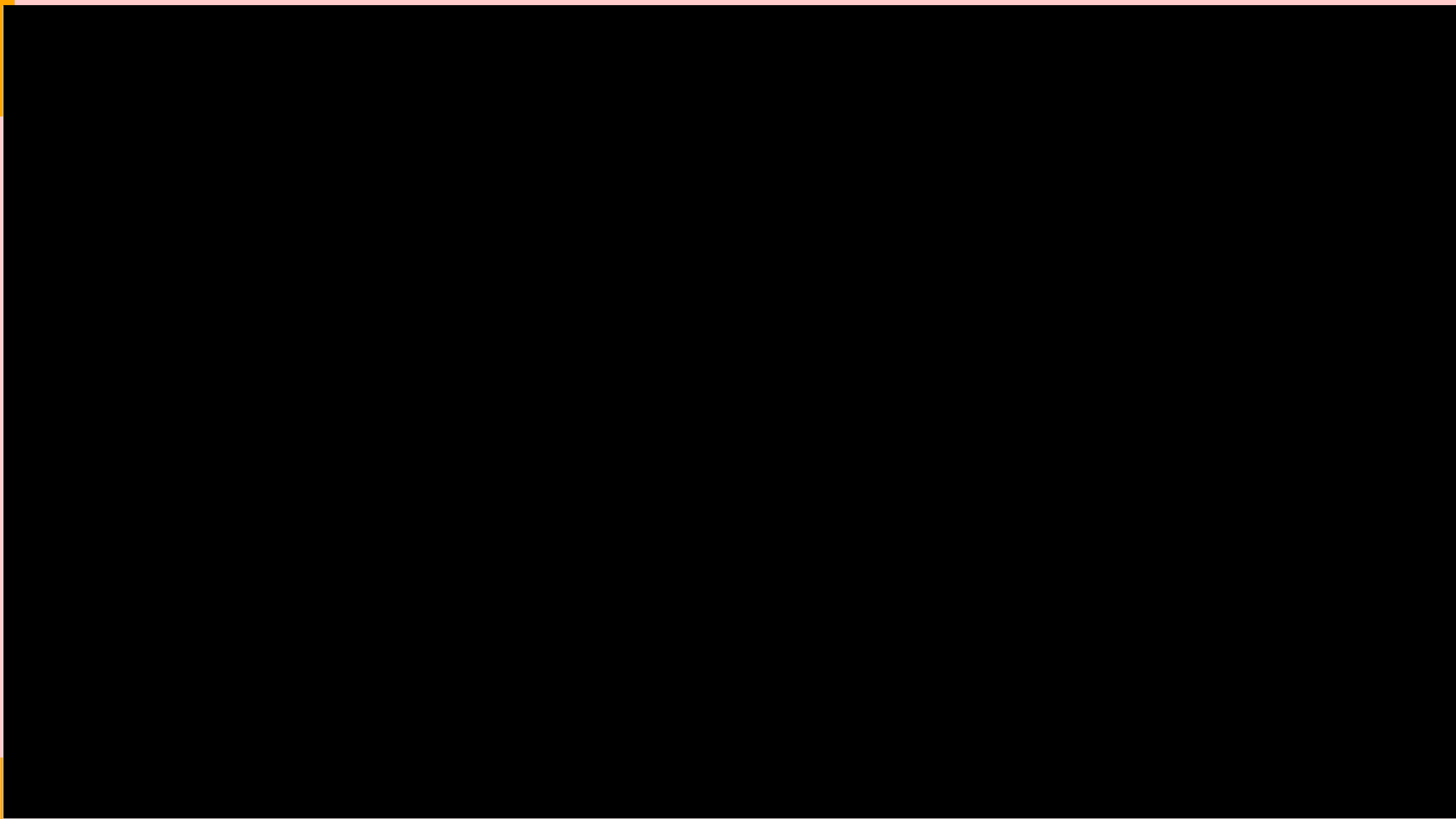


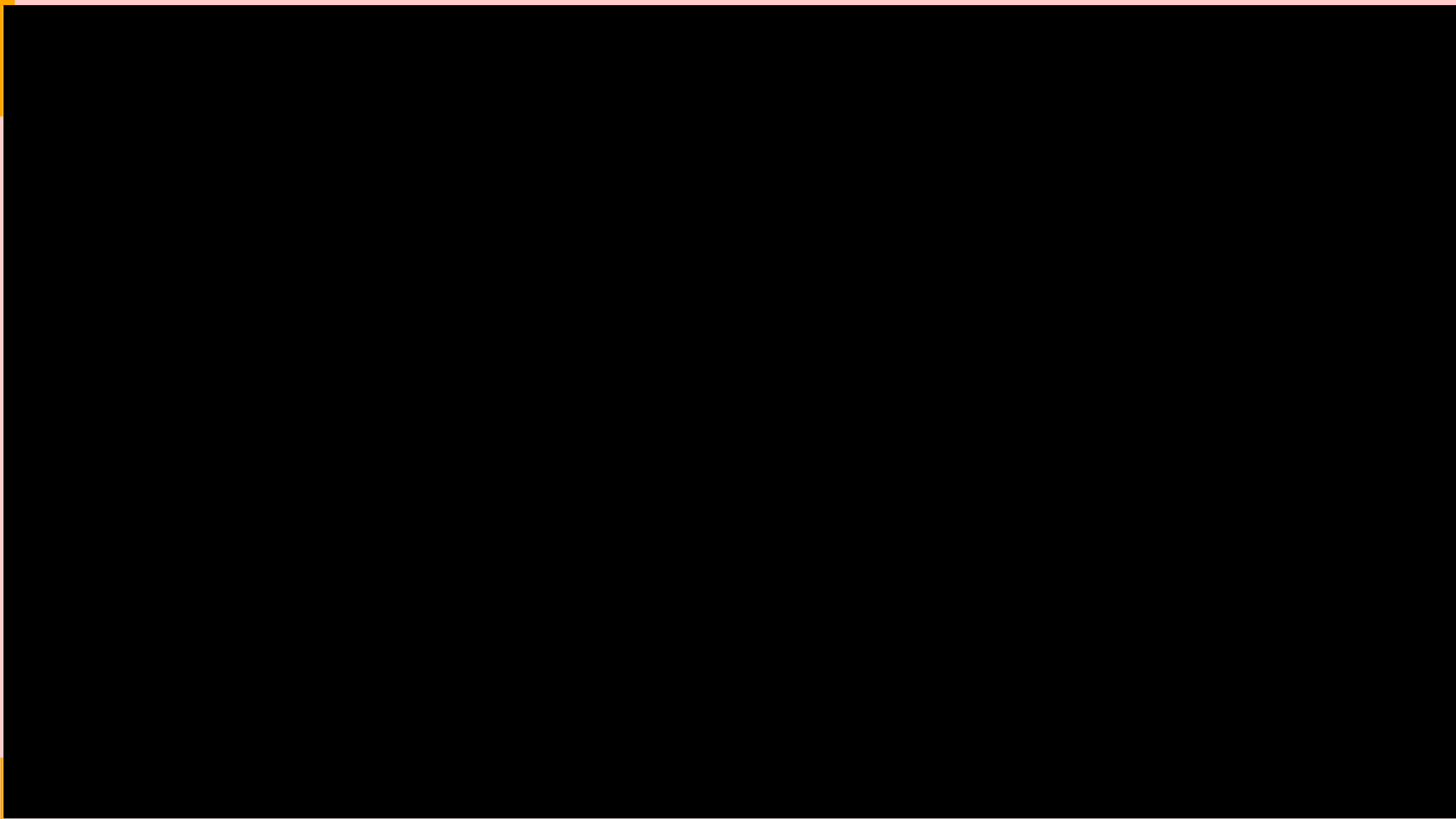












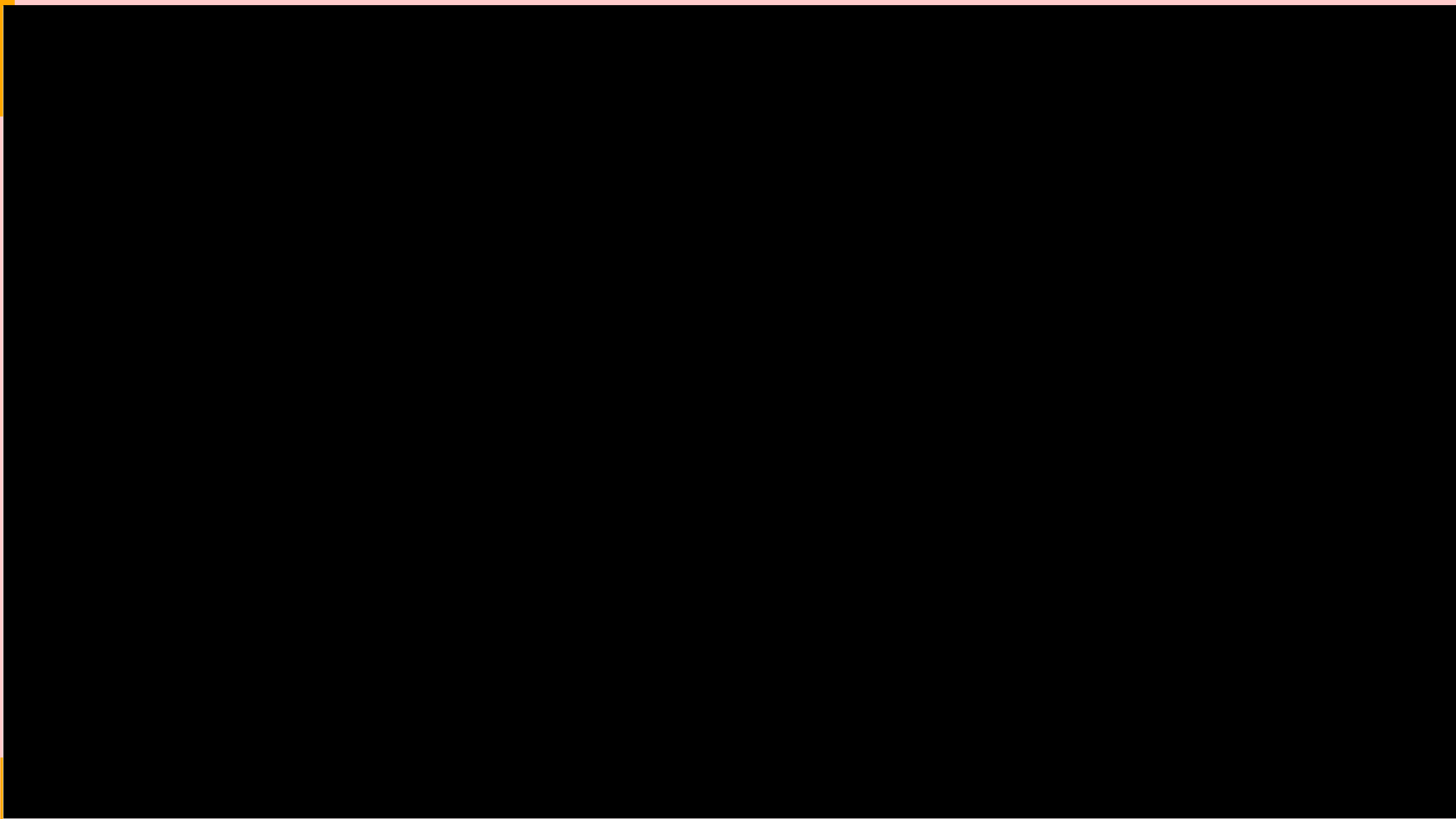
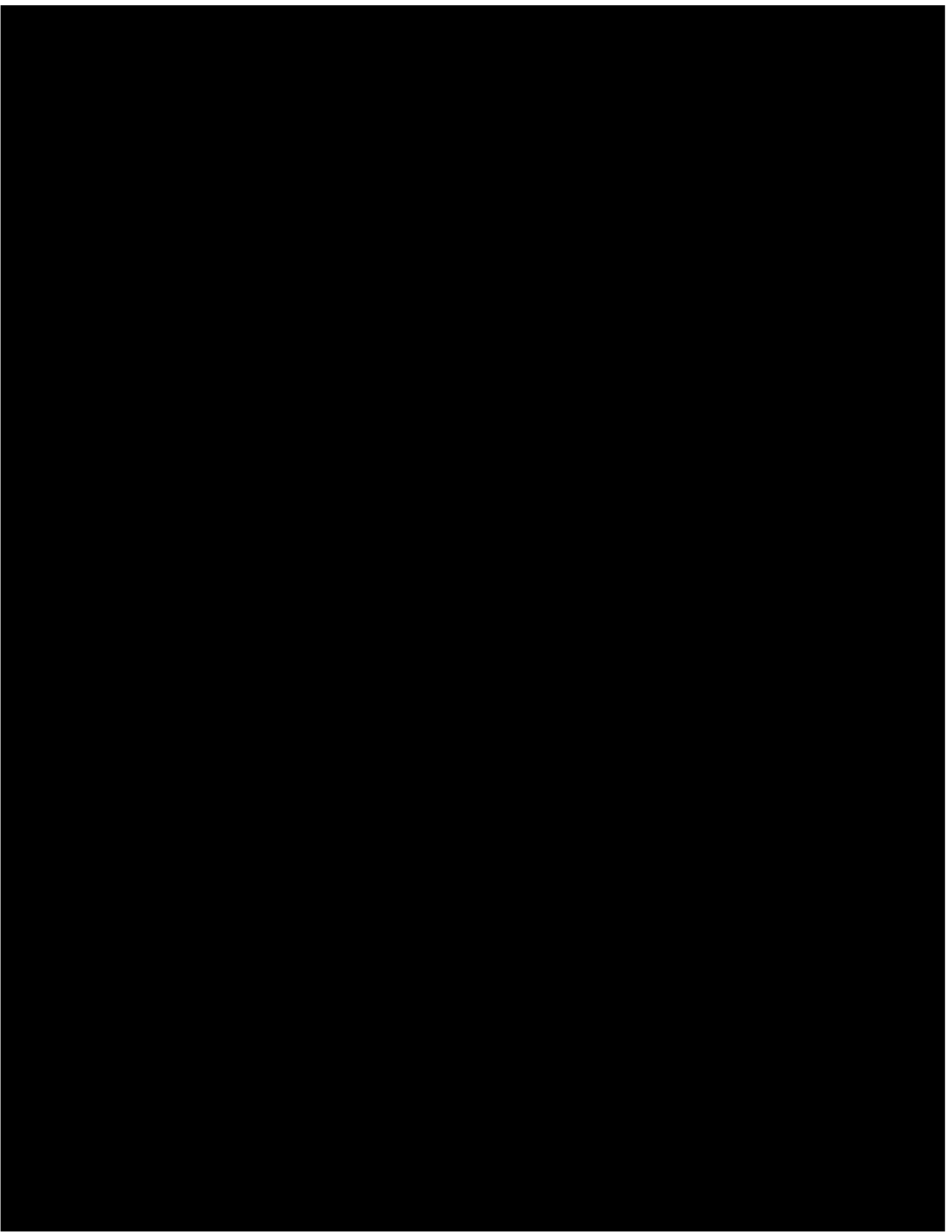


EXHIBIT 16



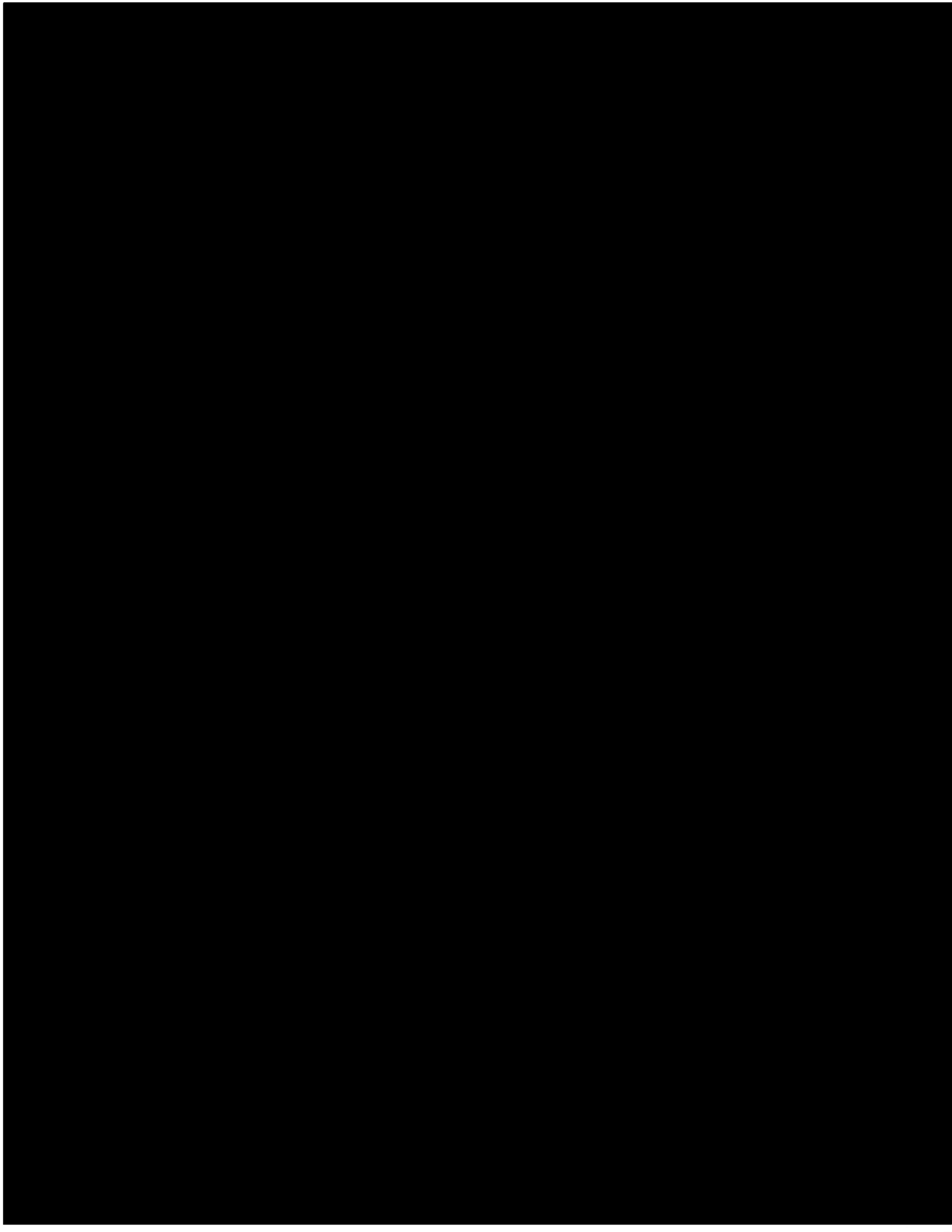


EXHIBIT 17

BEGDOC# VID00379312

EXHIBIT 18

Court File No. **T-1335-21****FEDERAL COURT**

BETWEEN:

TELUS COMMUNICATIONS INC.

- and -

VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL MOBILITY INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC., IRISTEL INC., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES., LEMALU HOLDINGS LTD., MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL INC., TBAYTEL, TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD., XPLORNET COMMUNICATIONS INC.

Respondents

Application under Section 18 of the *Federal Courts Act***NOTICE OF APPLICATION****TO THE RESPONDENTS:**

A PROCEEDING HAS BEEN COMMENCED by the Applicant. The relief claimed by the Applicant appears on the following page.

THIS APPLICATION will be heard by the Court at a time and place to be fixed by the Judicial Administrator. Unless the Court orders otherwise, the place of hearing will be as requested by the Applicant. The Applicant requests that this application be heard at Toronto, Ontario.

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| | 26-Aug-2021 | |
| Sherri Ally Applicant | | |
| Toronto, ONT | | -1- |



IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or a solicitor acting for you must file a notice of appearance in Form 305 prescribed by the *Federal Courts Rules* and serve it on the Applicant's solicitor or, if the Applicant is self-represented, on the Applicant, **WITHIN 10 DAYS** after being served with this notice of application.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO OPPOSE THIS APPLICATION, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

Date August 26, 2021 Issued by Sherri Ally
(Registry Officer)
Address of
local office: 180 Queen Street West
Suite 200
Toronto, Ontario
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TO: THE REGISTRAR

for service on the Minister of Industry and the Attorney General of Canada pursuant to Rules 133(1) and 304(1)(b)(i) and (iii) of the *Federal Courts Rules*

AND TO: **VIDEOTRON LTEE**
612 rue St-Jacques
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regaffairs@quebecor.com

AND TO: **FIBRENOIRE INC.**
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regaffairs@quebecor.com

AND TO: **BELL MOBILITY INC.**
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- AND TO: **BRAGG COMMUNICATIONS INC.**
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- AND TO: **CITYWEST CABLE AND TELEPHONE CORP**
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- AND TO: **COGECO CONNEXION INC.**
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- AND TO: **COMCENTRIC NETWORKING INC.**
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- AND TO: **ECOTEL INC**
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- AND TO: **IRISTEL INC.**
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- AND TO: **1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES**
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- AND TO: **508896 ALBERTA LTD. O/A NETAGO**
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- AND TO: **SASKATCHEWAN TELECOMMUNICATIONS**
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- AND TO: **SOGETEL INC.**
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APPLICATION

THIS IS AN APPLICATION FOR JUDICIAL REVIEW IN RESPECT OF the decision of the Minister of Industry (the “**Minister**”) finding Vidéotron ltée (“**Vidéotron**”) eligible to bid on set-aside spectrum in British Columbia, Alberta and Manitoba in the auction of 3500 MHz band spectrum licences conducted between June 15, 2021 and July 23, 2021 (the “**Auction**”) by the Department of Innovation, Science and Economic Development Canada (“**ISED**”), which was communicated to the Applicant on July 29, 2021 (the “**Decision**”).

THE APPLICANT MAKES APPLICATION FOR:

1. An order quashing and setting aside the Decision;
2. An order declaring that Vidéotron is disqualified from the Auction for set-aside spectrum in British Columbia, Alberta and Manitoba;
3. An order declaring that Vidéotron’s bids for set-aside spectrum in British Columbia, Alberta and Manitoba in the Auction were invalid;
4. An order enjoining or prohibiting the Minister from issuing spectrum licences to Vidéotron or its affiliated or associated entities authorizing them to utilize set-aside spectrum in British Columbia, Alberta and Manitoba;
5. An order declaring that any licences issued to Vidéotron or its affiliated or associated entities for set-aside spectrum in British Columbia, Alberta and Manitoba pursuant to the Auction are revoked or forfeited;

6. An order that any licences issued to Vidéotron or its affiliated or associated entities for set-aside spectrum in British Columbia, Alberta and Manitoba pursuant to the Auction be the subject of a new auction;
7. The costs of this application; and
8. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

The Minister's Management of Spectrum

8. The radio frequency spectrum consists of electromagnetic radio waves of varying frequencies used for sending or receiving communication. Access to and use of spectrum in Canada is governed by the *Radiocommunication Act*.
9. The Minister is responsible for spectrum management in Canada. As such, the Minister has responsibility for developing national policies for spectrum utilization and ensuring effective management of the radio frequency spectrum resource.
10. Spectrum is used by telecommunications service providers to provide services such as voice (telephony), text messaging and Internet access that enables the transmission of video, photos, music and other Internet-based applications over wireless devices such as mobile phones.
11. From time to time, the Minister issues spectrum licences authorizing the use of certain spectrum to telecommunications carriers through auction.

The 3500 MHz Spectrum Auction

12. Between around June 15, 2021 and July 23, 2021, ISED conducted the Auction to authorize the use of radio frequencies in the 3500 MHz band for the provision of telecommunications services to the public with a view to facilitating the deployment of 5G services. “5G” refers to the fifth generation of wireless networks, which are based on a technology that permits faster connectivity and ultra-low latency (delays in the transfer of data) to support advanced wireless services. Due to the unique physical characteristics of spectrum in the 3500 MHz band, and the global ecosystem of wireless devices designed to use this spectrum, licences for spectrum in the 3500MHz band are critical to providing 5G services.

13. In order to apply to participate in the Auction, applicants completed an Auction application that consisted of several application forms (the “**Application**”).

14. Twenty-three bidders were approved to participate in the Auction (the “**Bidders**”). In total, 1,495 out of 1,504 available licences were awarded to fifteen Bidders. The successful Bidders committed to pay the Government of Canada \$8.91 billion for these licences.

15. The Applicant TELUS Communications Inc. (“**TELUS**”) provides a range of telecommunications products and services to the Canadian public, including wireless telecommunications services. It was a Bidder in the Auction, including for spectrum in British Columbia, Alberta and Manitoba. It spent more than \$1.947 billion to obtain licences in the Auction.

16. The Respondent Vidéotron provides telecommunications services in Ontario and Quebec. It was a Bidder which was awarded spectrum licences, including licences for Set-Aside Spectrum (defined below) in British Columbia, Alberta and Manitoba.

17. The Respondent Fibrenoire inc. (“**Fibrenoire**”) is an affiliate of Vidéotron that appears to provide fibre optic network services in Quebec City, Montreal, Ottawa and Toronto.

18. The remaining Respondents are the other Bidders that participated in the Auction.

The Minister’s Publication of the Auction Rules

19. In 2019, the Minister conducted public consultations in which prospective auction participants and members of the public were given an opportunity to submit comments on matters related to the Auction design, including the advisability of setting aside spectrum for a certain category of bidder and the rules that would govern eligibility for set-aside spectrum. TELUS, Vidéotron and other Respondents participated in those consultations.

20. In March 2020, in a document entitled *Policy and Licensing Framework for Spectrum in the 3500 MHz Band* (the “**Framework**”), the Minister announced the framework and rules in accordance with which the Auction was to take place.

21. Pursuant to the Framework, ISED reserved a portion of spectrum (approximately 25% of the total band) for certain eligible service providers to bid on,

to the exclusion of national mobile service providers TELUS, Bell and Rogers (the “**Set-Aside Spectrum**”).

22. Following the release of the Framework, ISED accepted questions regarding the Framework. In December 2020, ISED published its answers to these questions in a document titled “Responses to Clarification Questions on the Policy and Licensing Framework for Spectrum in the 3500 MHz Band” (the “**Clarification Document**”).

23. The Framework was updated April 26, 2021 and the Clarification Document was updated four times: February 11 and 16 and March 15 and 26, 2021.

The Published Eligibility Criteria to become Set-Aside Bidder

24. In Canada, spectrum licences are granted to telecommunications companies to provide coverage over specific geographic areas known as “service areas”. There are four tier sizes of service areas:

- (a) Tier 1 is a single national service area that covers all of Canada;
- (b) Tier 2 consists of 14 large service areas that together cover all of Canada. British Columbia, Alberta and Manitoba are each their own Tier 2 service area;
- (c) Tier 3 consists of 59 smaller regional service areas; and
- (d) Tier 4 consists of 172 localized service areas.

25. British Columbia, Alberta and Manitoba are each a Tier 2 service area. Each Tier 2 service area includes multiple Tier 4 service areas. The Framework specified

that 3500 MHz licences issued through the Auction process would be for Tier 4 service areas.

26. The criteria to become a bidder eligible to bid on Set-Aside Spectrum (a “**Set-Aside Bidder**”) was announced to all Bidders, including the Applicant, in the Framework as follows:

Eligibility to bid on set-aside spectrum will be limited to those registered with the CRTC as facilities-based providers that are not national mobile service providers, and **that are actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area of interest**, effective as of the date of application to participate in the 3500 MHz auction. [Emphasis added].

27. The Framework further provided:

In its assessment of a bidder's eligibility to bid on the set-aside spectrum, ISED will determine whether commercial telecommunications services are actively being provided to the general public in the service area by the potential bidder. Potential bidders will be required to demonstrate this by providing relevant documentation to ISED, which will include, but not be limited to, descriptions of:

- the services being offered in the service area;
- the retail/distribution network; and
- how subscribers access services and the number of subscribers in the service area.

28. The Framework stated that the purpose of limiting Set-Aside Bidders to those who were already “actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area” was to “promote optimal spectrum utilization and deployment.”

29. In order to apply to bid on Set-Aside Spectrum, applicants were required to complete a section of the Application titled *Form 4 – Eligibility for Set-Aside Spectrum* (the “**Set-Aside Spectrum Form**”).

30. The Set-Aside Spectrum Form required Set-Aside Spectrum applicants to indicate the Tier 2 service area in which they were applying to bid as a Set-Aside-Bidder and, within those Tier 2 service areas, the individual Tier 4 localized areas where they were actively providing commercial telecommunications services to the general public, and the number of subscribers in each such local area.

31. The Set-Aside Spectrum Form required applicants to provide documentation in support of their eligibility. Specifically, it asked applicants for documentation demonstrating:

- (a) the services being offered by Tier 4 service area;
- (b) the retail/distribution network by Tier 4 service area;
- (c) how subscribers access services and the number of subscribers in the Tier 4 service area; and
- (d) any other relevant information to support their eligibility.

32. Applicants were required to certify in the Set-Aside Spectrum Form that the information provided in the form and the attached documentation “is true and correct.”

33. Both the Framework and the Application provided that where an applicant fails to comply with the rules contained therein:

- (a) the applicant may be disqualified from bidding or continuing to bid;
- (b) the applicant's bids may be deemed invalid;
- (c) any and all licences issued to the applicant may be revoked;
- (d) the applicant may lose the eligibility to apply for a flexible use licence;
- (e) the applicant may be subject to forfeiture penalties; and
- (f) the applicant may be subject to administrative monetary penalties or prosecution under the *Radiocommunication Act*.

34. The Clarification Document provided that the Minister would determine the eligibility of Set-Aside Spectrum applicants "based upon the information provided by the applicant as assessed against the set-aside eligibility criteria in accordance with the Framework."

35. The Clarification Document also stated that Auction applicants were permitted to qualify as a Set-Aside-Bidder based on the eligibility of one or more affiliates that were registered with the CRTC as facilities-based providers, where the affiliate was actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area. Auction applicants were required to disclose their affiliates in their Application.

36. The Applicant had a legitimate expectation that eligibility as a Set-Aside Bidder would be determined as announced in the Framework and the Clarification Document, and that applicants that did meet the published criteria would not be permitted to bid

for Set-Aside Spectrum — in the absence of notice, further consultation and a formal amendment to or clarification of the announced eligibility criteria.

Decision that Vidéotron Qualified as Set-Aside Bidder Communicated to TELUS

37. Before and during the Auction, ISED did not disclose to other Bidders which Bidders were deemed eligible to participate as Set-Aside-Bidders.

38. As provided for in the Framework, ISED used anonymous bidding for all stages of the Auction. The fact that Vidéotron was bidding for Set-Aside Spectrum was not disclosed in the course of the Auction.

39. On July 29, 2021, ISED released the results of the Auction to the public. This was the first communication to TELUS that the Minister had granted Vidéotron status as a Set-Aside Bidder in Tier 2 areas in Manitoba, Alberta and British Columbia.

40. Vidéotron was successful in winning 69 licences in British Columbia across 17 Tier-4 service areas; 40 licences in Alberta across 19 Tier-4 service areas; and 21 licences in Manitoba across 9 Tier-4 service areas. Of these, all but two were Set-Aside licences.

ISED's August 11 Letter to the Applicant

41. By letter dated August 3, 2021, the Applicant requested that ISED provide it with a copy of the decision, analysis, and supporting evidence from which it determined the eligibility of Vidéotron to bid for Set-Aside Spectrum.

42. On August 11, 2021, ISED responded to the Applicant (the “**August 11 Letter**”) and wrote that it did not intend to publish post-auction documentation regarding the basis on which set-aside eligibility was granted, including application materials. It stated that it would not release Vidéotron’s application, any documents supporting eligibility that had been provided to ISED by Vidéotron or ISED’s analysis.

43. The August 11 Letter does disclose that in its application for set-aside eligibility in British Columbia, Alberta, and Manitoba, Vidéotron described its activities as “provid[ing] over-the-top business Internet services in these areas through its affiliate, Fibrenoire Inc.”

Vidéotron did Not Meet the Published Eligibility Criteria to be a Set-Aside Bidder

44. Neither Vidéotron nor Fibrenoire met the eligibility criteria that were announced to all Bidders, including the Applicant, in the Framework and the Clarification Document for qualification as a Set-Aside Bidder in British Columbia, Alberta and Manitoba.

45. In particular, neither Vidéotron nor Fibrenoire were offering and actively providing commercial telecommunications services to the general public in British Columbia, Alberta and Manitoba.

46. In a PowerPoint deck for a presentation to investors on July 30, 2021, relating to the auction results, Quebecor, Vidéotron’s parent company, admitted that it does not actively provide commercial telecommunications services to the general public in British Columbia, Alberta or Manitoba, stating: “Acquiring spectrum is the first step towards expansion outside Québec” (emphasis added).

47. In Quebecor's August 5, 2021 Q2 Earnings Call, Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor, admitted: "The outcome of this auction is for us, but the first essential step towards the expansion of our telecom services outside of our own base of connection to key markets of Ontario and Western Canada ..." (emphasis added).

48. In Quebecor's press release describing Vidéotron's acquisition of Fibrenoire, Fibrenoire is described as: "a telecommunications company specializing exclusively in fibre-optic connectivity services for businesses in Québec and Ontario" (emphasis added). Vidéotron's President and CEO stated that the acquisition "will equip us to continue our growth in the Québec business market" (emphasis added).

49. Fibrenoire continues to describe itself in a similar manner today. On its website, it describes itself as "a team of experts who are passionate about fibre optics. We are geeks exclusively specialized in fiber optic connectivity services for businesses in Quebec and Ontario. We deploy and operate our own fibre optic network in Montreal, Toronto, Ottawa and Quebec City" (emphasis added).

The Minister's Decision should be Set Aside

50. The Minister's Decision lacked procedural fairness and is a breach of natural justice. The Minister either did not apply the eligibility criteria announced to all Bidders with respect to Vidéotron; or the Minister changed the criteria without informing the other Bidders and providing due notice and opportunity for comment on the change.

51. In the alternative, the Minister committed a reviewable error by applying the eligibility criteria to Vidéotron's Application in an unreasonable manner.

52. Sections 5(1)(a)(i.1), (1.4) and (1.5) of the *Radiocommunication Act*, R.S.C. 1985, c. R-2, as amended.

53. Sections 5 and 6 of the *Department of Industry Act*, SC 1995, c. 1.

54. Sections 2 and 24 of the *Telecommunications Act*, SC 1993, c 38.

55. Sections 18(1)(a), (b), 18.1(1), 18.1(3), 18.1(4) and 44 of the *Federal Courts Act*, R.S.C. 1985, c. F-7.

56. Rule 317(1) of the *Federal Courts Rules*, SOR/98-106.

57. Such further and other grounds as counsel may advise and this Honourable Court permit.

THIS APPLICATION WILL BE SUPPORTED BY THE FOLLOWING MATERIAL:

1. The affidavits of an affiant(s) to be identified;
2. Such other material as counsel may advise and this Honourable Court permit.

THE APPLICANT requests, pursuant to Rule 317 of the *Federal Courts Rules*, that the Minister send a certified copy of all material relevant to this application that is in the possession of the Minister to the Applicant and to the Registry, including the following materials:

1. Every record that was before the Minister when the Decision was made;
2. All records relating to the Minister's assessment of Vidéotron's eligibility as a Set-Aside Bidder;

3. Vidéotron's Auction application materials including its Application, Set-Aside Spectrum Form, and supporting documentation;
4. Any request by the Minister for additional documentation from Vidéotron relating to its eligibility as a Set-Aside Bidder and Vidéotron's response; and
5. The Minister's analysis, supporting evidence, and reasons for the Decision.

August 26, 2021

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Stephen Schmidt LSO #41762R

Tel: 613-597-8363

Solicitors for the Applicant

EXHIBIT 19

Court File No. T-1322 -21

ID1

FEDERAL COURT

B E T W E E N :

BELL MOBILITY INC.

- and -

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| Applicant | | | |
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VIDÉOTRON LTÉE, FIBRENOIRE INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC, IRISTEL INC., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES, LEMALU HOLDINGS LTD., MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL INC., TBAYTEL, TELUS COMMUNICATIONS INC., TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD., and XPLORNET COMMUNICATIONS INC.

Respondents

APPLICATION FOR JUDICIAL REVIEW UNDER Section 18.1 of the *Federal Courts Act* (Canada)

NOTICE OF APPLICATION**TO THE RESPONDENTS:**

A PROCEEDING HAS BEEN COMMENCED by the Applicant. The relief claimed by the Applicant appears on the following page.

THIS APPLICATION will be heard by the Court at a time and place to be fixed by the Judicial Administrator. Unless the Court orders otherwise, the place of hearing will be as requested by the Applicant. The Applicant requests that this application be heard at Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you

or a solicitor acting for you must prepare a notice of appearance in Form 305 prescribed by the *Federal Courts Rules* and serve it on the Applicant's solicitor, or where the Applicant is self-represented, on the Applicant, WITHIN 10 DAYS after being served with this notice of application.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO OPPOSE THIS APPLICATION, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

August 26, 2021

Issued by: "Alice Prodan Gil"

Address of
local office: Federal Court
180 Queen Street West
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TO: The Honourable David Lametti
Minister of Justice and Attorney General of Canada
284 Wellington Street
Ottawa, Ontario K1A 0H8

(service effected pursuant to Rule 133 of the *Federal Courts Rules*)

AND TO: The Honourable François-Philippe Champagne
Minister of Innovation, Science and Industry
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(service effected pursuant to Rule 133 of the *Federal Courts Rules*)

- AND TO:** Vidéotron ltée
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APPLICATION

THIS IS AN APPLICATION FOR JUDICIAL REVIEW IN RESPECT OF: a decision (the “**Vidéotron Decision**”) by the respondent, the Minister of Innovation, Science and Industry (the “**Minister**”) communicated to the applicant on July 29, 2021, in which the Minister determined that the respondent, Vidéotron ltée (“**Vidéotron**”) was eligible to bid on and provisionally awarded the set-aside licences listed at Schedule “A” hereto (the “**Schedule “A” Licences**”) in the Auction of Spectrum Licences in the 3500 MHz Band (the “**Spectrum Auction**”) conducted by the Department of Innovation, Science and Economic Development Canada (“**ISED**”) between June 15, 2021 and July 23, 2021.

THE APPLICANT MAKES AN APPLICATION FOR:

- a) An order quashing and setting aside the Vidéotron Decision;
- b) An order declaring that Vidéotron is disqualified from the Spectrum Auction for set-aside spectrum in British Columbia, Alberta and Manitoba;
- c) An order declaring that Vidéotron’s bids for set-aside spectrum in British Columbia, Alberta and Manitoba in the Spectrum Auction were invalid;
- d) An order enjoining or prohibiting the Minister from issuing spectrum licences to Vidéotron or its affiliated or associated entities authorizing them to utilize set-aside spectrum in British Columbia, Alberta and Manitoba;
- e) An order declaring that any licences issued to Vidéotron or its affiliated or associated entities for set-aside spectrum in British Columbia, Alberta and Manitoba pursuant to the Spectrum Auction are revoked or forfeited;
- f) An order that any licences issued to Vidéotron or its affiliated or associated entities for set-aside spectrum in British Columbia, Alberta and Manitoba pursuant to the Spectrum Auction be the subject of a new auction;
- g) The costs of this application; and

- h) Such further and other relief as counsel may advise and/or this Honourable Court may permit.

THE GROUNDS FOR THE APPLICATION ARE:

A. The Parties

1. Bell Mobility Inc. (“**Bell**”) provides telecommunications services to customers across Canada. Bell is one of the largest national wireless carriers in Canada, and participated in the Spectrum Auction.
2. Vidéotron also provides telecommunications services, and is a regional wireless carrier based in Quebec. It participated in the Spectrum Auction as well, and was permitted to bid on, and was provisionally awarded, the Schedule “A” Licences.
3. The remaining respondents are all telecommunications services providers in various regions of Canada. Each of the remaining respondents participated in the Spectrum Auction.

B. The Spectrum Auction and Set-Aside Eligibility

4. The Minister, through the *Department of Industry Act*, the *Radiocommunication Act* and the *Radiocommunication Regulations*, is responsible for radio frequency spectrum management and allocation in Canada. As such, the Minister is responsible for developing national policies for spectrum utilization and ensuring effective management of the radio frequency spectrum resource. The Minister, through ISED, announced, organized, and administered the Spectrum Auction.
5. Wireless spectrum is a critical resource for wireless carriers. For many years, the Minister has released spectrum for use by telecommunications companies through spectrum auctions, in which telecommunication companies competitively bid for licences to use radio frequencies within the spectrum band being auctioned.
6. The Minister’s discretion to award spectrum to any wireless carrier confers a significant privilege, and must be exercised in a manner that is consistent with the

statutory framework and associated policy objectives from which the Minister derives his jurisdiction. Pursuant to ss. 4(1)(k)(ii), 5(g), 5(h) and 6(a) of the *Department of Industry Act*, the Minister may initiate and implement policies and practices relating to spectrum management, provided he does so in a manner which: (a) promotes the establishment, development and efficiency of Canadian communications systems and facilities; (b) stimulates investment; and (c) encourages the fullest and most efficient and effective development and use of science and technology.

7. Section 5(1.1) of the *Radiocommunication Act* also permits the Minister to have regard to the objectives of Canadian telecommunications policy in s. 7 of the *Telecommunications Act* when exercising his discretion to issue spectrum licences and plan the allocation and use of spectrum. These objectives include: (a) facilitating the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; (b) rendering reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; and (c) enhancing the efficiency and competitiveness of Canadian telecommunications.

8. As part of the development of fifth generation (“5G”) wireless networking, the Minister, through ISED, is releasing spectrum in the 3500 MHz spectrum band. In March 2020, ISED published a licensing framework policy (*i.e.* the “**Auction Framework**”) to govern the Spectrum Auction.

9. The Auction Framework provides for various measures for the Spectrum Auction that are intended to promote a competitive marketplace, including spectrum set-asides. A spectrum set-aside ensures that a minimum amount of spectrum is reserved for certain facilities-based regional service providers to bid upon. The Auction Framework recognizes that this, in turn, provides increased opportunity for facilities-based regional service providers to compete more effectively against national mobile service providers, by facilitating the expansion of these smaller providers’ networks (including to rural areas). The Auction Framework for the Spectrum Auction provides a set-aside of approximately 25% of the total band for set-aside-eligible bidders.

10. Spectrum licences are granted within specific “service areas”. Service areas are sized from tier 1 to 5:

- (a) Tier 1: a national service area covering Canada;
- (b) Tier 2: fourteen large service areas that collectively cover Canada. Each of Manitoba, Alberta, and British Columbia is a separate Tier 2 service area;
- (c) Tier 3: fifty-nine smaller regional service areas;
- (d) Tier 4: 172 smaller local service areas. Each Tier 2 service area includes multiple Tier 4 service areas. The Auction Framework provided that granted licences would be for Tier 4 service areas; and
- (e) Tier 5: 654 smaller divisions of metropolitan areas, urban areas (medium and large population centres), rural areas and remote areas.

11. Under section 6.1 of the Auction Framework, bidding on set-aside spectrum is limited to entities satisfying the following definition, which is designed to “promote optimal spectrum utilization and deployment” and “facilitate the expansion of smaller providers’ networks, including to rural areas”:

Eligibility to bid on set-aside spectrum will be limited to those registered with the [Canadian Radio-television and Telecommunications Commission] as **facilities-based providers** that are not national mobile service providers, and that are **actively providing commercial telecommunications services to the general public** in the relevant Tier 2 service area of interest, effective as of the date of application to participate in the 3500 MHz auction. Services that are regulated under the *Broadcasting Act* will not be considered as “commercial telecommunications services” for the purposes of set-aside eligibility, however all services that are regulated under the *Telecommunications Act* may qualify. [Emphasis added.]

12. Section 6.1 of the Auction Framework defines “general public” as follows:

For the purposes of this decision, “general public” can include businesses, enterprises and institutions, as well as “traditional” residential consumers.

13. Section 6.1 of the Auction Framework further provides:

In its assessment of a bidder's eligibility to bid on the set-aside spectrum, **ISED will determine whether commercial telecommunications services are actively being provided to the general public in the service area by the potential bidder. Potential bidders will be required to demonstrate this by providing relevant documentation to ISED, which will include, but not be limited to, descriptions of:**

- the services being offered in the service area;
- the retail/distribution network; and
- how subscribers access services and the number of subscribers in the service area. [Emphasis added.]

14. In order to apply for set-aside-eligibility, applicants were required to complete *Form 4 – Eligibility for Set-Aside Spectrum* (the “**Set-Aside Application**”). The Set-Aside Application required applicants to identify the Tier 2 service areas in which they were applying to bid as set-aside-eligible and, further, the Tier 4 service areas where they were actively providing commercial telecommunications services to the general public, as well as the number of subscribers in each such service area. The Set-Aside Application also required applicants to submit documents to ISED demonstrating:

- (a) the services offered in each Tier 4 service area;
- (b) the retail/distribution network in each Tier 4 service area;
- (c) the number of subscribers in the Tier 4 service area and the manner in which they accessed services; and
- (d) any other relevant information supporting set-aside eligibility.

15. Section 12.11 of the Auction Framework provided non-compliance with the auction rules could result in one or more of the following outcomes depending on the circumstances:

- (a) the applicant may be disqualified from bidding or continuing to bid;
- (b) the applicant’s bids may be deemed invalid;

- (c) any and all licences issued to the applicant in the auction may be revoked;
- (d) the applicant may lose the eligibility to apply for a flexible use licence through the transition process;
- (e) the applicant may be subject to forfeiture penalties as outlined in section 12.10; and
- (f) the applicant may be subject to administrative monetary penalties or prosecution under the *Radiocommunication Act*.

16. Beginning in December 2020, ISED released answers to clarification questions asked about the Auction Framework (the “**Framework Clarifications**”). Framework Clarifications were released on a rolling basis. On March 15, 2021, in response to the question, “How does being an affiliate affect an applicant’s set-aside-eligibility?”, ISED answered as follows:

An applicant may be eligible to qualify as a set-aside-eligible bidder based on the eligibility of its affiliated entities or, where an applicant is a partnership, on the eligibility of the partners who control the applicant.

As long as the applicant itself is not affiliated with or controlled by a national mobile service provider, and where one or more affiliates or controlling partners of the applicant is registered with the Canadian Radio-television and Telecommunications Commission (CRTC) as a facilities-based provider, that applicant may be qualified as set-aside-eligible to bid in all licence areas where an affiliate or controlling partner is actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area, as set out in section 6.1 of the Framework.

All applicants must disclose their affiliates and, where applicable, any controlling partners of the applicant in their application form. Applicants who wish to be considered as set-aside-eligible bidders will have to **indicate and explain for each licence area**, if they are directly eligible or through which affiliate or controlling partner they are eligible. [Emphasis added.]

17. In response to the question, “Will [Innovation, Science and Economic Development Canada] publish post-auction documentation regarding where bidders

applied for set-aside eligibility and the basis upon which it was granted?”, ISED answered as follows:

No. However, as in past auction processes, a list of all qualified bidders, along with information related to their beneficial ownership, affiliates, and associated entities, will be made public via ISED’s website in accordance with the timelines stated in the Table of Key Dates. The number of eligibility points, financial deposit amounts, and eligibility status, including set-aside eligibility, will not be published. ISED makes its rulings on applicant set-aside eligibility based upon the **information provided by the applicant as assessed against the set-aside eligibility criteria** in accordance with the Framework. [Emphasis added.]

C. The Vidéotron Decision

18. On July 29, 2021, the Minister, through ISED, announced the provisional results of the Spectrum Auction. In doing so, the Minister communicated the Vidéotron Decision to Bell for the first time, disclosing that Vidéotron had been found eligible to bid on, and had provisionally won, set-aside licences for service areas in the provinces of Manitoba, Alberta, and British Columbia (*i.e.* the Schedule “A” Licences), in addition to over two-hundred other licences for service areas in Québec and Ontario. The Schedule “A” Licences were awarded to Vidéotron despite the fact that Vidéotron does not directly operate in Manitoba, Alberta, or British Columbia.

19. On August 3, 2021, Bell wrote to ISED explaining its surprise that Vidéotron had been permitted to bid on set-aside licences in Manitoba, Alberta, and British Columbia, a surprise shared by wireless industry analysts, including RBC Capital Markets¹ and Scotiabank.² Bell requested that ISED provide a copy of any decision

¹ RBC Capital Markets, Canadian Telecommunications Services 3500 MHz Auction Results Announced – The High and Low Cost of Doing Business (“surprisingly, Quebecor emerged as a qualified and successful bidder for set-aside spectrum outside of its existing cable and wireless footprint”).

² Scotiabank, Telecommunication Services Auction Conclusion Sets the Stage for Strategic Discussions (“it was not even clear that QBR was qualified to bid outside its wireless operating regions”).

and supporting reasons and evidence regarding the eligibility of Vidéotron to acquire set-aside spectrum pursuant to the Auction Framework in Manitoba, Alberta, and British Columbia, since Vidéotron does not operate in those provinces.

20. On August 11, the Minister, through ISED, responded by refusing to disclose further details about Vidéotron's application materials, stating only that Vidéotron had indicated in its application that "it provides over-the-top business Internet services in these areas through its affiliate, Fibrenoire Inc. [**"Fibrenoire"**]", an entity which is registered on the CRTC's List of Registered Telecommunications Providers as a non-dominant carrier:

... ISED considers evidence provided in support of set-aside eligibility such as customer identities and addresses to be commercially-sensitive, and in any event the disclosure of these specifics would not change the facts on which ISED's assessment was made, namely that the applicant had demonstrated it was providing telecommunications services to subscribers in the relevant service area. [Emphasis added.]

D. The Minister/ISED Unreasonably Interpreted and Applied the Auction Framework, Discriminated Among Bidders, and Exceeded Their Statutory Authority

21. For the reasons that follow, the Minister in the Vidéotron Decision unreasonably interpreted and applied the Auction Framework, unlawfully discriminated among bidders by applying the Auction Framework to them unevenly, and exceeded his statutory authority under the *Radiocommunication Act* and the *Department of Industry Act*.

22. *First*, the reasons the Minister gave, through ISED, for the Vidéotron Decision in response to Bell's request for information lacked transparency, intelligibility and justification. They do not make it possible to understand the Vidéotron Decision on the critical questions the Auction Framework prescribes, namely whether: (a) Fibrenoire "actively" provided commercial telecommunications services in the relevant Tier 2 service areas of interest; or (b) Fibrenoire offered such services to the

“general public”. As discussed at paragraph 20 above, the Minister, through ISED, simply asserted that the test required Vidéotron to show that Fibrenoire “was providing telecommunications services to subscribers in the relevant service area”, without asking whether Fibrenoire did so “actively” or whether the “subscribers” it provided the services to constituted the “general public” as required under the Auction Framework. In view of the Minister’s past practices and policies reflected in the Auction Framework, it was essential that he explain how Vidéotron fit within these constraints.

23. **Second**, the Minister’s own logic is inconsistent with the Auction Framework and with the governing statutory scheme in the *Radiocommunication Act* and the *Department of Industry Act*. The Minister, through ISED, informed Bell that it found Vidéotron satisfied the set-aside eligibility criteria solely because “it provides over-the-top business Internet services in these areas through its affiliate, Fibrenoire”.

24. “Over-the-Top” (“**OTT**”) refers to a method of providing services over the Internet that end-users access using an internet access service that each procures separately from an Internet Service Provider (“**ISP**”) of their choice. It is that ISP’s network facilities, not the facilities of the OTT provider, which enable subscribers in the relevant province to access the OTT services through the Internet. OTT services can be provided by anyone, anywhere in the world as long as the end user is connected to an ISP’s Internet access service. As a result, the OTT provider need not expand its own facilities to that province, so the policy objectives of the *Radiocommunication Act*, the *Department of Industry Act* and the Auction Framework are not advanced by permitting its affiliates to bid for the privilege of set-aside spectrum.

25. That Fibrenoire does not provide telecommunications services through its own network facilities in Manitoba, Alberta, or British Columbia is publicly acknowledged by Fibrenoire itself. Fibrenoire describes its network facilities as being offered “exclusively” to business customers in Quebec and Ontario:

Fibrenoire is a team of experts who are passionate about fibre optics. We are geeks **exclusively specialized in fiber optic connectivity services for businesses in Quebec and Ontario**. We deploy and operate our

own fibre optic network in Montreal, Toronto, Ottawa and Quebec City³
[Emphasis added.]

26. It is also evident from this that Fibrenoire is not providing commercial telecommunications services to the “general public” in Manitoba, Alberta, or British Columbia. Instead, it provides its services “exclusively” to business customers in Quebec and Ontario. Fibrenoire’s website provides no indication that it is soliciting business from companies in Manitoba, Alberta, or British Columbia, nor that it has any capabilities to do so without other network intermediaries. Within the set-aside-eligible bidder criteria set out in the Auction Framework, the definition of “providing commercial telecommunications services to the general public in the...service area” requires that the commercial telecommunications services be provided to members of the general public located within that service area, not that they be derivative of services provided to customers elsewhere. This is critical to the underlying policy objectives of the *Radiocommunication Act*, the *Department of Industry Act* and the Auction Framework, which are to promote the development of telecommunications facilities across Canada.

27. Even Vidéotron has acknowledged that it does not provide telecommunications services in Manitoba, Alberta, or British Columbia, whether alone or through Fibrenoire. On July 30, 2021, Québecor inc. (“**Québecor**”), Vidéotron’s parent company, stated that “[a]cquiring spectrum is the first step towards **expansion outside Québec**”. Additionally, on July 30, 2021, Pierre Karl Péladeau, the chief executive officer and president of Québecor, stated that the acquisition of the Schedule “A” Licences was “the first essential step towards the **expansion of our telecom services outside our own base of Quebec.**” [Emphasis added.]

³ Fibrenoire, *Mission*, online: <<http://jobs.fibrenoire.ca/en/#company-profile>>.

E. The Minister/ISED failed to give Bell Notice or An Opportunity to Make Submissions

28. Bell legitimately expected the Minister to properly apply the set-aside-eligibility criteria set out in the Auction Framework. It was entitled to notice that the Minister was contemplating applying different criteria to Vidéotron, and an opportunity to respond prior to deciding that Videotron met the set-side-eligibility criteria. Because the Minister did not provide such notice to Bell prior to rendering the Vidéotron Decision, he breached his duty of procedural fairness.

F. The Minister/ISED Failed to Conduct Their Own Analysis of Vidéotron's Application As a Set-Aside-Eligible Bidder

29. The Minister could not have properly concluded that Vidéotron was a set-aside-eligible bidder. Rather, the Minister appears to have accepted Vidéotron's application without conducting its own analysis or review. By doing so, the Minister unlawfully failed to exercise his jurisdiction under the *Radiocommunication Act* and *Department of Industry Act*, and departed from the Auction Framework without any reasonable explanation.

G. Grounds of Review

30. In making the Vidéotron Decision the Minister, through ISED:

- (a) acted without jurisdiction, acted beyond their jurisdiction and refused to exercise their jurisdiction;
- (b) failed to observe a principle of natural justice, procedural fairness and other procedures that they were required by law to observe;
- (c) erred in law in making the Vidéotron Decision;
- (d) based the Vidéotron Decision on an erroneous finding of fact made in a perverse or capricious manner or without regard for the material before them; and
- (e) acted in other ways that were contrary to law.

H. Venue

31. The applicant requests that this application be heard at Toronto, Ontario.

I. Request for Material in the Possession of the Minister/ISED

32. Pursuant to Rule 317 of the *Federal Courts Rules*, the Applicant hereby requests all of the material relevant to the application and to the Vidéotron Decision that is in the possession of the Minister and not in the possession of the Applicant (the “Certified Tribunal Record”), including:

- (a) All relevant material before the Minister at the time of the Vidéotron Decision;
- (b) All material relevant to the Minister’s assessment of Vidéotron’s eligibility as a set-aside-eligible bidder;
- (c) All material submitted pursuant to Vidéotron’s application as a set-aside-eligible bidder;
- (d) All correspondence between the Minister and Vidéotron relating to its application as a set-aside-eligible bidder; and
- (e) All materials forming part of the Minister’s analysis of whether Vidéotron was a set-aside-eligible bidder;
- (f) All evidence in support of the Vidéotron Decision; and
- (g) All materials forming part of the Minister’s reasons for the Vidéotron Decision.

THIS APPLICATION WILL BE SUPPORTED BY THE FOLLOWING MATERIAL:

- a) The Vidéotron Decision;
- b) The record and proceedings before the Minister leading to the Vidéotron Decision, including the Certified Tribunal Record;

- c) Auction Framework, Framework Clarifications, and Set-Aside Application;
- d) The affidavit(s) of at least one individual with knowledge of the facts in dispute, to be sworn or affirmed, served, and deemed filed as provided under Rule 306;
- e) *Department of Industry Act*, S.C. 1995, c. 1, and associated regulations;
- f) *Radiocommunication Act*, R.S.C., 1985, c. R-2, and associated regulations;
- g) *Telecommunications Act*, S.C. 1993, c. 38, and associated regulations;
- h) *Federal Courts Act*, R.S.C. 1985, c. F-7, and associated regulations; and
- i) Such further and other affidavits and material as the applicant may advise and this Honourable Court may permit.



August 26, 2021

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Solicitors for the applicant, Bell Mobility
Inc.

Schedule “A” – Set-Aside Licences Provisionally Awarded to Vidéotron in Manitoba, Alberta, and British Columbia

| Product Number | Type | Service Area Name | Number of Blocks | Population | Blocks |
|-----------------------|-------------|--------------------------|-------------------------|-------------------|---------------|
| 4-110-0 | Set-Aside | Steinbach | 1 | 64,764 | T |
| 4-111-0 | Set-Aside | Winnipeg | 3 | 830,151 | TUV |
| 4-112-0 | Set-Aside | Lac du Bonnet | 1 | 58,076 | T |
| 4-113-0 | Set-Aside | Morden/Winkler | 1 | 51,609 | T |
| 4-114-0 | Set-Aside | Brandon | 3 | 103,743 | TUV |
| 4-115-0 | Set-Aside | Portage la Prairie | 3 | 21,273 | TUV |
| 4-116-0 | Set-Aside | Dauphin | 3 | 75,508 | TUV |
| 4-117-0 | Set-Aside | Creighton/Flin Flon | 3 | 22,228 | TUV |
| 4-118-0 | Set-Aside | Thompson | 3 | 50,665 | TUV |
| 4-129-0 | Set-Aside | Lloydminster | 2 | 37,539 | RS |

| Product Number | Type | Service Area Name | Number of Blocks | Population | Blocks |
|-----------------------|-------------|--------------------------|-------------------------|-------------------|---------------|
| 4-131-0 | Set-Aside | Medicine Hat/Brooks | 2 | 107,233 | AB |
| 4-132-0 | Set-Aside | Lethbridge | 2 | 189,709 | AB |
| 4-133-0 | Set-Aside | Stettler/Oyen/Wainwright | 2 | 51,420 | ST |
| 4-134-0 | Set-Aside | High River | 2 | 120,208 | ST |
| 4-135-0 | Set-Aside | Strathmore | 2 | 45,478 | ST |
| 4-136-0 | Set-Aside | Calgary | 3 | 1,416,856 | ABC |
| 4-137-0 | Set-Aside | Red Deer | 2 | 206,387 | AB |
| 4-138-0 | Set-Aside | Wetaskiwin/Ponoka | 2 | 54,340 | ST |
| 4-139-0 | Set-Aside | Camrose | 2 | 40,145 | ST |
| 4-140-0 | Set-Aside | Vegreville | 2 | 15,396 | ST |

| Product Number | Type | Service Area Name | Number of Blocks | Population | Blocks |
|-----------------------|-------------|--------------------------|-------------------------|-------------------|---------------|
| 4-141-0 | Set-Aside | Edmonton | 2 | 1,325,857 | DE |
| 4-142-0 | Set-Aside | Edson/Hinton | 2 | 49,814 | ST |
| 4-143-0 | Set-Aside | Bonnyville | 2 | 83,631 | CD |
| 4-144-0 | Set-Aside | Whitecourt | 2 | 32,669 | ST |
| 4-145-0 | Set-Aside | Barrhead | 2 | 23,437 | ST |
| 4-146-0 | Set-Aside | Fort McMurray | 4 | 73,953 | CDEF |
| 4-147-0 | Set-Aside | Peace River | 2 | 86,745 | ST |
| 4-148-0 | Set-Aside | Grande Prairie | 1 | 110,027 | T |
| 4-150-0 | Set-Aside | West Kootenay | 5 | 78,941 | ABCDE |
| 4-151-0 | Set-Aside | Kelowna | 4 | 362,815 | CDEF |

| Product Number | Type | Service Area Name | Number of Blocks | Population | Blocks |
|-----------------------|-------------|--------------------------|-------------------------|-------------------|---------------|
| 4-152-0 | Set-Aside | Vancouver | 5 | 2,731,567 | ABCDE |
| 4-153-0 | Set-Aside | Hope | 5 | 26,093 | DEFGH |
| 4-154-0 | Set-Aside | Victoria | 5 | 458,861 | ABCDE |
| 4-155-0 | Set-Aside | Nanaimo | 5 | 194,922 | ABCDE |
| 4-156-0 | Set-Aside | Courtenay | 5 | 118,732 | ABCDE |
| 4-157-0 | Set-Aside | Powell River | 5 | 26,865 | DEFGH |
| 4-158-0 | Set-Aside | Squamish/Whistler | 5 | 74,365 | ABCDE |
| 4-159-0 | Set-Aside | Merritt | 3 | 15,649 | DEF |
| 4-160-0 | Set-Aside | Kamloops | 4 | 106,972 | EFGH |
| 4-160-1 | Set-Aside | Kamloops | 1 | 106,934 | D |

| Product Number | Type | Service Area Name | Number of Blocks | Population | Blocks |
|-----------------------|-------------|--------------------------|-------------------------|-------------------|---------------|
| 4-161-0 | Set-Aside | Ashcroft | 3 | 15,070 | DEF |
| 4-162-0 | Set-Aside | Salmon Arm | 5 | 51,024 | DEFGH |
| 4-163-0 | Set-Aside | Golden | 2 | 6,854 | DE |
| 4-164-0 | Set-Aside | Williams Lake | 5 | 38,440 | ABCDE |

Court File No. T-____-21

FEDERAL COURT

BELL MOBILITY INC.

Applicant

- and -

**VIDÉOTRON LTÉE, FIBRENOIRE INC., BRAGG
COMMUNICATIONS INC., CITYWEST CABLE AND
TELEPHONE CORP, COGECO CONNEXION INC.,
COMCENTRIC NETWORKING INC., ECOTEL INC,
IRISTEL INC., 1085459 ONTARIO LTD. O/A
KINGSTON ONLINE SERVICES, LEMALU
HOLDINGS LTD., MULTIBOARD
COMMUNICATIONS INC., 508896 ALBERTA LTD.
O/A NETAGO, NEXICOM INC., ROGERS
COMMUNICATIONS CANADA INC.,
SASKATCHEWAN TELECOMMUNICATIONS,
SOGETEL INC., STAR SOLUTIONS
INTERNATIONAL INC., TBAYTEL, TELUS
COMMUNICATIONS INC., TERRESTAR
SOLUTIONS INC., THOMAS COMMUNICATIONS
LTD., VALLEY FIBER LTD., and XPLORNET
COMMUNICATIONS INC.**

Respondents

NOTICE OF APPLICATION

(Issued August 26, 2021)

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Solicitors for the applicant, Bell Mobility Inc.

EXHIBIT 20

Court File No. T-1335-21

FEDERAL COURT

B E T W E E N:

TELUS COMMUNICATIONS INC.

Applicant

- and -

VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL MOBILITY INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC., IRISTEL INC., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES, LEMALU HOLDINGS LTD., MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL INC., TBAYTEL, TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD. and XPLORNET COMMUNICATIONS INC.

Respondents

**NOTICE OF MOTION
(Applicant's Motion for an Interlocutory Injunction)**

TAKE NOTICE THAT the applicant will make a Motion to the Court at 180 Queen Street West, Suite 200, Toronto, Ontario, M5V 3L6, or by videoconference, as the Court may direct, on September 30, 2021 at 10:00 a.m. or as soon thereafter as the motion can be heard. The estimated time for the hearing of the motion is one day.

THE MOTION IS FOR

1. An interim order in the form attached hereto prohibiting the Minister of Innovation, Science and Industry (the "**Minister**") from issuing licences to Vidéotron ltée ("**Vidéotron**") or its affiliated or associated entities (which are currently scheduled to be issued on October 4, 2021), authorizing them to utilize set-aside spectrum in British Columbia, Alberta and Manitoba that was awarded in the auction of 3500 MHz

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band spectrum licences conducted between June 15, 2021 and July 23, 2021 (the “**Auction**”) by the Department of Innovation, Science and Economic Development Canada (“**ISED**”) (the “**Licences**”), pending the final disposition of the Applicant’s application for judicial review in the within proceeding;

2. In the alternative, an interim order prohibiting the Minister from issuing the Licences pending determination of TELUS’ application for the interim order described above;

3. An order granting the Applicant its costs of this Motion; and,

4. Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE

A. TELUS’ Application for Judicial Review

1. On August 26, 2021, TELUS issued an application for judicial review pursuant to section 18.1 of the *Federal Courts Act* seeking, among other things, an Order:

- (a) quashing and setting aside the decision of the Minister that Vidéotron was eligible to bid for the Licences in the Auction (the “**Decision**”);
- (b) declaring that Vidéotron is disqualified from the Auction for set-aside spectrum in British Columbia, Alberta and Manitoba;
- (c) declaring that the Licences are revoked or forfeited; and
- (d) that the Licences be the subject of a new auction.

B. The 3500 MHz Spectrum Auction

2. Radio frequency spectrum consists of electromagnetic radio waves of varying frequencies used for sending or receiving communication. In order to ensure order and prevent interference and degradation of services to the public, spectrum in most cases cannot be used without a licence from ISED.

3. The Minister is responsible for spectrum management in Canada. From time to time, he issues spectrum licences to telecommunications service providers by way of auction. Telecommunications service providers use spectrum to provide services such as voice (telephony), text messaging and Internet access over wireless devices.

4. The Auction at issue in this motion was of particular importance for telecommunications service providers, as the 3500 MHz band of spectrum facilitates the deployment of 5G services. “5G” refers to the fifth generation of wireless networks, which are based on a technology that permits faster connectivity and ultra-low latency (delays in the transfer of data) to support advanced wireless services. Due to the unique physical characteristics of spectrum in the 3500 MHz band, and the global ecosystem of wireless devices designed to use this spectrum, licences for spectrum in the 3500MHz band are critical to providing 5G services. In total, the successful Bidders committed to pay the Government of Canada \$8.91 billion for the licences won at the Auction.

5. In order to participate in the Auction, telecommunications service providers were required to complete an Auction application consisting of several forms (the

“**Application**”). In total, twenty-three bidders were approved to participate in the Auction (the “**Bidders**”).

6. The Applicant TELUS Communications Inc. (“**TELUS**”) provides a range of telecommunications products and services across Canada. It was a Bidder in the Auction, including for spectrum in British Columbia, Alberta and Manitoba.

7. The Auction was conducted by ISED pursuant to a document entitled *Policy and Licensing Framework for Spectrum in the 3500 MHz Band* (the “**Framework**”). Following the release of the Framework, ISED accepted questions regarding the Framework. In December 2020, ISED published its answers to these questions in a document titled “Responses to Clarification Questions on the Policy and Licensing Framework for Spectrum in the 3500 MHz Band” (the “**Clarification Document**”).

8. Pursuant to the Framework, ISED reserved approximately 42% of the spectrum to be auctioned for certain eligible service providers to bid on, to the exclusion of national mobile service providers TELUS, Bell and Rogers (the “**Set-Aside Spectrum**”).

C. The Published Eligibility Criteria to Become a Set-Aside Bidder

9. In Canada, spectrum licences are granted to telecommunications service providers to provide coverage over specific geographic areas known as “service areas”. There are four tier sizes of service areas:

- (a) Tier 1 is a single national service area that covers all of Canada;

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- (b) Tier 2 consists of 14 large service areas that together cover all of Canada. British Columbia, Alberta and Manitoba are each their own Tier 2 service area;
- (c) Tier 3 consists of 59 smaller regional service areas; and
- (d) Tier 4 consists of 172 localized service areas.

10. British Columbia, Alberta and Manitoba are each a Tier 2 service area. Each Tier 2 service area includes multiple Tier 4 service areas. The Framework specified that 3500 MHz licences issued through the Auction process would be for Tier 4 service areas.

11. The criteria to become a bidder eligible to bid on Set-Aside Spectrum (a “**Set-Aside Bidder**”) was announced to all Bidders, including the Applicant, in the Framework as follows:

Eligibility to bid on set-aside spectrum will be limited to those registered with the CRTC as facilities-based providers that are not national mobile service providers, and **that are actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area of interest**, effective as of the date of application to participate in the 3500 MHz auction. [Emphasis added].

12. The Framework further provided:

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In its assessment of a bidder's eligibility to bid on the set-aside spectrum, ISED will determine whether commercial telecommunications services **are actively being provided to the general public in the service area by the potential bidder. Potential bidders will be required to demonstrate this by providing relevant documentation to ISED, which will include, but not be limited to, descriptions of:**

- the services being offered in the service area;
- **the retail/distribution network;** and
- how subscribers access services and the number of subscribers in the service area. [Emphasis added.]

13. The Framework stated that the purpose of limiting Set-Aside Bidders to those who were already “actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area” was to “promote optimal spectrum utilization and deployment.”

14. In order to apply to establish their eligibility to bid on Set-Aside Spectrum, applicants were required to complete a section of the Application titled *Form 4 – Eligibility for Set-Aside Spectrum* (the “**Set-Aside Spectrum Form**”).

15. The Set-Aside Spectrum Form required applicants to indicate the Tier 2 service area in which they were applying for a determination of their eligibility to bid as a Set-Aside-Bidder and, within those Tier 2 service areas, the individual Tier 4 localized areas where they were actively providing commercial telecommunications services to the general public, and the number of subscribers in each such local area.

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16. The Set-Aside Spectrum Form required applicants to provide documentation in support of their eligibility. Specifically, it asked applicants for documentation demonstrating:

- (a) the services being offered by Tier 4 service area;
- (b) the retail/distribution network by Tier 4 service area;
- (c) how subscribers access services and the number of subscribers in the Tier 4 service area; and
- (d) any other relevant information to support their eligibility.

17. Applicants were required to certify in the Set-Aside Spectrum Form that the information provided in the form and the attached documentation “is true and correct.”

18. Both the Framework and the Application provided that where an applicant fails to comply with the rules contained therein:

- (a) the applicant may be disqualified from bidding or continuing to bid;
- (b) the applicant’s bids may be deemed invalid;
- (c) any and all licences issued to the applicant may be revoked;
- (d) the applicant may lose the eligibility to apply for a flexible use licence;
- (e) the applicant may be subject to forfeiture penalties; and
- (f) the applicant may be subject to administrative monetary penalties or prosecution under the *Radiocommunication Act*.

19. The Clarification Document provided that the Minister would determine the eligibility of Set-Aside Spectrum applicants “based upon the information provided by the applicant as assessed against the set-aside eligibility criteria in accordance with the Framework.”

20. The Clarification Document also stated that Auction applicants were permitted to qualify as a Set-Aside-Bidder based on the eligibility of one or more affiliates that were registered with the CRTC as facilities-based providers, where the affiliate was actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area. Auction applicants were required to disclose their affiliates in their Application.

D. ISED Determines that Vidéotron is an Eligible Set-Aside Bidder

21. As provided in the Framework, ISED used anonymous bidding for all stages of the Auction. Before and during the Auction, ISED did not disclose to other Bidders which Bidders it had decided were eligible to participate as Set-Aside-Bidders.

22. Vidéotron provides telecommunications services in Ontario and Quebec. Unbeknownst to TELUS at the time of the Auction, ISED made the Decision to grant Vidéotron status as a Set-Aside Bidder in service areas in British Columbia, Alberta and Manitoba.

23. On July 29, 2021, ISED released the results of the Auction to the public. This was the first communication to TELUS that the Minister had granted Vidéotron status as a Set-Aside Bidder in service areas in British Columbia, Alberta and Manitoba.

24. Vidéotron was successful in winning 69 licences in British Columbia across 17 Tier-4 service areas; 40 licences in Alberta across 19 Tier-4 service areas; and 21 licences in Manitoba across 9 Tier-4 service areas. Of these, all but two were Set-Aside Spectrum licences.

E. ISED Refuses to Disclose the Entire Record of its Decision

25. After learning that Vidéotron had been granted Set-Aside Bidder status in British Columbia, Alberta and Manitoba, TELUS wrote to ISED on August 3, 2021 requesting that it provide TELUS with a copy of the Decision, analysis and evidence from which it determined the eligibility of Vidéotron to bid for Set-Aside Spectrum.

26. On August 11, 2021, ISED responded to TELUS that it did not intend to publish post-auction documentation regarding the basis on which set-aside eligibility was granted, and declined to release Vidéotron's application and supporting documentation, or ISED's analysis thereof. ISED did inform TELUS that in Vidéotron's application for set-aside eligibility in British Columbia, Alberta, and Manitoba, Vidéotron described its activities as "provid[ing] over-the-top business Internet services in these areas through its affiliate, Fibrenoire Inc."

27. Fibrenoire inc. ("**Fibrenoire**") appears to provide fibre optic network services connecting Quebec City, Montreal, Ottawa and Toronto, but not British Columbia, Alberta or Manitoba.

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28. In its notice of application for judicial review, TELUS requested production of all material relevant to the application that is in the possession of the Minister, pursuant to Rule 317 of the *Federal Court Rules*.

29. After a one day delay to which TELUS consented, on September 16, 2021, counsel for the Attorney General of Canada delivered certified copies of only some of the requested materials to TELUS. The Attorney General advised that it was not including “materials over which Vidéotron claims commercial confidence” (the “**Redacted Record**”) and that it would not transmit the Redacted Record until a protective agreement had been negotiated and Vidéotron had successfully obtained a confidentiality order.

30. On September 16, 2021, counsel for Vidéotron delivered copies of the Redacted Record that were heavily redacted or redacted in their entirety to counsel for TELUS.

31. In its Application, Vidéotron had given express consent to publication of the information that it redacted from the Redacted Record.

32. On September 17, 2021, counsel for TELUS advised counsel for Vidéotron that TELUS would be bringing a Rule 318 motion for disclosure from the Minister of all materials relevant to the determination of its application for judicial review, including unredacted copies of the Redacted Record.

F. Spectrum Licences to be Issued October 4

33. Winning Bidders are required to submit the balance of their payment for spectrum won at the Auction on October 4, 2021. Upon receipt of payment, ISED will issue spectrum licences to the Auction winners, including Vidéotron, as early as that same day.

34. On September 13, 2021, counsel for TELUS wrote to counsel for the Minister seeking confirmation that ISED would not issue the Licences pending this Court's determination of Vidéotron's eligibility for the Licences.

35. On September 16, 2021, ISED responded and advised that it would "issue spectrum licences at the same time to all successful bidders in the [Auction] including Vidéotron."

G. An injunction is appropriate and necessary

36. Given ISED's refusal to refrain from issuing the Licences while Vidéotron's eligibility to receive them is before this Court, an injunction is appropriate and necessary to prevent the Licences from being issued to Vidéotron on October 4, 2021, prior to this Court's determination of TELUS' application for judicial review.

H. Serious issue to be tried

37. TELUS has raised a serious issue to be tried in its application for judicial review. Specifically, TELUS raises the following serious issues:

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- (a) Did the Minister fail to provide procedural fairness and breach natural justice?
- (b) Does the Minister's Decision to grant Vidéotron Set-Aside Bidder status in British Columbia, Alberta and Manitoba constitute a reviewable error?

38. These are live questions requiring this Court's adjudication. Based on the information disclosed to TELUS to date, Vidéotron did not meet ISED's published criteria. In particular, neither Vidéotron nor Fibrenoire were offering or "actively providing commercial telecommunications services to the general public" in British Columbia, Alberta and Manitoba when Vidéotron submitted its Auction Application.

39. In a PowerPoint deck for a presentation to investors on July 30, 2021, relating to the auction results, Quebecor, Vidéotron's parent company, admitted that it does not actively provide commercial telecommunications services to the general public in British Columbia, Alberta or Manitoba, stating: "Acquiring spectrum is the first step towards expansion outside Québec" (emphasis added).

40. In Quebecor's August 5, 2021 Q2 Earnings Call, Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor, admitted: "The outcome of this auction is for us, but the first essential step towards the expansion of our telecom services outside of our own base of connection to key markets of Ontario and Western Canada ..." (emphasis added).

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41. In Quebecor's press release describing Vidéotron's acquisition of Fibrenoire, Fibrenoire is described as: "a telecommunications company specializing exclusively in fibre-optic connectivity services for businesses in Québec and Ontario" (emphasis added). Vidéotron's President and CEO stated that the acquisition "will equip us to continue our growth in the Québec business market" (emphasis added).

42. Fibrenoire continues to describe itself in a similar manner today. On its careers webpage, it describes itself as "a team of experts who are passionate about fibre optics. We are geeks exclusively specialized in fiber optic connectivity services for businesses in Quebec and Ontario. We deploy and operate our own fibre optic network in Montreal, Toronto, Ottawa and Quebec City" (emphasis added).

43. Although the Minister has not yet disclosed the entirety of the record that was before ISED when the Decision was made, it is apparent even from the redacted materials produced that Vidéotron did not qualify as a Set-Aside Bidder. The Minister's reasons for the Decision were that in British Columbia, Alberta and Manitoba Vidéotron "[p]rovides Internet service to business through Fibrenoire as a wholesaler" [emphasis added]. A mere wholesaler is not "actively providing commercial telecommunications services to the general public" (i.e. retail services) in British Columbia, Alberta and Manitoba [emphasis added].

44. Moreover, it is clear from the same document that ISED did not follow its own process in making the Decision. The Framework and the Set-Aside Spectrum Form required each applicant for Set-Aside Bidder status to provide documentation of a retail/distribution network in the relevant service areas. With respect to British

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Columbia, Alberta and Manitoba, ISED's assessment was that Vidéotron had not provided such documentation (the relevant column in the reasons for the Decision states "No" for all three provinces).

45. The Minister's Decision lacked procedural fairness and is a breach of natural justice. Either the Minister did not apply the eligibility criteria announced to all Bidders with respect to Vidéotron, or the Minister changed the criteria to allow wholesalers to qualify, without informing the other Bidders and providing due notice and opportunity for comment on the change. The Minister did not apply the condition set out in the Framework of requiring documentation of a retail/distribution network. TELUS participated in the Auction with the legitimate expectation that the criteria would be applied as published, equally to all applicants.

46. The Minister's decision that Vidéotron was an eligible Set-Aside Bidder in service areas in British Columbia, Alberta and Manitoba is also unreasonable. An affiliate that merely acts as a wholesaler, and has no retail and distribution network in British Columbia, Alberta or Manitoba, is not "actively providing commercial telecommunications services to the general public" in those provinces.

I. Irreparable Harm

47. Absent the injunction, the Minister will issue the Licences to Vidéotron on October 4, 2021. This would result in a disruption and distortion of the wireless market in Western Canada affecting Canadian telecommunications service providers and

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consumers, which cannot be remedied or reversed, and cause non-compensable damages to TELUS.

48. The Canadian Radio-television and Telecommunications Commission (the “CRTC”) has decided that national wireless providers like TELUS will be compelled to provide access to their networks to mobile virtual network operators (“MVNOs”), which will provide services using the networks of the national providers. If the Licences are issued to Vidéotron, it will qualify as an MVNO in all of the Tier 4 service areas covered by the Licences.

49. The CRTC is currently finalizing tariffs (terms and conditions) for MVNO services. The last procedural step prescribed by the CRTC in that proceeding is submission of reply comments on September 27, 2021. The CRTC could impose the tariffs any time after that date. Vidéotron has already approached TELUS claiming to be entitled to such a compulsory agreement.

50. If the Licences are issued, and as a result TELUS is required to enter into a compulsory MVNO agreement with Vidéotron, Vidéotron would be competing with TELUS *using TELUS’ own network*, despite its apparent ineligibility to do so. The harm to TELUS if it should be required to provide access to its own network to permit an ineligible competitor to provide services would be irreparable.

51. If the Licences are issued, Vidéotron would also have other options for starting to offer wireless services in British Columbia, Alberta or Manitoba, including as a

facilities-based operator or through a network sharing agreement that makes use of the 3500 MHz spectrum.

52. Regardless of the means by which Vidéotron makes use of the Licences for which its eligibility is in question in British Columbia, Alberta and Manitoba, market distortion and irreparable harm would be caused.

53. The Auction was conducted in two phases. In the first phase, the Set-Aside Bidders bid on Set-Aside Spectrum (and all Bidders could bid on open spectrum). In the second phase, in which Bidders sought specific frequencies, there was no distinction based on set-aside eligibility. Accordingly, TELUS bid directly against Vidéotron for assignment of frequencies in British Columbia, Alberta and Manitoba.

54. Because Vidéotron was allowed to bid on Set-Aside Spectrum in the first phase, it paid significantly less for its spectrum than it would have in the non-Set-Aside Spectrum portion of the Auction. If Vidéotron is permitted to enter the Western Canadian market on the basis of subsidized spectrum for which it was ineligible, TELUS will be irreparably harmed.

55. If the licences are issued to Vidéotron, other telecommunications service providers in Western Canada, including TELUS, will be required to alter their market position in response to this competition. Damage would result to TELUS and the wireless market would be irreparably distorted. Market structure, prices, investment decisions, and other factors that shape competitive dynamics are path dependent. Once conditions are shifted, it is impossible to revert to the previous equilibrium.

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56. If the Licences are issued, TELUS would need to make strategic decisions around marketing, customer retention and resource allocation in the near term. This would result in significant resource expenditures for TELUS, to respond to the entry of an ineligible spectrum holder in British Columbia, Alberta and Manitoba.

57. TELUS is likely to lose actual and potential customers, and to lose the goodwill of customers who terminate their TELUS contract to move to Vidéotron, only to have their Vidéotron service cut off when the Licences are ultimately revoked.

58. On the whole, adding a new ineligible wireless carrier in Western Canada would result in a sea change in the competitive landscape. Vidéotron's ability to establish a foothold in the marketplace after the Licences are issued would permanently change the market dynamics, even if the Licences were later revoked.

59. If the injunction is not awarded, there will be no way to preserve the *status quo* pending determination of the judicial review application and no feasible way to restore the *status quo* if TELUS' application for judicial review is ultimately successful.

60. TELUS' damages are non-compensable. TELUS is not likely to be able to recover its losses for the breach of natural justice and errors in applying the eligibility criteria from ISED. TELUS and the other telecommunications service providers negatively impacted by the Licences being granted to Vidéotron will therefore be without recourse for their loss.

J. Balance of Convenience

61. The balance of convenience overwhelmingly favours withholding the Licences until the determination of TELUS's application for judicial review.

62. The public will be harmed if the injunction is not granted and Vidéotron begins registering customers in Western Canada prior to the judicial review being determined. The public interest would not be served by permitting Vidéotron to temporarily disrupt the Western Canadian market and sign up customers, only to leave them stranded due to its ineligibility for the Licences. In addition to harming the individuals who had registered to be Vidéotron customers, the telecommunications services industry would suffer serious reputational harm. Moreover, this Court would be placed in the problematic position of withdrawing services from Vidéotron customers if TELUS is successful in its application for judicial review. Conversely, if the injunction is granted, Canadians are no worse off as they would not be deprived from accessing mobile wireless services.

63. If customers terminate their current contracts with TELUS or other Western Canadian carriers to sign up with Vidéotron, and then lose their Vidéotron service because Vidéotron should never have received the Licences, they will have suffered irreparable losses by briefly moving to Vidéotron, such as lost time, cancellation fees and accelerated costs for devices. Moreover, TELUS would also irreparably lose goodwill with those customers.

64. Smaller Western Canadian telecommunications service providers will also be harmed in that they will need to account for the possibility that Vidéotron may now enter the market at any time. They may therefore decide not to enter, or expand, in certain areas out of concern that if and when Vidéotron begins offering services there, they would not be able to compete. These strategic decisions are likely to be made in the near term, while the judicial review remains before this Court. This skewing of market dynamics will negatively impact the Western Canadian wireless market in a manner which could not be compensated for or unwound.

65. Smaller, regional Bidders who properly qualified for the Licences will be irreparably harmed if the Licences are instead issued to Vidéotron. The Licences ought to have been awarded to Set-Aside Bidders who met the Framework's eligibility criteria, not Vidéotron. Those eligible Set-Aside Bidders have now lost the opportunity to expand their client base in the Western Canadian service areas where they were already actively providing commercial telecommunications services. Vidéotron will receive an unfair head start over these small carriers, despite being ineligible, and despite not having made the investments these small carriers made in order to meet the Framework's eligibility criteria.

66. If Vidéotron is permitted to begin using its Licences in Western Canada pending the outcome of the judicial review, those smaller market participants may make irreversible decisions not to invest in particular areas out of concern for Vidéotron's entry into the market. Losing smaller market participants would be contrary to the public interest of fostering a healthy, competitive wireless marketplace.

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In particular, it would be counter to ISED's stated goal to "promote optimal spectrum utilization and deployment" by limiting eligibility for Set-Aside Spectrum to small carriers who were already "actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area."

67. For Vidéotron, delaying the issuance of spectrum in the contested service areas causes little harm or inconvenience. If TELUS does not succeed in its judicial review, Vidéotron would simply be a few months delayed in its plans. If TELUS is successful in its judicial review, Vidéotron would have avoided spending significant resources to move forward with its plans for its Licences, only to have those outlays be wasted.

K. Other grounds

68. Sections 18, 18.1, 18.2, 44 of the *Federal Courts Act*; and

69. Such further and other grounds as the counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. Affidavit of Matthew Mulvihill to be sworn;
2. Affidavit of Eric Edora to be sworn;
3. Affidavit of Christian M. Dippon to be sworn; and
4. Such further and other evidence as the solicitors may advise and this Honourable Court may permit.

September 20, 2021

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EXHIBIT 21

**TELUS COMMUNICATIONS INC.
v. VIDÉOTRON LTÉE,
FIBRENOIRE INC**

ERIC EDORA
on Wednesday, October 13, 2021



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| <p style="text-align: right;">Page 1</p> <p style="text-align: center;">Court File No. T-1335-21</p> <p style="text-align: center;">ONTARIO</p> <p style="text-align: center;">SUPERIOR COURT OF JUSTICE</p> <p>B E T W E E N:</p> <p style="text-align: center;">TELUS COMMUNICATIONS INC.</p> <p style="text-align: right;">Applicant</p> <p style="text-align: center;">- and -</p> <p>VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL MOBILITY INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC., IRISTEL INC., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES, LEMALU HOLDINGS LTD., MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL INC., TBAYTEL, TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD. and XPLORNET COMMUNICATIONS INC.</p> <p style="text-align: right;">Respondents</p> <p style="text-align: center;">-----</p> <p>--- This is the Cross-examination of ERIC EDORA, upon his affidavit sworn September 21, 2021, taken via Neesons, A Veritext Company's virtual platform, on the 13th day of October, 2021.</p> | <p style="text-align: right;">Page 3</p> <p>A P P E A R A N C E S :</p> <p>Jackson Kohne, Esq., for the Respondent, 1085459 Ontario Ltd. o/a Kingston Online Services.</p> <p>A L S O P R E S E N T:</p> <p>Daniel Stern, In-House Counsel, Telus Communications Inc.</p> <p>Scott Gibson, In-House Counsel, Terrestar Solutions Inc.</p> <p>Vitale Berd, Telus Representative.</p> <p>REPORTED BY: Judith M. Caputo, RPR, CSR, CRR</p> |
| <p style="text-align: right;">Page 2</p> <p>A P P E A R A N C E S :</p> <p>Catherine Beagan Flood, Esq., & Brittiny Rabinovitch, Esq., for the Applicant.</p> <p>James Schneider, Esq., & J. Sanderson Graham, Esq., & Glenn Sheskay, Esq., Solicitor for the Minister of Innovation, Science and Industry and the Department of Innovation, Science and Economic Development Canada.</p> <p>Patrick Ouellet, Esq., & Charbel Abi-Saad, Esq., & Laurence Ste-Marie, Esq., for the Respondents, Vidéotron Ltée and Fibrenoire Inc.</p> <p>Holly Kallmeyer, Esq., for the Respondents, Bell Mobility Inc. and Xplornet Communications.</p> | <p style="text-align: right;">Page 4</p> <p style="text-align: center;">I N D E X</p> <p>WITNESS: ERIC EDORA</p> <p style="text-align: right;">PAGE</p> <p>CROSS-EXAMINATION BY MR. OUELLET..... 6</p> <p>* * * The following list of undertakings, advisements and refusals is meant as a guide only for the assistance of counsel and no other purpose * * *</p> <p style="text-align: center;">INDEX OF UNDERTAKINGS</p> <p>The questions/requests undertaken are noted by U/T and appear on the following pages: (None.)</p> <p style="text-align: center;">INDEX OF ADVISEMENTS</p> <p>The questions/requests taken under advisement are noted by U/A and appear on the following pages: 31:15</p> <p style="text-align: center;">INDEX OF REFUSALS</p> <p>The questions/requests refused are noted by R/F and appear on the following pages: (None.)</p> |

| | | | | | |
|----|---|----------|----|---|--------|
| 1 | | Page 5 | 1 | | Page 7 |
| 2 | INDEX OF EXHIBITS | | 2 | other witness you'll probably nod sometimes when | |
| 3 | NUMBER/DESCRIPTION | PAGE NO. | 3 | you want to say "yes" or "no". If that happens | |
| 4 | EE-1: Letter from Mr. Péladeau to | 25 | 4 | I'll ask you to just verbalize your answer for the | |
| 5 | Mr. Entwistle and reply, marked for | | 5 | transcript. Okay? I think I lost you? | |
| 6 | identification (Documents 6 & 7). | | 6 | A. You're back. I heard you. Yes, I | |
| 7 | EE-2: Broadcasting and Telecom Information | 43 | 7 | agree. | |
| 8 | Bulletin CRTC 2019-184 (Document 9). | | 8 | Q. Now, sir, as part of your | |
| 9 | EE-3: ISED Policy and Framework for Spectrum | 67 | 9 | functions, you were involved in the proceedings | |
| 10 | (Exhibit B). | | 10 | that led to the release of Telecom Regulatory | |
| 11 | EE-4: Communications Monitoring Report 2018 | 67 | 11 | Policy CRTC 2021-130, "Review of Mobile Wireless | |
| 12 | of the CRTC (Document 10). | | 12 | Services"? | |
| 13 | | | 13 | A. Yes. | |
| 14 | | | 14 | Q. And I take it you refer to that | |
| 15 | | | 15 | specifically at paragraph 6 of your affidavit, | |
| 16 | | | 16 | correct? | |
| 17 | | | 17 | A. Yes, that's correct. | |
| 18 | | | 18 | Q. Basically the backgrounder that | |
| 19 | | | 19 | you file as Exhibit A is relevant to that same, | |
| 20 | | | 20 | those same proceedings that I just referred to, | |
| 21 | | | 21 | correct? | |
| 22 | | | 22 | A. That's correct. | |
| 23 | | | 23 | Q. Now, if you look at paragraph 14 | |
| 24 | | | 24 | of your affidavit, again, this is no secret, but | |
| 25 | | | 25 | you referred to a date of September 27th, and | |
| | | | | the -- to be the last procedural step prescribed by | |
| 1 | -- Upon commencing at 11:23 a.m. | Page 6 | 1 | the CRTC to release the decision on tariffs; do you | Page 8 |
| 2 | | | 2 | see that? | |
| 3 | THE REPORTER: Please state and spell | | 3 | A. Yes, I see that. | |
| 4 | your full name for the record. | | 4 | Q. And that date has -- obviously you | |
| 5 | THE WITNESS: Eric, last name Edora, | | 5 | signed your affidavit on September 21st. At that | |
| 6 | E-D-O-R-A. | | 6 | time, it was expected that the last procedural step | |
| 7 | ERIC EDORA: AFFIRMED. | | 7 | would be September 27th, but it was pushed back | |
| 8 | CROSS-EXAMINATION BY MR. OUELLET: | | 8 | since, correct? | |
| 9 | Q. Good morning, Mr. Edora. | | 9 | A. Yes, it was pushed to October 7th. | |
| 10 | A. Good morning. | | 10 | Q. And that was pushed back at Bell's | |
| 11 | Q. Can you hear me well? | | 11 | request; do you recall that? | |
| 12 | A. It's a little quiet, let me just | | 12 | A. Yes, it was a request by Bell, | |
| 13 | turn the volume up on my computer. | | 13 | that's correct. | |
| 14 | Q. Good morning. My name is Patrick | | 14 | Q. And so now obviously we're | |
| 15 | Ouellet. I am one of the attorneys for Vidéotron | | 15 | October 13th, so at this stage, we're waiting for | |
| 16 | and Fibrenoire in these proceedings. I'll be | | 16 | the CRTC to render its decision on the tariff, | |
| 17 | asking you questions. | | 17 | right? | |
| 18 | Again, like I told your predecessor, | | 18 | A. That was the final step in the | |
| 19 | English is not my first language, so there might be | | 19 | proceeding. | |
| 20 | issues sometimes. Don't hesitate if that's the | | 20 | Q. And, to your knowledge, the CRTC | |
| 21 | case. If there's a word I've tripped on and you're | | 21 | has not yet rendered its decision obviously? | |
| 22 | not sure you understand, let me know and I'll | | 22 | A. It has not. | |
| 23 | rephrase the question, okay? | | 23 | Q. Now the telecom regulatory policy | |
| 24 | A. I will, thank you. | | 24 | CRTC 2021-130, it is filed as Exhibit L in support | |
| 25 | Q. Also, you might be, like every | | 25 | of Mr. Anderson's affidavit? | |

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| <p style="text-align: right;">Page 9</p> <p>1 A. Okay.</p> <p>2 Q. Do you have that in front of you?</p> <p>3 A. I do not have his affidavit. I</p> <p>4 could call up the decision, if you would like me</p> <p>5 to.</p> <p>6 Q. Well, yeah, because I'll refer to</p> <p>7 it. I so you don't necessarily need to use the</p> <p>8 copy of Mr. Anderson, you can just put it up on the</p> <p>9 screen for yourself?</p> <p>10 A. I have a hardcopy if that's okay.</p> <p>11 Do you mind if I pull that up?</p> <p>12 Q. That's okay. I think there's</p> <p>13 issues with the connection. It seems to freeze at</p> <p>14 some points?</p> <p>15 A. I apologize. It's possibly on my</p> <p>16 end. I'm not sure what to do about that. My</p> <p>17 Internet connection is mainly stable, but for some</p> <p>18 reason it's a little unstable right now. I'm not</p> <p>19 sure why.</p> <p>20 Q. That's fine. If it happens, we'll</p> <p>21 just go slow and we'll be careful to capture all</p> <p>22 your answers.</p> <p>23 A. Okay.</p> <p>24 Q. So you have the policy in front of</p> <p>25 you?</p> | <p style="text-align: right;">Page 11</p> <p>1 A. It is a time limit. We vocalized</p> <p>2 to the CRTC about the problems with setting time</p> <p>3 limits and the fact they often do not hit the time</p> <p>4 limit as prescribed. In terms of the decision as</p> <p>5 written, that certainly is a time limit.</p> <p>6 Q. And the obligation to provide this</p> <p>7 access is an obligation that lies upon Telus, Bell</p> <p>8 and Rogers?</p> <p>9 A. And SaskTel and its territory.</p> <p>10 Q. You're right. I'm leaving</p> <p>11 Saskatchewan outside of the debate of the</p> <p>12 discussion here, because Vidéotron did not purchase</p> <p>13 licenses in Saskatchewan.</p> <p>14 A. Right.</p> <p>15 Q. So in BC, Alberta and Manitoba the</p> <p>16 ones who are obliged to provide this access are</p> <p>17 Rogers and Bell?</p> <p>18 A. And Telus. Yeah, Rogers, Bell and</p> <p>19 Telus, yes.</p> <p>20 Q. You agree with me the CRTC decided</p> <p>21 to set the fixed phase-out period of seven years</p> <p>22 for everyone?</p> <p>23 A. Yes.</p> <p>24 Q. And so the phase-out is not</p> <p>25 calculated on a carrier-specific basis, correct?</p> |
| <p style="text-align: right;">Page 10</p> <p>1 A. Yes, I do.</p> <p>2 Q. Now, did you also receive, I sent</p> <p>3 your attorney some documents last night that I</p> <p>4 could possibly take you to during the examination.</p> <p>5 Do you have those documents in front of you as</p> <p>6 well?</p> <p>7 A. I don't have them in front of me;</p> <p>8 I did receive them last night.</p> <p>9 Q. You have access to them on a</p> <p>10 screen?</p> <p>11 A. I will, in one moment.</p> <p>12 Q. I'm not there yet. I'll let you</p> <p>13 know when I'm there?</p> <p>14 A. Yes, please do.</p> <p>15 Q. You do agree with me that the</p> <p>16 facilities-based wholesale MVNO access service</p> <p>17 mandated by the CRTC decision is intended to be a</p> <p>18 temporary measure, correct?</p> <p>19 A. Yes, it has a phase-out period of</p> <p>20 seven years from the finalization of the tariff.</p> <p>21 Q. So that's the time limit, the</p> <p>22 seven-year time limit is a limit to the obligation</p> <p>23 for Telus, Bell and Rogers to provide mandated</p> <p>24 facilities-based access service to regional</p> <p>25 wireless carriers, correct?</p> | <p style="text-align: right;">Page 12</p> <p>1 A. That's correct.</p> <p>2 Q. The period of seven years will</p> <p>3 start to run on the date of the forthcoming CRTC</p> <p>4 decision on the tariff terms and conditions,</p> <p>5 correct?</p> <p>6 A. I apologize, can you repeat the</p> <p>7 question. I think I --</p> <p>8 Q. Sure.</p> <p>9 A. Please do.</p> <p>10 Q. So the seven-year period that we</p> <p>11 just discussed for phase-out will start to run on</p> <p>12 the date of the forthcoming CRTC decision on the</p> <p>13 tariff terms and conditions, correct?</p> <p>14 A. That's correct.</p> <p>15 Q. Now, at paragraph 14 of your</p> <p>16 affidavit, you say the CRTC could release its</p> <p>17 decision at any time. We're talking about the same</p> <p>18 decision, born on the tariffs, terms and</p> <p>19 conditions?</p> <p>20 A. I'd just like to explain, the</p> <p>21 CRTC's normal process -- or a normal process the</p> <p>22 CRTC has used when it comes to tariff approval, is</p> <p>23 they announce an interim tariff approval. And then</p> <p>24 they can also continue to have proceedings that</p> <p>25 ultimately lead to a final tariff approval.</p> |

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| <p style="text-align: right;">Page 13</p> <p>1 The interim tariff approval is</p> <p>2 effective. It names the service, or at least the</p> <p>3 terms of the service, in this particular case, the</p> <p>4 terms and conditions are in place. And so that</p> <p>5 would give the Commission an opportunity to render</p> <p>6 a decision in the short term.</p> <p>7 Q. But you don't know when the</p> <p>8 decision will be rendered, correct?</p> <p>9 A. We don't know when, but we</p> <p>10 certainly anticipate that it's coming.</p> <p>11 Q. Well, I think we can all agree</p> <p>12 that it is coming. It's just a question of when.</p> <p>13 Now, sir, let's -- just as an example</p> <p>14 so it's very clear. Should the CRTC release its</p> <p>15 decision, for example, on January 10th of 2022,</p> <p>16 then that would be the date of the start of the</p> <p>17 seven-year phase-out period?</p> <p>18 A. Not necessarily. As I said, if</p> <p>19 it's an interim decision, then I think the -- I'm</p> <p>20 going from memory here, I should actually check.</p> <p>21 My understanding is the seven-year date starts at</p> <p>22 the date of final approval.</p> <p>23 So an interim approval would not</p> <p>24 commence the seven-year time clock.</p> <p>25 Q. Okay. You don't know if an</p> | <p style="text-align: right;">Page 15</p> <p>1 whether that phase-out date should be strictly</p> <p>2 applied.</p> <p>3 Q. You agree when the CRTC decides to</p> <p>4 push that back, it's not for one specific company.</p> <p>5 It's because of a problem that happened generally</p> <p>6 in the market. It wouldn't extend for just one</p> <p>7 person?</p> <p>8 A. I'm not sure. The CRTC has the</p> <p>9 power to do what it wishes. This is a tariff that</p> <p>10 Telus has in place. If there were special</p> <p>11 circumstances I imagine it could take that into</p> <p>12 account.</p> <p>13 In general, yes, the time limits</p> <p>14 normally apply across the board. But that doesn't</p> <p>15 stop the CRTC from making -- from considering</p> <p>16 unique situations.</p> <p>17 Q. Let me ask it a different way.</p> <p>18 You cannot name one single time where</p> <p>19 the CRTC decided to suspend a timeline just for one</p> <p>20 specific company, correct?</p> <p>21 A. I can't recall a timeline such as</p> <p>22 this. There's been procedures in the past where</p> <p>23 parties have asked for additional time to file</p> <p>24 information, for example, and that extension has</p> <p>25 been granted to that party. In this particular</p> |
| <p style="text-align: right;">Page 14</p> <p>1 interim approval will be made in this case; do you</p> <p>2 know that?</p> <p>3 A. That's correct. We do not know.</p> <p>4 But, as I say, it gives the CRTC an opportunity to</p> <p>5 make a decision, even while it might still be</p> <p>6 considering a final approval for the tariff.</p> <p>7 Q. Now, again, no surprise here, but</p> <p>8 the purpose of the injunction that was commenced by</p> <p>9 Telus, was to suspend the issuance of the licenses</p> <p>10 to Vidéotron, correct?</p> <p>11 A. Yes.</p> <p>12 Q. And so should, again, the decision</p> <p>13 be -- the final decision be rendered in January of</p> <p>14 2022, what should Vidéotron's licenses be suspended</p> <p>15 by the injunction, the seven-year period will still</p> <p>16 be running as of January 2022, correct?</p> <p>17 A. Yeah, as of that time the</p> <p>18 seven-year clock will start.</p> <p>19 What happens at the end of that</p> <p>20 seven-year period is certainly up to conjecture.</p> <p>21 As we've had many examples in the CRTC world where</p> <p>22 they had extended the end of phase-out periods or</p> <p>23 they've actually delayed them indefinitely. I</p> <p>24 imagine this is something that could come in</p> <p>25 seven-years' course in positions of parties and</p> | <p style="text-align: right;">Page 16</p> <p>1 case a Framework decision. Normally it's applied</p> <p>2 across the board.</p> <p>3 Q. Now at paragraph 10 of your</p> <p>4 affidavit, again when I direct you to a paragraph,</p> <p>5 feel free to tell me to hold on to my question</p> <p>6 while you read the paragraph, okay? And if you</p> <p>7 want to look at the exhibit, you're free to do so</p> <p>8 as well.</p> <p>9 Now my focus is on paragraphs 10 and 11</p> <p>10 of your affidavit, Exhibits B and C?</p> <p>11 A. Okay, paragraphs 10 and 11, yes, I</p> <p>12 have them in front of me.</p> <p>13 Q. Okay. Now so at paragraph 10, you</p> <p>14 refer to a letter that was sent to Telus by</p> <p>15 Vidéotron's owner, Québecor, correct?</p> <p>16 A. Yes.</p> <p>17 Q. We know that the letter is dated</p> <p>18 August 27th, but if we look at Exhibit C, in</p> <p>19 support of your affidavit, we actually have the</p> <p>20 e-mail by which the letter was sent.</p> <p>21 A. Yes.</p> <p>22 Q. It's sent by Jonathan Lee Hickey --</p> <p>23 I'm sorry, to Darren Entwistle, on August 27th at</p> <p>24 7:55 p.m., do you see that?</p> <p>25 A. I'm sorry. Do you want me to look</p> |

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| <p>1 at the exhibit? Is that what you're telling me to Page 17 2 look at. 3 Q. Again, it's not a trick question. 4 It's at page 473 of the motion record, I just want 5 to show when the letter was sent to Telus. 6 A. Okay. I don't actually have that 7 in front of me, but I can pull it up, I'm happy to 8 do it. 9 Q. Would you prefer we put it on the 10 screen for you, or would you want to pull it up for 11 yourself? 12 A. I can pull it up. 13 Q. What you'll see page 473 of the 14 motion record? 15 A. Okay. 16 Q. I'm using the numbering that 17 appears at the top right corner of the pages. 18 A. Okay. I'm just calling it up, 19 473. Yes, I have it in front of me. 20 Q. All I wanted to show was that the 21 letter that you filed as Exhibit B was actually 22 sent on that date, August 27th? 23 A. Yes. 24 Q. Okay. 25 A. Yes.</p> | <p>1 Q. Do you read French? This is not a Page 19 2 trick question, it's just because the -- 3 A. I do not. 4 Q. Well, just what we see on page 472 5 is basically Mr. Péladeau and Mr. Hickey writing to 6 tell us saying, as a follow up: We haven't 7 received an answer from you following our letter of 8 August 27th. 9 So they're writing that on 10 September 14th. Are you aware of that? 11 A. Yes, I am aware of this. 12 Q. And if we look at the response, 13 that Telus finally sent, we see when it was sent by 14 Mr. Entwistle. So we see page 471, it's 15 September 15th at 5:07 p.m. And the actual text of 16 the response is at page 475. 17 A. Yes, I see. 18 Q. So although this is written in 19 French, you do understand what the answer was, 20 correct? 21 A. Yes. 22 Q. Can you just summarize it? We'll 23 just follow the process? 24 A. You're referring to the response 25 at Exhibit C in my affidavit?</p> |
| <p>1 Q. And I'm seeing in Exhibit C for Page 18 2 the time being -- well, no, I'm sorry, strike that. 3 So as you summarize at paragraph 10 of your 4 affidavit, the gist of the letter from Québecor was 5 to ask that expedited negotiations commence for 6 Telus to provide Vidéotron with MVNO access, 7 correct? 8 A. Yes. 9 Q. Now, obviously as the purpose of 10 these proceedings is to disqualify Vidéotron from 11 using the licenses it won in British Columbia, 12 Alberta and Manitoba. It's no secret Telus has no 13 intention of negotiating an agreement with 14 Vidéotron at this stage? 15 A. Yeah, we've responded that we 16 would wait for the completion of the CRTC 17 proceedings. 18 Q. Well that's it. That's the 19 response. So you have the letter that was sent on 20 August 27th, and if we look at Exhibit C, on 21 September 14th, I'll looking at page 472 of the 22 record? 23 A. Okay. 472? 24 Q. Yeah. 25 A. Yes.</p> | <p>1 Q. Yes? Page 20 2 A. Yeah, my understanding is that the 3 response essentially says that Telus will abide by 4 the CRTC regulations and will be -- we'll follow 5 those rules in terms of negotiations for MVNO. 6 Q. Did you participate -- first of 7 all, were you made aware of the letter, Exhibit B 8 when it was sent; or shortly thereafter? 9 A. I was made aware of the letter. I 10 did not see a copy of it. 11 Q. Okay. But you were made aware of 12 the existence of the letter? 13 A. Yeah, the letter from Québecor to 14 Darren Entwistle, I was aware of it, yes. 15 Q. Did you participate in the 16 preparation of the response that we see here at 17 page 475? 18 A. I did not. 19 Q. You did not. So you can't explain 20 why it took 19 days to come up with this three-line 21 answer? 22 A. I cannot. 23 Q. Okay. Now Telus -- I think we can 24 agree that Telus refuses to begin negotiations with 25 Vidéotron to provide MVNO access at this stage?</p> |

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| <p>Page 21</p> <p>1 A. Yeah, pursuant to the CRTC 2 requirements, it is correct. We are waiting for 3 the tariff approval. I think that's integral to 4 understanding the CRTC's obligations upon us, and 5 so we are waiting for that.</p> <p>6 Q. Just so we're clear. This 7 decision to wait for the CRTC process to unfold, 8 that's not just for BC, Alberta and Manitoba; it's 9 for everywhere, right?</p> <p>10 A. I'm not sure -- I can't answer 11 that. I'm actually not sure. I only know when the 12 context of this particular request. I'm not sure 13 what Vidéotron was actually requesting.</p> <p>14 They've requested MVNO access, I'm not 15 sure in terms of response from Telus, whether we 16 were just referring to the provinces in particular, 17 or whether we were talking about an MVNO generally.</p> <p>18 Q. You can confirm that there's no 19 discussion going on with Québecor or Vidéotron at 20 this stage to provide them with MVNO access?</p> <p>21 A. I cannot confirm that. I don't 22 know what my wholesale services division, it's 23 called Telus Partner Solutions, I don't know what 24 negotiations they're having at this time.</p> <p>25 Q. Can you look at Document 6 that I</p> | <p>Page 23</p> <p>1 is he's only seen it last night. He doesn't read 2 French, and so we're not agreeing that it be added 3 as an exhibit.</p> <p>4 MR. OUELLET: I'll just ask a further 5 question.</p> <p>6 BY MR. OUELLET:</p> <p>7 Q. Mr. Edora, are you disputing the 8 fact that Mr. Péladeau did send this letter to 9 Mr. Entwistle, and that Mr. Entwistle responded to 10 that letter?</p> <p>11 A. I'm not disputing that.</p> <p>12 Q. So I understand my colleague 13 will --</p> <p>14 MR. OUELLET: I want to mark it for 15 identification purposes. I don't agree with the 16 objection. So before I mark it, I will just 17 complete this line of questioning.</p> <p>18 BY MR. OUELLET:</p> <p>19 Q. So you see Document 7, where 20 Mr. Entwistle responds to the Document No. 6 on 21 October 8th?</p> <p>22 A. Yes, I have that in front of me.</p> <p>23 Q. So were you aware of the existence 24 of that reply?</p> <p>25 A. Not before last night, no.</p> |
| <p>Page 22</p> <p>1 sent last night?</p> <p>2 A. Just a moment. I need to call it 3 up Document 6.</p> <p>4 Q. Yes, that's a follow up letter 5 from Mr. Péladeau from Québecor to Mr. Entwistle 6 October 6, 2021. Again I know the letter is in 7 French. Were you made aware of this follow-up 8 letter that was sent by Mr. Péladeau?</p> <p>9 A. I was only made aware of this 10 letter via this process and getting this from my 11 counsel last night.</p> <p>12 Q. Okay. So you weren't aware of 13 this follow-up letter by Mr. Péladeau before you 14 received it last night?</p> <p>15 A. No, I was not.</p> <p>16 Q. So I'd like to file this document 17 as --</p> <p>18 MS. BEAGAN FLOOD: The witness has 19 never seen this document. It's not a Telus 20 document.</p> <p>21 MR. OUELLET: Neither had he seen 22 Exhibit B but he nonetheless filed it in support of 23 his affidavit.</p> <p>24 MS. BEAGAN FLOOD: He had been aware of 25 that letter. This particular letter, the evidence</p> | <p>Page 24</p> <p>1 Q. But you're not disputing that this 2 e-mail is the reply by Mr. Entwistle to Mr. 3 Péladeau?</p> <p>4 A. I don't dispute it. I have no 5 knowledge of it, but there's no reason for me to 6 dispute it.</p> <p>7 Q. So I'd like to file those two 8 letters together, as Exhibit EE, examination of 9 Eric Edora, EE-1. I understand it's under 10 objection?</p> <p>11 MS. BEAGAN FLOOD: Thank you, 12 Mr. Ouellet. So it can be marked for purposes of 13 identification rather than as an exhibit.</p> <p>14 MR. OUELLET: Sorry, I lost you there.</p> <p>15 MS. BEAGAN FLOOD: It can be marked for 16 purposes of identification not as an exhibit.</p> <p>17 MR. OUELLET: The end of your sentence 18 falls flat. I don't hear what you say.</p> <p>19 MS. BEAGAN FLOOD: I apologize that my 20 connection isn't better today.</p> <p>21 I had said they can be marked for 22 purposes of identification rather than as exhibits.</p> <p>23 MR. OUELLET: Okay. So obviously we 24 agree to disagree on that one.</p> <p>25 MS. BEAGAN FLOOD: We do.</p> |

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| <p style="text-align: right;">Page 25</p> <p>1 EXHIBIT NO. EE-1: Letter from 2 Mr. Péladeau to Mr. Entwistle and 3 reply, marked for identification 4 (Documents 6 & 7). 5 BY MR. OUELLET: 6 Q. So back to your affidavit, 7 Mr. Edora. 8 A. Yes. 9 Q. Paragraph 16, where you say, in a 10 nutshell, that Vidéotron would be free to negotiate 11 commercial MVNO service with Rogers or Shaw using 12 its spectrum as leverage immediately after they 13 issued the licenses, regardless of whether CRTC has 14 finalized tariffs for compulsory access to MVNO 15 services. 16 What you're talking about here is an 17 off-tariff, correct? 18 A. Yes, it would be a voluntary 19 arrangement, not subject to any tariff. 20 Q. Exactly, this is precisely what 21 Telus refused to do? They refused to negotiate an 22 off-tariff agreement with Vidéotron? 23 A. We've refused to negotiate an 24 agreement with them. That's correct. 25 Q. Now here at paragraph 16 you say</p> | <p style="text-align: right;">Page 27</p> <p>1 but then you continue on, you say, "Vidéotron could 2 similarly leverage the licenses to enter into a 3 private network-sharing agreement with another 4 wireless services provider"; do you see that? 5 A. Yes, I do. 6 Q. You don't have any indication that 7 Vidéotron is in the process of negotiating a 8 network-sharing agreement with anyone? 9 A. I do not have knowledge. They're 10 certainly well positioned to consider and negotiate 11 a network-sharing arrangement. 12 They have one with Rogers, and my 13 understanding is their CEO referred to it as an 14 option they might consider, an alternative they may 15 consider. I do not know whether they are 16 negotiating one now, but it is certainly something 17 that is in the realm of possibility. 18 Q. You do know the network-sharing 19 agreement between Vidéotron and Rogers is only for 20 the 4G LTE network, correct? 21 A. I was made aware of that, yes. 22 Q. It is not for 5G? 23 A. My understanding it's not for 5G 24 I'm not saying -- my comment was mainly in 25 reference to the fact that Vidéotron has experience</p> |
| <p style="text-align: right;">Page 26</p> <p>1 that Vidéotron could negotiate one with Rogers or 2 Shaw, but you'll agree with me that you have no 3 indication that Vidéotron is presently negotiating 4 an MVNO service agreement with Rogers or Shaw, 5 correct? 6 A. I don't have knowledge in terms of 7 what they are presently doing. We do know they 8 have interest. I mean, there were letters filed by 9 Vidéotron, sent by Vidéotron to various companies 10 asking for MVNO access; I do not know the status in 11 terms of follow-up from there. 12 Q. And you don't have any indication 13 that Vidéotron is presently negotiating an MVNO 14 agreement with Bell; do you, correct? 15 A. Again, I do not have that 16 indication. But my understanding from the court 17 filings was that Vidéotron reached out to Bell, but 18 they have not progressed. 19 My understanding is that there's 20 nothing stopping the parties from progressing that. 21 Vidéotron could approach Bell again with the 22 proposal. I do not think that's taken place, 23 though. 24 Q. Now, you also refer at 25 paragraph 16 to -- you refer to an MVNO agreement,</p> | <p style="text-align: right;">Page 28</p> <p>1 with network reciprocity, or network-sharing 2 arrangements, so it could seek to pursue one if it 3 decided it was within its interest. 4 Q. Telus also has experience with 5 network-sharing agreements, correct? 6 A. Yes. 7 Q. Have you ever been involved in the 8 process of negotiating a network-sharing agreement? 9 A. I have not. 10 Q. You have not. But you do know 11 that Telus and Bell have a network-sharing 12 agreement amongst each other, correct? 13 A. Yes, I am aware of the 14 network-sharing agreement between Bell and Telus. 15 Q. Have you ever seen the contract? 16 A. I've seen excerpts with the 17 contract. I have never seen the totality of the 18 contract. 19 Q. That's my point, it's a pretty 20 lengthy -- I mean, I've seen network-sharing 21 agreements before and they're quite complex 22 commercial agreements; you'll agree with that? 23 A. They are certainly complex. All 24 telecom services have elements of complexity, and 25 this is a type of contract that has that type of</p> |

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| <p style="text-align: right;">Page 29</p> <p>1 complexity.</p> <p>2 Q. Don't worry, I just want to</p> <p>3 reassure your counsel, I will not be asking for the</p> <p>4 network-sharing agreement, okay?</p> <p>5 The excerpts that you've seen, how many</p> <p>6 pages are there, approximately, what you've seen?</p> <p>7 A. I can't recall. Again, I've only</p> <p>8 seen certain sections. There's also been follow up</p> <p>9 amendments when -- based on adjustments that the</p> <p>10 parties have made to the agreement. And so I think</p> <p>11 I've seen in the neighbourhood of maybe a dozen</p> <p>12 pages.</p> <p>13 Q. And you don't know, I mean, if I</p> <p>14 were to suggest to you the contract is at least 200</p> <p>15 pages long, would you dispute that?</p> <p>16 A. I really don't know. I mean</p> <p>17 it's -- as I said, the network-sharing arrangement</p> <p>18 between Bell and Telus has been in existence for a</p> <p>19 number of years.</p> <p>20 There have been follow-up letter</p> <p>21 agreements that have amended the agreement. So the</p> <p>22 totality of the agreement is probably, is probably</p> <p>23 a considerable number of pages.</p> <p>24 Q. Now, you say you have not been</p> <p>25 involved in negotiating this agreement, I take --</p> | <p style="text-align: right;">Page 31</p> <p>1 A. Again, I do not know the duration</p> <p>2 of the agreement in terms of -- I'm sorry, the</p> <p>3 duration of the negotiations that culminated in the</p> <p>4 agreement.</p> <p>5 BY MR. OUELLET:</p> <p>6 Q. So I will ask an undertaking. I</p> <p>7 would like to be provided with information with</p> <p>8 regard to the network-sharing agreement. I want to</p> <p>9 know the number of pages in the contract, the</p> <p>10 number of amendments that have been entered into</p> <p>11 following the initial conclusion of the contract.</p> <p>12 And I'd like to know when the</p> <p>13 negotiations of the contract began between Telus</p> <p>14 and Bell and when they were completed.</p> <p>15 U/A MS. BEAGAN FLOOD: Mr. Ouellet, this is</p> <p>16 a confidential agreement of a competitor to</p> <p>17 Vidéotron that is not relevant to this motion. In</p> <p>18 addition this is a cross-examination and not a</p> <p>19 discovery, but we will take your request into</p> <p>20 consideration.</p> <p>21 MR. OUELLET: Just so I understand your</p> <p>22 position, my reply to that is, there are affidavits</p> <p>23 here saying that, you know, Vidéotron could enter</p> <p>24 the market very, very soon by negotiating a</p> <p>25 network-sharing agreement and my point is very</p> |
| <p style="text-align: right;">Page 30</p> <p>1 I've heard your answer. But were you aware of the</p> <p>2 fact that it was being negotiated at the time?</p> <p>3 A. No. At the time of the original</p> <p>4 network reciprocity agreement, I was not aware of</p> <p>5 it.</p> <p>6 Q. Were you with Telus already?</p> <p>7 A. Yes, I was.</p> <p>8 Q. So if I were to ask you, when did</p> <p>9 the discussions with Bell begin, and how long they</p> <p>10 lasted, to enter into this network-sharing</p> <p>11 agreement, would you be able to answer my</p> <p>12 questions?</p> <p>13 A. I do not know.</p> <p>14 Q. Surely you'll agree with me that</p> <p>15 negotiating a network-sharing agreement is a</p> <p>16 complex and lengthy process, correct?</p> <p>17 A. Sir, in the delivery of all</p> <p>18 telecom services, there's lots of issues that need</p> <p>19 to be resolved. And so negotiations certainly</p> <p>20 between two sophisticated parties, it takes</p> <p>21 whatever it takes in terms of completion of the</p> <p>22 agreement.</p> <p>23 Q. Yeah, but whatever it takes is not</p> <p>24 a question of a few days; it's a question of</p> <p>25 several months, correct?</p> | <p style="text-align: right;">Page 32</p> <p>1 simple. It's not something you can do in a short</p> <p>2 period of time. And I think that what I've asked</p> <p>3 is very relevant to demonstrate my point.</p> <p>4 So just an answer to your affidavits</p> <p>5 but we don't need to argue. I just wanted you to</p> <p>6 have my position on that, and I'll await your</p> <p>7 position on the undertaking.</p> <p>8 BY MR. OUELLET:</p> <p>9 Q. Now, if you go to paragraph 17,</p> <p>10 Mr. Edora, you can take your time and review the</p> <p>11 paragraph.</p> <p>12 A. I've reviewed the paragraph.</p> <p>13 Q. You've mentioned a summarization,</p> <p>14 Vidéotron licenses be issued, its entry into the</p> <p>15 western Canadian market would cause disruption and</p> <p>16 distortion.</p> <p>17 Now, my question to you is, this would</p> <p>18 be the case for any regional carrier who would be</p> <p>19 entering the market, correct?</p> <p>20 A. Certainly when there's market</p> <p>21 entry it does create disruption. I think Vidéotron</p> <p>22 is certainly a little bit different than other</p> <p>23 competitors that may enter. But yes, you're right.</p> <p>24 Competitive entry always causes changes to the</p> <p>25 marketplace.</p> |

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1 Q. Vidéotron is a little bit
2 different in terms of its size, right? That's what
3 you meant by that. Size and sophistication?
4 A. There is a lot of dimensions where
5 Vidéotron would be a formidable competitor. Size
6 is one. They certainly have experience delivering
7 wireless services, they have marketing experience,
8 they have -- they're well capitalized, so for sure --
9 they have lots of experience just in telecom just
10 generally.
11 So they are a little bit different in
12 terms of overall profile than of plain vanilla
13 market entrant.
14 Q. If I can summarize what you've
15 just said. Vidéotron would be a more formidable
16 competitor than another just regional market
17 entrant that would start servicing clients in
18 Alberta, for example?
19 A. Yes.
20 Q. Do I take it from these
21 proceedings Telus would rather compete against the
22 smaller players versus Vidéotron?
23 A. Telus welcomes all competition.
24 It's a competitive marketplace, and we're ready to
25 compete. The issue that we have with Vidéotron's

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1 entry is that -- our position is that it was not
2 entitled to the licenses that it had obtained.
3 Q. Understood, yeah.
4 Now, so obviously you'll agree with me
5 that if consumers had one more choice for their
6 mobile services provider, market participants
7 necessarily have to adapt to it, correct?
8 A. Yes.
9 Q. And in that same paragraph, 17 you
10 refer to market participants would be forced to
11 alter their behaviour in response to the new
12 entrant.
13 So in this paragraph, knowing that the
14 proceedings deal with BC, Alberta and Manitoba,
15 when you refer to market participants who will be
16 forced to alter their behaviour, you're referring
17 to the national mobile service providers, correct?
18 A. I just want to make sure -- you're
19 referring to the sentence that says "market
20 participants would be forced to alter their
21 behaviour in response to the new entrant".
22 What we're referring to is all the
23 existing wireless providers. There's national
24 providers and also there's Freedom; in addition
25 there might be some smaller providers as well.

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1 Q. Yes, but Freedom, you're talking
2 about Freedom Mobile, correct?
3 A. Freedom Mobile owned by Shaw, yes.
4 Q. Yes, Freedom Mobile is owned by
5 Shaw, and Shaw is in the process of being acquired
6 by Rogers; are you aware of that?
7 A. Yes, I'm aware of that. It
8 doesn't mean that they're not competing. I live in
9 Vancouver; they still have a very big presence
10 here. Being a cable company, they have a lot of
11 goodwill and subscriber base here in Vancouver.
12 Q. You are aware, sir, that because
13 of the announced acquisition of Shaw by Rogers,
14 Freedom Mobile was disqualified from bidding on
15 set-aside licenses in the auction, correct?
16 A. I wouldn't say they were
17 disqualified. My understanding is they chose not
18 to participate. I don't think they ever went
19 through the qualification process.
20 Q. So they did not ask to be
21 qualified. You know for a fact that since they're
22 considered as being linked to Rogers, they would
23 not have qualified?
24 A. Again, I do not know -- I do not
25 know. My understanding is that they would have

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1 been at least associated entities; that was my
2 interpretation. But I do not know what ISED's
3 ultimate determination on that would have been.
4 Q. So market participants at
5 paragraph 17, you're referring to Rogers, Bell,
6 Telus, as well as Freedom and are there others in
7 BC and Alberta?
8 A. Those are certainly the major
9 providers. There might be some smaller providers
10 around, but to my -- in terms of the primary
11 competitors, those are definitely the main ones.
12 Q. Now, when you say at paragraph 17
13 still, in your affidavit market participants would
14 be forced to alter their behaviour.
15 Alter their behaviour, by that you mean
16 reduced prices, correct?
17 A. There's many dimensions upon which
18 competition takes place. Price is one.
19 There's certainly other things that
20 competitors need to show themselves as different
21 from other competitors. But certainly the price is
22 one important dimension.
23 Q. So another example would be to
24 make -- they'd have to make their offer more
25 attractive to consumers, or adjust their offers to

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| <p style="text-align: right;">Page 37</p> <p>1 react to the new competition?</p> <p>2 A. Yes, that's correct.</p> <p>3 Q. Now, the -- I'm using the word</p> <p>4 meaning "impugned licenses", because I know</p> <p>5 Vidéotron did win some open licenses. So I'm</p> <p>6 leaving those aside, okay?</p> <p>7 A. I understand.</p> <p>8 Q. So the impugned licenses won by</p> <p>9 Vidéotron at the auction were all set-aside</p> <p>10 licenses, correct?</p> <p>11 A. Yes, in that characterization that</p> <p>12 is correct, yes.</p> <p>13 Q. Now, Telus, Rogers and Bell were</p> <p>14 not allowed to bid on those licenses, correct?</p> <p>15 A. That is correct.</p> <p>16 Q. Are you aware that all of the</p> <p>17 set-aside licenses won by Vidéotron were the result</p> <p>18 of competitive bidding in the sense that they were</p> <p>19 bought for more than the opening price?</p> <p>20 A. I'm not as familiar with the</p> <p>21 auction dynamics as some of my colleagues might be.</p> <p>22 But my understanding is that there was contention</p> <p>23 in the bidding process and Vidéotron was not</p> <p>24 bidding alone.</p> <p>25 Q. I think your colleague just</p> | <p style="text-align: right;">Page 39</p> <p>1 A. I have it in front of me.</p> <p>2 Q. So you refer to the MVNO policy</p> <p>3 that CRTC can compel Telus to enter into and --</p> <p>4 -- INTERRUPTION IN THE PROCEEDINGS --</p> <p>5 MR. OUELLET: Sorry, somebody is</p> <p>6 talking. Somebody doesn't have their microphone</p> <p>7 muted. Okay.</p> <p>8 BY MR. OUELLET:</p> <p>9 Q. So paragraph 19. First going to</p> <p>10 the MVNO policy, the CRTC can compel Telus to enter</p> <p>11 into an MVNO agreement, if an eligible party</p> <p>12 requests MVNO access, subject to terms and</p> <p>13 conditions which are set by tariff and rates which</p> <p>14 are negotiated or arbitrated.</p> <p>15 So this is the purpose of my questions,</p> <p>16 first of all. And we've touched on this a little</p> <p>17 bit before.</p> <p>18 We know that the default terms and</p> <p>19 conditions will be set by tariff. Do you agree</p> <p>20 with that?</p> <p>21 A. Yes.</p> <p>22 Q. And that's the CRTC decision we're</p> <p>23 all waiting for?</p> <p>24 A. That is correct.</p> <p>25 Q. Now you say that the rates are</p> |
| <p style="text-align: right;">Page 38</p> <p>1 mentioned that earlier. I know you weren't there</p> <p>2 but...</p> <p>3 So had Vidéotron not bid on those</p> <p>4 licenses, the licenses would have been purchased by</p> <p>5 a different regional carrier, correct?</p> <p>6 A. That's correct, that's correct.</p> <p>7 Q. And they would not have been</p> <p>8 purchased by either of Bell, Rogers or Telus?</p> <p>9 A. That is correct.</p> <p>10 Q. And that other regional carrier</p> <p>11 would, just like Vidéotron, enter the market and</p> <p>12 cause a disruption, or distortion in the market?</p> <p>13 A. Yes, that's correct. As I</p> <p>14 mentioned earlier, I think there's some unique</p> <p>15 characteristics to Vidéotron that make it different</p> <p>16 from another regional entrant or smaller provider.</p> <p>17 So but you're right. There would be</p> <p>18 anticipated market disruption from any new entrant.</p> <p>19 Q. Let me -- just to take a brief</p> <p>20 pause, I'm going to strike some questions. Just</p> <p>21 give me two minutes.</p> <p>22 (Brief pause in the proceedings).</p> <p>23 BY MR. OUELLET:</p> <p>24 Q. Okay. So paragraph 19, sir, of</p> <p>25 your affidavit?</p> | <p style="text-align: right;">Page 40</p> <p>1 negotiated or arbitrated. So when you say -- so</p> <p>2 the rates are negotiated, as soon as the tariff</p> <p>3 comes out, then a commercial negotiation will have</p> <p>4 to commence between Vidéotron and one of the</p> <p>5 national mobile services providers to enter into an</p> <p>6 MVNO agreement?</p> <p>7 A. That's correct.</p> <p>8 Q. And so these negotiations will</p> <p>9 last a certain time, we don't know. It's in the</p> <p>10 future, we don't know. But then if there is no</p> <p>11 agreement, then the rates will have to be</p> <p>12 arbitrated?</p> <p>13 A. That's correct.</p> <p>14 Q. Now, we know that Telus already</p> <p>15 refused to negotiate an off-tariff agreement with</p> <p>16 Vidéotron?</p> <p>17 A. Yes, that's correct. No, we</p> <p>18 didn't refuse. We said that we would wait for the</p> <p>19 completion of the CRTC proceedings.</p> <p>20 Q. Which means the tariff terms and</p> <p>21 conditions, you'll be waiting for that?</p> <p>22 A. Yeah, waiting for approval of</p> <p>23 those, yes, that's correct.</p> <p>24 Q. But that is not mandatory. You</p> <p>25 could, if you wanted to, begin negotiations of an</p> |

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| <p style="text-align: right;">Page 41</p> <p>1 off-tariff agreement with Vidéotron? 2 A. Yes, we could. 3 Q. That's my point is Telus does not 4 want to do that; it wants to wait for the tariff? 5 A. We can still do an off-tariff 6 arrangement even subsequent to the approval of the 7 tariff. So what I'm saying is, we're not refusing 8 to do an off-tariff arrangement. 9 Q. You just want to wait? 10 A. We're waiting for the completion 11 of the CRTC proceedings. That is correct. 12 Q. And then when the tariff comes 13 out, commercial negotiations begin on the rates and 14 if there is no agreement, then it's arbitration? 15 A. That's correct. 16 Q. Final offer arbitration? 17 A. Final offer arbitration, yes, 18 that's correct. 19 Q. You're familiar with that process? 20 A. I am aware of it. I have never 21 been involved in the CRTC final offer arbitration 22 process. 23 Q. If you can go to the MVNO policy, 24 I think you had a paper copy of it. 25 A. Yes, I do.</p> | <p style="text-align: right;">Page 43</p> <p>1 is "Broadcasting and Telecom Information Bulletin 2 CRTC 2019-184". 3 Do you have that? 4 A. Yes, I have it. 5 Q. So you agree that this is the 6 document that sets out the procedure for the final 7 offer arbitration? 8 A. I agree. 9 Q. So I'd like just to have a 10 complete record to file that as Exhibit EE-2? 11 EXHIBIT NO. EE-2: Broadcasting and 12 Telecom Information Bulletin CRTC 13 2019-184 (Document 9). 14 BY MR. OUELLET: 15 Q. But you've never been involved in 16 those -- in an arbitration proceeding before? 17 A. I have not. 18 MR. OUELLET: I'll just mute myself for 19 a second. 20 -- OFF THE RECORD DISCUSSION -- 21 BY MR. OUELLET: 22 Q. You don't know how -- if I were to 23 ask you questions on how lengthy those arbitration 24 processes are, you would have to be referring to 25 the bulletin?</p> |
| <p style="text-align: right;">Page 42</p> <p>1 Q. Paragraph 352, my version is not 2 numbered. 3 A. It's okay. I have the paragraph 4 in one second here, I have it. 5 Q. So it's paragraph 352? 6 A. 352. I have it in front of me. 7 Q. It's MVNO policy, Exhibit L to 8 Mr. Anderson's affidavit. 9 "Further the Commission has an 10 existing process in place for FOA --" 11 Which means final offer arbitration, 12 correct. 13 A. Yes. 14 Q. "-- as part of its suite of 15 dispute resolution procedures, the 16 Commission considers that this 17 FOA process is generally appropriate 18 when there is a single issue subject 19 to a bilateral dispute." 20 And you see note 31, after the first 21 sentence in 352? 22 A. Yes. 23 Q. Okay. So I just want to make sure 24 that we're on the same page. I sent you, or I sent 25 your counsel last night Document Number 9. Which</p> | <p style="text-align: right;">Page 44</p> <p>1 A. I would refer to the bulletin, 2 yes, that's correct. 3 Q. That's fine. I won't take you 4 through this. So just to summarize, so we wait for 5 the CRTC decision on tariff terms and conditions, 6 and we still don't know when that will be released, 7 correct? 8 A. That's correct. 9 Q. And then once released, parties 10 have to negotiate rates? 11 A. That's correct. 12 Q. And then if the negotiation is not 13 successful, then there is a final offer 14 arbitration, the procedure of which is set out in 15 the bulletin that we just looked at, marked as 16 EE-2? 17 A. Yes, I just want to be clear that 18 we shouldn't just jump to the conclusion that it's 19 going to go to final offer arbitration. 20 The CRTC, by its decision, will set, as 21 you said, default terms and conditions. And so 22 that alleviates a lot of the negotiation process 23 for an MVNO. 24 In addition, there are existing roaming 25 rates that companies will use as benchmarks or</p> |


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| <p>Page 45</p> <p>1 guidelines in terms of the rates.</p> <p>2 So I wouldn't necessarily say that</p> <p>3 there is -- that the negotiations will be -- will</p> <p>4 take a considerable amount of time. There is a lot</p> <p>5 of existing data and documents that could help the</p> <p>6 parties. I wouldn't assume that it's -- that a</p> <p>7 negotiation would automatically need final offer</p> <p>8 arbitration.</p> <p>9 Q. But certainly Telus controls the</p> <p>10 clock on this. If Telus wants to delay this, it</p> <p>11 could just wait for, and force parties to go to</p> <p>12 arbitration?</p> <p>13 A. Well, if the agreement -- if the</p> <p>14 services arrangement is beneficial to both parties,</p> <p>15 then our control will be to try to be motivated to</p> <p>16 actually complete an agreement.</p> <p>17 Our entire division, as I mentioned</p> <p>18 earlier, Telus Partners Solutions Division, is</p> <p>19 designed to provide carrier services to other</p> <p>20 carriers. This is an important part of our</p> <p>21 business. They do not exist by playing the clock</p> <p>22 and not consummating negotiations.</p> <p>23 Q. Clearly it's not interested in</p> <p>24 seeing Vidéotron competing with Telus in British</p> <p>25 Colombia, Alberta and Manitoba?</p> | <p>Page 47</p> <p>1 and it makes it extremely for parties such as Telus</p> <p>2 that want to acquire spectrum and build to acquire</p> <p>3 spectrum at a fair and market rate.</p> <p>4 We are all about market competition.</p> <p>5 And if it's an open auction, with many different</p> <p>6 parties competing for that suite of licenses, we</p> <p>7 are more than happy to deal with that type of</p> <p>8 auction framework.</p> <p>9 Q. You agree with me, though, that</p> <p>10 ISED qualifies set-asides as a pro-competitive</p> <p>11 measure, right?</p> <p>12 A. That's how they term it. I don't</p> <p>13 agree with that characterization. It seems to me</p> <p>14 it's favouring certain market participants. But</p> <p>15 they call it what they call it.</p> <p>16 Q. Now, if you go to Exhibit B of</p> <p>17 Mr. Mulvihill's affidavit, which is the Framework?</p> <p>18 A. I don't have that in front of me.</p> <p>19 It's in the motion record, I imagine.</p> <p>20 Q. Yes, I'll give you the pages it</p> <p>21 starts at page 46 of the motion record. But I'll</p> <p>22 direct you to where I have questions.</p> <p>23 A. I'm sorry, would you mind giving</p> <p>24 me the page reference again.</p> <p>25 Q. Sure, it starts at 46 of the</p> |
| <p>Page 46</p> <p>1 A. As I said earlier, we welcome all</p> <p>2 competition. It's not Vidéotron per se, it's a</p> <p>3 question of Vidéotron style of entry.</p> <p>4 In our view they have obtained licenses</p> <p>5 it was not entitled to. That is not in our view a</p> <p>6 sufficient basis for them to enter.</p> <p>7 If they wanted to enter and build</p> <p>8 facilities then we would welcome that competition.</p> <p>9 Q. Sir, are you aware of Telus's</p> <p>10 comments in the course of the consultations which</p> <p>11 led to the Framework for the auction?</p> <p>12 A. I'm sorry, to the auction? Is</p> <p>13 that what you're saying?</p> <p>14 Q. Yes, I am not talking about MVNO.</p> <p>15 I'm talking about the auction that includes</p> <p>16 set-aside eligibility criteria?</p> <p>17 A. Yes, I'm familiar with our</p> <p>18 comments that were filed as part of that Framework</p> <p>19 consultation.</p> <p>20 Q. You are aware that Telus was</p> <p>21 forced to lead against set-asides?</p> <p>22 A. Yes, we've been consistent for</p> <p>23 many years about set-asides. Our issue of</p> <p>24 set-aside is not about competition. It's about the</p> <p>25 fact that it is distorts the value of the spectrum</p> | <p>Page 48</p> <p>1 motion record.</p> <p>2 A. Okay.</p> <p>3 Q. The focus of my questions starts</p> <p>4 at page 57 of the motion record, at paragraph 36?</p> <p>5 And so I'll ask you just to read for</p> <p>6 yourself, starting at paragraph -- again, I'm</p> <p>7 suggesting you start at paragraph 36. You can</p> <p>8 start earlier if you want.</p> <p>9 But my questions deal with the</p> <p>10 discussion there at paragraphs 36 to 41. And my</p> <p>11 specific focus is on paragraphs 37, 38, 40, and the</p> <p>12 second half of 41.</p> <p>13 So maybe you can take time to read</p> <p>14 those, then I'll ask you my questions.</p> <p>15 A. Okay. (Witness reviews document).</p> <p>16 I've completed the review.</p> <p>17 Q. As I said, I don't want to</p> <p>18 necessarily read paragraphs 37, 38, 40 and the</p> <p>19 second part of 41 for the record.</p> <p>20 But with those sections of the</p> <p>21 Framework in mind, surely you'd agree with me that</p> <p>22 increasing competition and lowering prices of</p> <p>23 mobile plans is one of the policy objectives of</p> <p>24 ISED, correct?</p> <p>25 A. Yes.</p> |

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| <p style="text-align: right;">Page 49</p> <p>1 Q. And when you say at paragraph 22, 2 of your affidavit, Vidéotron would be in a position 3 to offer low priced mobile plans for a sustained 4 period due to its saving -- its savings from 5 excessive set-aside spectrum. 6 There is true for any successful 7 set-aside bid, correct? 8 A. It's important to recognize when 9 we refer to Vidéotron, there are unique 10 characteristics of Vidéotron that make it different 11 from an entrant that had acquired set-aside 12 spectrum. 13 In this particular case what we're 14 talking about is Vidéotron being able to take 15 advantage of the rule, and being able to enter. 16 And so that gives it a special position 17 and able to influence the market differently than 18 another new entrant. 19 Q. Sure, but another set-aside bidder 20 who would have acquired set-aside licenses, would 21 you agree they can offer low priced mobile plans 22 for a sustained period due to its saving from 23 accessing set-aside spectrum? 24 A. Well, not necessarily. If Freedom 25 for example, had been qualified to enter, to be a</p> | <p style="text-align: right;">Page 51</p> <p>1 that we've competed against. 2 Q. Coming back to your example where 3 you use Freedom for Alberta and BC, Freedom was not 4 a participant in the auction, correct? 5 A. That's correct. They were not. 6 Q. So Freedom could not have acquired 7 those licenses in BC and Alberta because it wasn't 8 allowed to bid. So necessarily it would have been 9 someone else if it hadn't been you? 10 A. Right. It would have been a 11 smaller competitor. I know in Alberta and British 12 Columbia they would have much smaller scale, much 13 smaller capital resources than a company like 14 Vidéotron. 15 Q. And that company could offer low 16 priced mobile plans for a sustained period because 17 of the savings from accessing set-aside spectrum? 18 A. The sustainability is where, I 19 think, we have a difference of view here. A 20 smaller entity that's not as well capitalized as 21 Vidéotron, their ability to sustain low prices is 22 far less than, say, Vidéotron. 23 Q. So you know that Vidéotron has the 24 capacity to sustain low prices in the long-term, 25 correct?</p> |
| <p style="text-align: right;">Page 50</p> <p>1 set-aside bidder it's already in, it's already a 2 competitor within the Alberta and British Columbia. 3 If they had gotten the set-aside 4 spectrum, then they probably would just continue 5 their business plan. They wouldn't necessarily 6 come in with lower prices that are already in the 7 market. 8 And so it's that type of dynamic. In 9 Manitoba, Xplornet is already a competitor. If 10 they had acquired the set-aside spectrum, the 11 Manitoba pricing dynamics might not be as 12 dramatically changed, for example, as Vidéotron's 13 entry. 14 Q. Sure. And you know what effect 15 Vidéotron's entry had on prices in Québec, do you 16 not? 17 A. I have some knowledge. The Québec 18 example is kind of an interesting one, in that 19 Québec prices were lower than, in general, the 20 national prices of wireless services even prior to 21 Vidéotron's entry. 22 Q. Now they're even lower, correct? 23 A. I'm not sure to what degree 24 they're lower, but for sure Vidéotron has been able 25 to garner market share with really favourable plans</p> | <p style="text-align: right;">Page 52</p> <p>1 A. Again, I don't know that to be a 2 fact. I'm just -- I'm just commenting based on my 3 knowledge of Vidéotron and it's the way that it has 4 competed in Québec. 5 And the fact that even its CEO says it 6 has one of the strongest balance sheets out of all 7 the telecom companies in Canada. 8 I think that certainly gives it a leg 9 up, and that's great. It's great it has a leg up 10 in terms of its business, but they should not be 11 getting a leg up because of some perversion of a 12 regulatory rule of set-asides. 13 Q. You are against set-asides but 14 ISED decided that it disagreed with Telus, correct? 15 A. Right. The issue -- the larger 16 issue here is not the issue of set-asides. It's 17 Vidéotron taking advantage of the set-aside rule. 18 Q. Now at paragraph 23, you refer 19 to -- the second sentence. You can read the whole 20 thing, but my focus is on the second sentence. 21 Regaining high-quality subscribers is difficult 22 without a high cost of acquisition. 23 So when you refer to high-quality 24 subscribers, are you talking about subset of 25 Telus's subscribers?</p> |

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| <p style="text-align: right;">Page 53</p> <p>1 A. In every subscriber base, there 2 are some -- there are subscribers that are higher 3 quality than others. So, yes, there are in Telus's 4 subscriber base, there would be a subset that would 5 characterize as high-quality. 6 Q. These high-quality subscribers 7 would be the ones that are paying very high prices 8 for their services because of the oligopoly which 9 Telus has been operating for years in Alberta, BC 10 and Manitoba? 11 A. I disagree with the 12 characterization of oligopoly. There's 13 high-quality subscribers in every market segment. 14 It doesn't matter what the rate is. 15 There's high-quality subscribers, 16 because, for example, somebody is just a long-term 17 prepaid subscriber. They pay 25, \$30 every month. 18 There's obviously high-quality 19 subscribers at the upper end as well, they add 20 services, data, they roam, and so they pay their 21 bill every month. So the dimensions of quality are 22 on things other than price. As well as price. 23 Q. As well as price. Now, 24 paragraph 25, it's written as a condition. So the 25 second sentence -- I'll read the whole paragraph.</p> | <p style="text-align: right;">Page 55</p> <p>1 are planned. 2 Q. Here you affirm that this could 3 mean Telus has less capital to invest? 4 So my question for you is, before you 5 swore this in your affidavit, did you actually 6 verify with Telus to provide you with capital 7 investment plans to see if that was actually a 8 fact? 9 A. What this statement is referring 10 to is the fact that when we do our capital 11 planning, we base it on a number of assumptions. 12 The Vidéotron entry is not something that we would 13 have assumed. 14 Q. But, sir, you just told me you're 15 not involved with the preparation of those capital 16 investment plans. How can you affirm what you've 17 taken into account if you're not involved at all in 18 preparing those plans? 19 A. I'm not involved in the capital 20 plans but I certainly understand -- the Vidéotron 21 entry was something that Telus did not foresee. 22 Q. Sure, but sir, you affirm that 23 Vidéotron's entry could result in less capital 24 investment. My question is simply, before you 25 affirmed that, did you verify what the plans were</p> |
| <p style="text-align: right;">Page 54</p> <p>1 "These impacts on Telus have 2 knock-down effects. To the extent 3 Telus is forced to reprice its 4 plans and deal with customer losses, 5 Telus would need to make up for 6 these losses in other areas. This 7 could mean it has less capital to 8 invest in its network 9 infrastructure." 10 And the "could", could is conditional. 11 So I assume, and you'll correct me if 12 I'm wrong, I assume Telus prepares yearly plans 13 with regard to its anticipated capital investments, 14 correct? 15 A. Yes. 16 Q. Are you privy to those plans? 17 A. I am not. 18 Q. You're not. Do you know at what 19 frequency they're prepared? 20 A. I do not know. 21 Q. Do you know when the last capital 22 investment plan was prepared by Telus? 23 A. I do not know. We make capital 24 projections as part of our -- as part of our 25 investor disclosures, but I do not know when they</p> | <p style="text-align: right;">Page 56</p> <p>1 and if they -- if the plans do provide for less 2 capital investment in the future because of 3 Vidéotron's entry? 4 A. What the statement is referring to 5 is the fact that when we invest in capital -- 6 Q. I'm asking if you verified, sir. 7 I'm not asking you the statements, you already said 8 that. 9 I'm asking did you verify and asked to 10 be provided with capital spending plans before you 11 signed your affidavit? 12 A. I did not obtain those materials. 13 The comment is less revenue coming into Telus as a 14 result of potential entry, and how we pull levers 15 in terms of how to deal with that decreased 16 revenue. Reducing capital is one of those levers. 17 Q. You weren't interested in knowing 18 what you're saying was actually factual? 19 MS. BEAGAN FLOOD: Mr. Ouellet, you've 20 asked him a number of times. The paragraph doesn't 21 refer to capital plans. 22 MR. OUELLET: Capital to invest. 23 Capital to invest, right? 24 BY MR. OUELLET: 25 Q. So I'm sure that a company like</p> |

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| <p>Page 57</p> <p>1 Telus, and the witness has just confirmed they do 2 have capital investment plans, and all I'm asking 3 is, you know, why did you not verify? That's my 4 point. I'm suggesting, sir, that you did not 5 verify because --</p> <p>6 MS. BEAGAN FLOOD: But, Mr. Ouellet, 7 you're asking whether he verified something that 8 isn't stated in his paragraph and you've asked him 9 that a number of times. I object to you continuing 10 to ask him the same question.</p> <p>11 MR. OUELLET: Under reserve?</p> <p>12 MS. BEAGAN FLOOD: I object to you 13 continuing to repeatedly ask him the same question. 14 That is not what his evidence relates to.</p> <p>15 BY MR. OUELLET:</p> <p>16 Q. My question is, sir, should we 17 understand from your testimony, and your affidavit, 18 that you chose not to verify if the assertion at 19 paragraph 25 was actually --</p> <p>20 MS. BEAGAN FLOOD: Mitchell, he does 21 not make an assertion about capital plans in his 22 affidavit.</p> <p>23 MR. OUELLET: He speculates.</p> <p>24 BY MR. OUELLET:</p> <p>25 Q. Let's do it this way.</p> | <p>Page 59</p> <p>1 A. Yes.</p> <p>2 Q. Are you aware of any reports that 3 were made by Telus suggesting that future 4 investments would be reduced?</p> <p>5 A. I am not aware.</p> <p>6 Q. Did you verify?</p> <p>7 A. Pardon me?</p> <p>8 Q. Did you verify if such 9 communications existed? Prior to signing your 10 affidavit?</p> <p>11 A. Verify what? What are you asking 12 me to verify?</p> <p>13 Q. Well, if Telus had publicly 14 disclosed since the auction that it had the 15 intention to potentially reduce the capital 16 investments?</p> <p>17 A. Well, I'm not aware of us making 18 that statement. I'm not sure what you want me to 19 verify.</p> <p>20 Q. That's fine. I'll just go to some 21 other topic.</p> <p>22 Now, at paragraph 27, my questions are 23 quite short on this. You can read it but I can 24 give you my question right away: What you're 25 describing in 27 is basically your opinion of what</p> |
| <p>Page 58</p> <p>1 Paragraph 25, sir, you agree with me, is 2 speculation on your part. You don't actually know 3 if Telus plans to invest less capital in the 4 future, correct?</p> <p>5 A. I'm not sure if I understand the 6 question. The paragraph is referring to impacts of 7 reduced revenue as a result of Vidéotron's entry. 8 That's what this is referring to.</p> <p>9 As the paragraph intimates, when you 10 have reduced revenue, one of the things that 11 companies do is examine the capital investments.</p> <p>12 Q. But as a matter of fact, you have 13 no idea if this is what Telus intends to do, 14 correct? Because you're not involved in capital 15 spending decisions?</p> <p>16 A. Well, with what I understand is 17 the fact that when you have a finite amount of 18 money, if that amount of money is reduced then what 19 you can do with it is also reduced.</p> <p>20 Capital investment is part of those 21 expenditures that invariably become part of the 22 scrutiny in terms of how to reduce expenditure.</p> <p>23 Q. Now since Vidéotron won those 24 set-aside licenses, sir. Telus has continued to 25 report publicly on its finances?</p> | <p>Page 60</p> <p>1 could happen if Vidéotron's licenses are not 2 cancelled?</p> <p>3 A. Paragraph 27, yes.</p> <p>4 Q. Same question for paragraph 28. 5 This is, again, your opinion as to what could 6 happen to smaller western Canadian telecom service 7 providers?</p> <p>8 A. Yes, that's correct.</p> <p>9 Q. Now those smaller western Canadian 10 telecom service providers to whom you refer, 11 you've talked about Freedom Mobile, and Xplornet, 12 are you aware of any others?</p> <p>13 A. There's Terrestar as well. 14 There's telecom providers that may not necessarily 15 do wireless services. There's companies like Novus 16 and they're smaller fixed wireless companies as 17 well.</p> <p>18 Q. Has any of those companies 19 actually provided you with any indication in 20 writing that they intended not to enter the market 21 should Vidéotron's licenses not be cancelled?</p> <p>22 A. They have not provided that.</p> <p>23 Q. Now paragraph 29, you say that 24 Vidéotron had not participated in the set-aside 25 spectrum auction in BC, Alberta and Manitoba,</p> |

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| <p style="text-align: right;">Page 61</p> <p>1 smaller regional set-aside bidders would have won 2 that spectrum.</p> <p>3 So again, I don't want to repeat 4 myself, but neither Telus, Rogers or Bell would not 5 have won that spectrum, correct?</p> <p>6 A. That is correct.</p> <p>7 Q. Now, you're saying the smaller 8 regional players would have won -- you say smaller 9 regional set-aside bidders would have won that 10 spectrum.</p> <p>11 Now, I'll call that the hypothetical 12 set-aside bidder, that is not Vidéotron. So you'll 13 agree --</p> <p>14 A. I apologize, I'm not sure that's 15 hypothetical. I thought we talked earlier there 16 were other bidders for that set-aside spectrum.</p> <p>17 Q. Let's call it Company X. That's 18 what I meant. This is my English letting me down?</p> <p>19 A. Okay, I understand. I apologize. 20 I understand.</p> <p>21 Q. We'll say Company X would have won 22 those licenses, okay.</p> <p>23 So had Company X won those licenses, 24 Company X would have paid much less for spectrum as 25 a set-aside bidder than it otherwise would have</p> | <p style="text-align: right;">Page 63</p> <p>1 Q. Let's go back to Company X. Had 2 Company X bought those set-aside licenses is it 3 your position it could offer low prices that would 4 not be based on legitimate market dynamics?</p> <p>5 A. It would be based on the -- their 6 entry would be based on the fact that, yes, they 7 got spectrum at lower than market prices for 8 spectrum, that's true.</p> <p>9 Q. And which you qualify as 10 non-legitimate marketing dynamics in your 11 affidavit?</p> <p>12 A. Again, I'm not sure where you're 13 saying "non-legitimate". The artificial nature of 14 Vidéotron's prices stem directly from Vidéotron's 15 stature, in addition to the set-aside winnings.</p> <p>16 Q. Now I'm almost done here. The 17 Minister has not, or ISED has not, delivered the 18 licenses yet to anyone; do you agree with that?</p> <p>19 A. Yes.</p> <p>20 Q. And as of now, the national mobile 21 service providers are the main players in the 22 mobile service -- in the mobile services in BC, 23 Alberta, and Manitoba?</p> <p>24 A. I'm not sure what you mean by 25 "main". There are four primary competitors in that</p> |
| <p style="text-align: right;">Page 62</p> <p>1 paid for open or non set-aside spectrum, correct?</p> <p>2 A. Yes, that's correct.</p> <p>3 Q. And you will agree with me as a 4 result, Company X would be in a position to offer 5 artificially low prices for mobile plans, which 6 means lower than if they had been required to 7 obtain spectrum in the open or non set-aside 8 auction?</p> <p>9 A. Where are you reading the word 10 "artificial" from? Is that from my affidavit.</p> <p>11 Q. Paragraph 21 of your affidavit. 12 It's the third line, fifth word. "Artificial".</p> <p>13 A. Right. Again, as I said earlier, 14 it's important to understand, when I speak about 15 Vidéotron in my affidavit, I am referring to 16 Vidéotron.</p> <p>17 The artificial nature of the prices 18 that I'm referring to is a combination of the 19 set-aside, reduced valuation of the spectrum. Plus 20 the fact of its stature, which we've talked about 21 during this examination.</p> <p>22 They were well capitalized, had the 23 customer base in Québec, they have experience with 24 wireless services. That is all building in their 25 ability to offer artificially low prices.</p> | <p style="text-align: right;">Page 64</p> <p>1 region.</p> <p>2 Q. Yeah, the fourth one being in 3 Alberta and BC, the fourth one being Freedom, which 4 is on the verge of being acquired by Rogers, right?</p> <p>5 A. Well, that has been announced. 6 They are certainly an independent competitor as of 7 right now.</p> <p>8 Q. Now, will you agree with me the 9 market share, the combined market share of Bell, 10 Rogers and Telus in BC exceeds 95 percent?</p> <p>11 A. I don't have the market share 12 numbers in front of me.</p> <p>13 Q. Do you have a ballpark?</p> <p>14 A. I wouldn't hazard a guess. I 15 don't know.</p> <p>16 Q. I'd like to show you Document 10. 17 It's the communications monitoring report from the 18 CRTC of 2018. It's the most recent one that we 19 found with the data that I want to refer you to. 20 Do you have that in front of you?</p> <p>21 Document 10?</p> <p>22 A. Yeah, I'm just calling it up, I 23 apologize. Okay I have it in front of me.</p> <p>24 Q. If you go -- I'm directing you to 25 page 160. It's numbered at the bottom of the</p> |

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| <p>Page 65</p> <p>1 pages.</p> <p>2 A. I'm just scrolling through it, I</p> <p>3 apologize.</p> <p>4 Q. It's my last set of questions.</p> <p>5 A. 160, is that what you said, sir?</p> <p>6 Q. Yes, it's titled "Subscriber</p> <p>7 Data".</p> <p>8 A. Okay, I have it in front of me.</p> <p>9 Q. You're familiar with these</p> <p>10 communications monitoring reports from the CRTC?</p> <p>11 A. I am.</p> <p>12 Q. Now if you look at subscriber</p> <p>13 data, the second -- it's an arrow, I think. Mobile</p> <p>14 subscriber market share, top 3, 90 percent versus</p> <p>15 other providers, ten percent. "Top three" I</p> <p>16 understand to mean Telus, Rogers and Bell?</p> <p>17 A. Yes.</p> <p>18 Q. And you're not disputing this</p> <p>19 information from the CRTC?</p> <p>20 A. No.</p> <p>21 Q. And if you look at the next page,</p> <p>22 there's a graphic there, or a -- I don't know if</p> <p>23 that's a word in English -- Figure 6.5.</p> <p>24 A. I see it, yes.</p> <p>25 Q. So you see the CRTC informs the</p> | <p>Page 67</p> <p>1 Q. And your answer will be the same</p> <p>2 for Alberta and Manitoba?</p> <p>3 A. Yeah, I think so. I mean, again,</p> <p>4 I'm not completely clear on what this chart is</p> <p>5 supposed to signify, but I think you're right.</p> <p>6 MR. OUELLET: So I'd like to file the</p> <p>7 communications monitoring report in the CRTC</p> <p>8 "Communications Monitoring Report 2018 of the CRTC"</p> <p>9 as Exhibit EE-4.</p> <p>10 EXHIBIT NO. EE-4: Communications</p> <p>11 Monitoring Report 2018 of the CRTC</p> <p>12 (Document 10).</p> <p>13 MR. OUELLET: And subject to -- well</p> <p>14 give me a few minutes. I'll just consult my</p> <p>15 client. And this could be over or soon to be over.</p> <p>16 Just give me a second.</p> <p>17 (Brief pause in the proceedings).</p> <p>18 MR. OUELLET: Sir, subject to the</p> <p>19 objections, these are my questions for you. Thank</p> <p>20 you for your availability and patience.</p> <p>21 -- REPORTER'S NOTE: By agreement of</p> <p>22 counsel the following exhibit was subsequently marked:</p> <p>23 EXHIBIT NO. EE-3: ISED Policy and</p> <p>24 Framework for Spectrum (Exhibit B).</p> <p>25 -- Examination adjourned at 12:37 p.m.</p> |
| <p>Page 66</p> <p>1 reader on the market share of the top three versus</p> <p>2 other providers. And we see that in BC, the CRTC</p> <p>3 says, for 2017, was that the top three had</p> <p>4 100 percent of the market; you're not disputing</p> <p>5 that, sir?</p> <p>6 A. I see the graphic, yes.</p> <p>7 Q. And if we take -- if we add</p> <p>8 Freedom Mobile to the mix, which is on the verge of</p> <p>9 being acquired by Rogers, you'll agree with me</p> <p>10 virtually the entire market in BC is controlled by</p> <p>11 the top three and Freedom Mobile?</p> <p>12 A. I just want to understand if I</p> <p>13 make sure I understand this figure. The footnote</p> <p>14 at the bottom says: It's the year above displaced</p> <p>15 and market shares held by the major WSB's excluding</p> <p>16 Freedom Mobile.</p> <p>17 Q. Exactly. That's why I'm reading</p> <p>18 to Freedom Mobile. If you add Freedom Mobile to</p> <p>19 the mix, you'll agree with me that in BC, it's the</p> <p>20 big three, and Freedom, that controls almost the</p> <p>21 entire market. And we know Freedom is being</p> <p>22 acquired by Rogers; do you agree with that?</p> <p>23 A. Yeah, again, I'm not sure what the</p> <p>24 figures for Freedom would be, but I think you can</p> <p>25 make that assumption.</p> | <p>Page 68</p> <p>1 REPORTER'S CERTIFICATE</p> <p>2</p> <p>3 I, JUDITH M. CAPUTO, RPR, CSR, CRR,</p> <p>4 Certified Shorthand Reporter, certify;</p> <p>5 That the foregoing proceedings were</p> <p>6 taken before me at the time and place therein set</p> <p>7 forth, at which time the witness was put under oath</p> <p>8 by me;</p> <p>9 That the testimony of the witness</p> <p>10 and all objections made at the time of the</p> <p>11 examination were recorded stenographically by me</p> <p>12 and were thereafter transcribed at my direction;</p> <p>13 That the foregoing is a true and</p> <p>14 correct transcript of my shorthand notes so taken.</p> <p>15</p> <p>16 Dated this 13th day of October, 2021.</p> <p>17</p> <p>18 </p> <p>19</p> <p>20 NEESONS, A VERITEXT COMPANY</p> <p>21 PER: JUDITH M. CAPUTO, RPR, CSR, CRR</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> |

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EXHIBIT 22

Federal Court



Cour fédérale

Date: 20211022

Docket: T-1335-21

Citation: 2021 FC 1127

Ottawa, Ontario, October 22, 2021

PRESENT: Mr. Justice Sébastien Grammond

BETWEEN:

TELUS COMMUNICATIONS INC.

Applicant

and

**VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL
MOBILITY INC., BRAGG COMMUNICATIONS
INC., CITYWEST CABLE AND TELEPHONE CORP,
COGECO CONNEXION INC., COMCENTRIC
NETWORKING INC., ECOTEL INC., IRISTEL INC.,
1085459 ONTARIO LTD. O/A KINGSTON ONLINE
SERVICES, LEMALU HOLDINGS LTD.,
MULTIBOARD COMMUNICATIONS INC., 508896
ALBERTA LTD. O/A NETAGO, NEXICOM INC.,
ROGERS COMMUNICATIONS CANADA INC.,
SASKATCHEWAN TELECOMMUNICATIONS,
SOGETEL INC., STAR SOLUTIONS
INTERNATIONAL INC., TBAYTEL, TERRESTAR
SOLUTIONS INC., THOMAS COMMUNICATIONS
LTD., VALLEY FIBER LTD., and XPLORNET
COMMUNICATIONS INC.
VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL
MOBILITY INC., ET AL.**

Respondents

ORDER AND REASONS

[1] The Minister of Industry held an auction for licences for radio spectrum intended to be used for 5G mobile phone networks. A portion of the spectrum was set aside for regional carriers, in order to foster greater competition in the market for mobile phone services.

Vidéotron, a regional carrier, won such set-aside licences in Western Canada. TELUS, a national carrier, argues that Vidéotron was not eligible for such licences. It brought an application for judicial review of the Minister's decision to qualify Vidéotron and now seeks a stay of the issuance of the licences until a final decision is rendered in the judicial review.

[2] I am denying TELUS's motion for a stay. First, on the basis of the record currently before the Court, TELUS's arguments are untenable and do not raise a serious issue. There is no basis for TELUS's assertion that Vidéotron needed to have physical infrastructure in Western Canada to be eligible. Neither does the form summarizing the Minister's assessment of Vidéotron's eligibility raise any serious issue.

[3] Second, TELUS has not shown that it will suffer irreparable harm if the stay is granted. Although Vidéotron's entry will change existing market conditions, the same result would have obtained if another regional carrier had won the disputed licences. Indeed, this change in market conditions is the intended result of the Minister's decision to set aside spectrum for regional carriers. It is not causally linked to Vidéotron's alleged ineligibility and does not count as irreparable harm. Moreover, I am not convinced that the alleged harm is either irreversible or impossible to compensate in damages.

[4] Third, while each party may suffer inconvenience if the stay is granted or denied, the decisive factor is the public interest in fostering greater competition in the market for mobile phone services. This public interest weighs heavily in favour of denying the stay.

I. Background

A. *Statutory Framework*

[5] Mobile phone technology requires the use of electromagnetic waves of various frequencies. The electromagnetic spectrum is a public resource and its use is regulated under the *Radiocommunication Act*, RSC 1985, c R-2. Section 5(1)(a) of the Act empowers the Minister of Industry (who heads the Department of Innovation, Science and Economic Development or ISED) to issue “spectrum licences in respect of the utilization of specified radio frequencies within a defined geographic area.” Such licences are necessary to the operation of any mobile phone network.

[6] Other aspects of mobile phone services, such as prices and terms of service, are regulated by the Canadian Radio-Television and Telecommunications Commission [CRTC], under the *Telecommunications Act*, SC 1993, c 38. Section 7 of the latter Act establishes a telecommunications policy, the objectives of which include the accessibility of telecommunications services in both urban and rural areas and the enhancement of efficiency and competitiveness. In recent years, in furtherance of the latter objective, the CRTC has taken a number of measures intended to foster greater competition in the market for mobile phone services. One such measure, to which I will return later in these reasons, is a policy allowing

“mobile virtual network operators” [MVNO] to require national carriers to give them bulk access to their networks.

B. *Spectrum Auctions*

[7] Subsection 5(1.2) of the *Radiocommunications Act* authorizes the Minister to use a system of competitive bidding for the attribution of spectrum licences. In particular, pursuant to subsection 5(1.4), the Minister may prescribe rules for the bidding process, including bidders’ qualifications.

[8] Spectrum licences are issued for geographic areas that are described as Tiers 2, 3 and 4. Tier 2 licences are for large areas that may correspond to a province. For example, British Columbia, Alberta and Manitoba are considered a Tier 2 area. Tier 4 areas are smaller and may correspond to a major city and its surroundings (for example, Vancouver) or to a larger rural area (for example, Grande Prairie).

[9] In recent years, the Minister has conducted several auctions for parts of the electromagnetic spectrum. These auctions included measures, described as “pro-competitive measures,” intended to enhance competitiveness in the mobile phone services market, in particular “spectrum caps” and “spectrum set-asides.” A spectrum cap is a limit on the width of spectrum that a single licensee may hold. A spectrum set-aside reserves a certain portion of the spectrum for certain entities. The goal of these measures is to facilitate entry in the market for carriers other than the “national mobile service providers” or NMSPs. The NMSPs are defined as those carriers with a market share of more than 10% at the national level. They are currently

TELUS, Bell and Rogers. The expression “regional carrier,” although not defined, is frequently used to refer to carriers other than the NMSPs.

C. *The 3500 MHz Spectrum Auction*

[10] In 2014, ISED announced its intention to reallocate what is known as the 3500 MHz band, which comprises frequencies between 3475 MHz and 3650 MHz, to mobile services. These frequencies are expected to be critical to the development of fifth-generation [5G] mobile services in Canada. In 2019, it launched a consultation regarding the main parameters of an auction for this band.

[11] One of the consultation issues was the nature of the pro-competitive measures that would be part of the auction process. Several government entities, in particular from Western Canada, generally supported the adoption of pro-competitive measures. Several regional carriers supported both a spectrum cap and spectrum set-asides. Québecor, Vidéotron’s parent company, supported spectrum set-asides but not spectrum caps. Bell and TELUS disputed the need for pro-competitive measures; in the alternative, they asserted that only a spectrum cap should be imposed. Rogers agreed with a spectrum cap.

[12] In March 2020, ISED issued the *Policy and Licencing Framework for Spectrum in the 3500 MHz Band* [the Policy Framework]. It is a complex document describing all aspects of the auction process. Only the relevant aspects are described below.

[13] ISED reached the conclusion that pro-competitive measures were required, for the following reasons:

...there is a risk that competition in the 5G mobile wireless market could suffer if regional service providers do not acquire sufficient spectrum. In their recent submission to the Canadian Radio-television and Telecommunications Commission's (CRTC) review of mobile wireless services in 2019, the Competition Bureau found that the NMSPs possess retail market power, indicated by high concentration, high profitability, and high barriers to entry. The Competition Bureau also found that in areas where the NMSPs face a facilities-based regional service provider, prices are significantly lower.

[14] Based on stakeholders' submissions and its experience in previous auctions, ISED determined that it would use a spectrum set-aside, but not a spectrum cap. Thus, a spectrum width of 50 MHz, or about 25% of the available spectrum, would be reserved. The rest of the spectrum was "open," in the sense that all carriers, including national carriers, could bid for it.

[15] The next relevant issue was the definition of the eligibility to bid for this set-aside spectrum. Having considered the submissions of various stakeholders, ISED defined the eligibility criteria for the set-aside spectrum as follows:

... those registered with the CRTC as facilities-based providers, that are not National Mobile Service Providers, and that are actively providing commercial telecommunications services to the general public in the relevant Tier 2 area of interest, effective as of the date of application to participate in the 3500 MHz auction.

[16] As stakeholders had raised questions about certain aspects of this definition, ISED provided the following clarifications. First, any services regulated under the *Telecommunications*

Act, not only mobile phone services, would qualify. Second, the concept of “general public” would be understood as follows:

The definition of “general public” was raised as a potential issue concerning service providers that offer their services to industries, vertical markets, private networks, and other “non-traditional” consumers. For the purposes of this decision, “general public” can include businesses, enterprises and institutions, as well as “traditional” residential consumers. Therefore, providers who are actively offering commercial telecommunications services to any of these consumers will be considered set-aside-eligible as long as they meet the additional eligibility criteria.

[17] It should also be kept in mind that while licences are issued for Tier 4 areas, a bidder would qualify for set-aside spectrum if it offers services anywhere in the wider Tier 2 area that encompasses the Tier 4 area for which a licence is issued. For example, a bidder offering services in the Edmonton Tier 4 area would be eligible for a licence for the Calgary Tier 4 area, as both cities are in the same Tier 2 area.

[18] Vidéotron applied to be recognized as a set-aside bidder in British Columbia, Alberta and Manitoba. (For the sake of brevity, I will refer to these three provinces as “Western Canada.”) It asserted that it was eligible based on the services provided by its subsidiary, Fibrenoire inc. [Fibrenoire]. It provided documentation showing that although Fibrenoire does not offer services to consumers, it offers various types of Internet and fibre optic services to businesses in several cities in these three provinces. Based on that information, ISED accepted that Vidéotron was eligible to bid for set-aside spectrum in these three provinces.

[19] The auction took place in June and July 2021. The results were made public on July 29. Vidéotron won a large number of licences for areas in Quebec and Ontario, mostly in the set-

aside auction. They are not the subject of these proceedings. In addition, it won 69 licences in British Columbia, 40 in Alberta and 21 in Manitoba. All but two of these licences were in the set-aside auction. The auction generated revenues of \$8.91 billion, of which approximately \$830,000,000, are attributable to the licences won by Vidéotron.

[20] Industry participants and observers were not expecting Vidéotron to be able to acquire set-aside spectrum outside of Quebec and Ontario. For example, when the results were made public, Desjardins Capital Markets stated that “Prior to seeing the auction results, we were not sure if [Vidéotron] was eligible to bid on set-aside spectrum outside of its current footprint.”

[21] On August 3, 2021, TELUS wrote to ISED to express its surprise at Vidéotron’s qualification for the set-aside spectrum in Western Canada, because it was unaware of any activities of Vidéotron in this part of the country. It requested that ISED provide its decision, analysis and supporting evidence regarding Vidéotron’s eligibility. On August 11, 2021, ISED responded that Vidéotron became eligible through services provided by its affiliate, Fibrenoire, which is a registered provider under the *Telecommunications Act*. ISED asserted that it was satisfied that Fibrenoire provided services in the relevant areas, but declined to forward details of Vidéotron’s application to TELUS, as it contained confidential information, in particular clients’ names.

[22] On August 26, 2021, TELUS began an application for judicial review of ISED’s decision to qualify Vidéotron for bidding on set-aside spectrum in Western Canada. On September 20,

2021, TELUS brought the present motion, then described as a motion for an interlocutory injunction, to prevent the issuance of the disputed licences.

[23] ISED initially intended to issue the licences on October 4, 2021; it delayed the issuance until the end of October, for reasons unrelated to the present litigation.

II. Analysis

[24] While TELUS initially sought an interlocutory injunction, it now describes the remedy it is seeking as more akin to a stay of proceedings pursuant to section 18.2 of the *Federal Courts Act*, RSC 1985, c F-7. Nothing turns on this distinction, as interlocutory injunctions and stays of proceedings are governed by the same principles, and I will use both terms interchangeably.

[25] The purpose of a stay of proceedings or interlocutory injunction is “to ensure that the subject matter of the litigation will be “preserved” so that effective relief will be available when the case is ultimately heard on the merits”: *Google Inc v Equustek Solutions Inc*, 2017 SCC 34 at paragraph 24, [2017] 1 SCR 824 [*Google*]. In deciding whether to issue an interlocutory injunction or a stay, Canadian courts employ a three-part test derived from the decision of the British House of Lords in *American Cyanamid Co v Ethicon Ltd*, [1975] AC 396. The best known statement of this test is found in the Supreme Court of Canada’s decision in *RJR-MacDonald Inc v Canada (Attorney General)*, [1994] 1 SCR 311 at 334 [*RJR*]:

First, a preliminary assessment must be made of the merits of the case to ensure that there is a serious question to be tried. Secondly, it must be determined whether the applicant would suffer irreparable harm if the application were refused. Finally, an assessment must be made as to which of the parties would suffer

greater harm from the granting or refusal of the remedy pending a decision on the merits.

[26] The first two steps of this method aim at assessing the risk of harm for the plaintiff if the injunction is not granted. At the third step, this risk is compared to the risk of harm to the defendant if an injunction is issued but the defendant later prevails at trial. Harm to third parties and the public interest may also be considered at that stage: *RJR*, at 343–347.

[27] The three prongs of the *RJR* test should not be applied in a mechanistic fashion. While each of the three prongs must be met, strength on one prong may compensate weakness on another: *Mosaic Potash Esterhazy Limited Partnership v Potash Corporation of Saskatchewan Inc*, 2011 SKCA 120 at paragraph 26 [*Mosaic Potash*]; *Monsanto v Canada (Health)*, 2020 FC 1053 at paragraph 50 [*Monsanto*]; *Spencer v Canada (Attorney General)*, 2021 FC 361 at paragraph 51; *Singh v Canada (Citizenship and Immigration)*, 2021 FC 846 at paragraph 17. In the end, “The fundamental question is whether the granting of an injunction is just and equitable in all of the circumstances of the case. This will necessarily be context-specific”: *Google*, at paragraph 25.

[28] Flexibility in the application of the *RJR* test, however, does not extend to the point that an injunction or stay may be granted when one of the prongs of the test is not satisfied. Each component of the test performs a specific function and must be met: *Janssen Inc v Abbvie Corporation*, 2014 FCA 112 at paragraphs 19-26. It is mainly at the third stage of the test that the relative weight of competing factors can be balanced.

A. *Serious Issue*

[29] We can now turn to the first prong of the *RJR* framework, namely, whether the application raises a serious issue. I will first explain what is meant by “serious issue,” and then apply this test to the present case.

(1) The Test

[30] The first step of the test for granting a stay or interlocutory injunction is a preliminary review of the merits of the case. In most cases, the applicant need only convince the judge that the case raises a serious issue. A serious issue is a low threshold. It is not necessary to show that the applicant is likely to succeed. In *RJR*, at 337-338, the Supreme Court commented as follows on this first part of the test:

What then are the indicators of “a serious question to be tried”? There are no specific requirements which must be met in order to satisfy this test. The threshold is a low one. The judge on the application must make a preliminary assessment of the merits of the case.

[...]

Once satisfied that the application is neither vexatious nor frivolous, the motions judge should proceed to consider the second and third tests, even if of the opinion that the plaintiff is unlikely to succeed at trial. A prolonged examination of the merits is generally neither necessary nor desirable.

[31] There are practical reasons for not engaging in a detailed review of the merits of the underlying case when deciding a motion for an interlocutory injunction: *Mosaic Potash*, at paragraphs 37-40. Moreover, as the Alberta Court of Appeal stated in *AC and JF v Alberta*, 2021

ABCA 24 at paragraph 30, “Even weak cases may be entitled to interlocutory relief if the other aspects of the test weigh heavily in that direction.”

[32] Nevertheless, this component of the test performs an important function and should not be seen as merely formal or automatically satisfied. As my colleague Justice William F. Pentney stated in *Skibsted v Canada (Environment and Climate Change)*, 2021 FC 301 at paragraph 33 [*Skibsted*], “This branch of the test seeks to ensure that otherwise lawful activity is not stopped where the main lawsuit is destined to fail because it is totally lacking in merit.”

[33] When the underlying proceeding is an application for judicial review, the serious issue prong of the test must be assessed keeping in mind that the applicant will have to show, on the merits of the application, that the decision challenged is unreasonable: *Monsanto*, at paragraph 58. Thus, in this case, TELUS must show that the reasonableness of the Minister’s decision gives rise to a serious issue or, to phrase this differently, that there is a non-frivolous argument that the decision is unreasonable. In this process, the applicant bears the burden of demonstration: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paragraph 100 [*Vavilov*].

[34] There are some circumstances where someone who applies for a stay or an interlocutory injunction must show a higher probability of prevailing on the merits. Despite Vidéotron’s arguments, this case does not fall into one of these categories. In particular, this is not a situation where, given time constraints, the case is unlikely to proceed on the merits and the interlocutory injunction “will in effect amount to a final determination of the action”: *RJR*, at 338. Even if

TELUS's motion is dismissed, there is no reason why the application could not be heard on the merits. The mere fact that the relief sought on an interim basis is the same as that sought in the application is not sufficient to require more than a serious issue.

(2) Assessment

[35] At this stage of the proceedings, TELUS's application for judicial review does not raise a serious issue. The manner in which TELUS has presented the grounds for its application has varied somewhat, but these grounds can be summarized as follows. First, TELUS asserts that to qualify as a set-aside bidder, Vidéotron must have a physical network in Western Canada, which it does not have. Second, TELUS states that, on its face, ISED's assessment form of Vidéotron's application shows that it did not qualify. Third, TELUS relies on various statements made by Vidéotron, Fibrenoire or industry observers for its assertion that Vidéotron has no activities in Western Canada.

[36] In my view, TELUS's submissions do not raise a defect that comes anywhere near the high standard for demonstrating that a decision is unreasonable. I hasten to add that I reach this conclusion without engaging in any review of disputed evidence. Simply put, based on the uncontradicted evidence before me, TELUS's arguments are untenable.

[37] At this juncture, I would also add that TELUS's submissions do not raise procedural fairness issues not subject to the reasonableness standard of review. Determining a bidder's eligibility for the set-aside spectrum is a purely administrative process. It does not involve a hearing, and other prospective bidders are not interested parties who may review their

competitors' applications and make submissions. Simply put, TELUS had no participatory rights with respect to ISED's decision regarding Vidéotron's eligibility. Moreover, in response to a request for clarification, ISED stated that it would not publish documentation revealing the basis for a bidder's eligibility for the set-aside spectrum.

(a) *No Physical Network in Western Canada*

[38] TELUS's assertion that Vidéotron must have a physical network in Western Canada to qualify for set-aside spectrum in that region is plainly contradicted by the Policy Framework.

The definition, which I already quoted above, can be broken down into three components:

- (1) "...those registered with the CRTC as facilities-based providers..."
- (2) "... that are not National Mobile Service Providers ..."
- (3) "... and that are actively providing commercial telecommunications services to the general public in the relevant Tier 2 area of interest..."

[39] TELUS acknowledges that Vidéotron and Fibrenoire meet conditions (1) and (2). It says, however, that a set-aside bidder must, to satisfy condition (3), use its own facilities in the relevant Tier 2 area to provide telecommunications services.

[40] There is simply no way in which TELUS's interpretation can be reconciled with the language of the Policy Framework. The three conditions are clearly disjunctive, as reflected in the structure of ISED's assessment form. If there were any doubt in this regard, it would be dispelled by an answer provided by ISED in response to a clarification question:

As long as the applicant itself is not affiliated with or controlled by a national mobile service provider, and where one or more affiliates or controlling partners of the applicant is registered with the Canadian Radio-television and Telecommunications Commission (CRTC) as a facilities-based provider, that applicant may be qualified as set-aside-eligible to bid in all licence areas where an affiliate or controlling partner is actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area, as set out in section 6.1 of the Framework. [emphasis added]

[41] TELUS nevertheless argues that the purpose of setting aside spectrum was to help small providers to extend their existing networks in their own Tier 2 areas, not to allow out-of-province carriers such as Vidéotron to enter the market. This, again, is contrary to the manner in which the conditions of eligibility to bid for set-aside spectrum are drafted and to the clarification provided by ISED. Moreover, The Policy Framework does not distinguish between large and small regional carriers; nor does it make eligibility conditional on the location of a carrier's head office or similar factors.

[42] On judicial review, it is not enough to put forward an alternative interpretation of the governing provisions, if the interpretation adopted by the decision-maker is clearly compatible with the text and context and, therefore, reasonable: *McLean v British Columbia (Securities Commission)*, 2013 SCC 67 at paragraphs 40–41, [2013] 3 SCR 895. TELUS has simply not raised any tenable argument that ISED's interpretation of its own criteria is unreasonable.

(b) *The Assessment Form*

[43] TELUS's second angle of attack is to assert that, on its face, ISED's assessment form, which is to be considered as the reasons for the decision, reveals that Vidéotron was not eligible.

More specifically, TELUS argues that ISED failed to apply its own guidelines, found in the Policy Framework, by not requiring documents evidencing Fibrenoire's "retail/distribution network." It also submits that because Fibrenoire's activities are described as those of a "wholesaler," it is not providing services directly to the public.

[44] On judicial review, "reasons given by an administrative body must not be assessed against a standard of perfection": *Vavilov*, at paragraph 91. They "must be read holistically and contextually": *Vavilov*, at paragraph 97. Bearing this in mind, I do not find that the improprieties alleged by TELUS raise a serious argument that might render the decision unreasonable.

[45] As to the first issue, the assessment form indicates that Fibrenoire's "retail/distribution network" was verified by phone instead of merely relying on documents. I see nothing here that could render the decision unreasonable, especially as the assessment form itself provided that, with respect to other criteria, ISED would perform its own verification, either through websites, email or phone, instead of merely relying on documents provided by the applicant.

[46] As to the second issue, the assessment form indicates that, in the relevant Tier 2 areas in Western Canada, Vidéotron "provides OTT [over the top] services to businesses through affiliate 'Fibrenoire.'" In another part of the form, however, the conclusion is that Vidéotron "provides internet service to businesses through Fibrenoire as wholesaler." TELUS makes much of the use of the word "wholesaler," which would indicate, in its view, that Fibrenoire would be providing services to other communications companies, not directly to business clients.

[47] Without more, I am unable to conclude that the use of one word creates a serious issue that could render the decision unreasonable. Reasons must be read holistically. Here, ISED determined that Fibrenoire offers services to businesses and declared Vidéotron eligible on this basis. We simply do not know in what sense ISED used the word “wholesaler.” It may simply have meant that Fibrenoire was offering telecommunications services in large quantities. One cannot speculate that ISED used the word in a sense that creates a contradiction with other parts of the decision. Such an exercise in semantics does not create a “sufficiently serious shortcoming” that makes the decision unreasonable: *Vavilov*, at paragraph 100.

[48] In reaching this conclusion, I am mindful that TELUS has not yet obtained an unredacted copy of ISED’s record. It intends to bring a Rule 318 application to obtain information that Vidéotron asserts is confidential. I do not wish to comment on the merits of such motion. It may be that, at a later stage of the proceeding, TELUS will obtain information revealing shortcomings in the decision. I cannot, however, grant a stay of proceedings or an interlocutory injunction on the basis that this might happen. A serious issue must arise from the evidence currently before me. In this regard, a motion for a stay or for an interlocutory injunction is fundamentally different from a motion to strike, in which no evidence is brought and the facts alleged are taken as true unless manifestly absurd or unprovable.

[49] In *Vavilov*, at paragraph 94, the Supreme Court of Canada stated that a reviewing court must read the reasons in light of the “context of the proceedings,” which includes the evidence and the submissions of the parties. At the hearing of this motion, I expressed surprise at the fact that the certified tribunal record had not yet been filed, pursuant to Rule 317. Counsel for the

Attorney General explained that, while the parties were already in possession of most of the decision-maker's record, he was waiting for the resolution of the confidentiality issue to file it. At my request, the day after the hearing, he filed the parts of the record on which no claim of confidentiality was made.

[50] The record contains an annex to Vidéotron's application, which provides detailed evidence as to how Vidéotron meets the eligibility requirements, as well as a letter Vidéotron wrote in response to ISED's request for clarification of certain issues. I do not intend to engage in a detailed analysis of these documents. Suffice it to say that they contain a detailed and precise description of the services offered by Fibrenoire in Western Canada (including the fact that equipment belonging to Fibrenoire is installed at its clients' premises) as well as an explanation of how Fibrenoire's sales force serves these clients. If anything, these documents show that the findings recorded in ISED's assessment form were based on detailed submissions made by Vidéotron. In addition, TELUS's assertion that "wholesaler" would mean that Fibrenoire only offers services to other telecommunications companies is hard to reconcile with these documents. I will simply say that I am puzzled by the fact that neither TELUS nor Vidéotron saw fit to include these documents, which were in their possession, in their motion records.

(c) *Extrinsic Evidence*

[51] Beyond the record, TELUS relies on extrinsic evidence to draw an inference that Vidéotron, through Fibrenoire, did not have qualifying activities in Western Canada. Judicial review, however, is based on the record before the decision-maker and extrinsic evidence is rarely admitted: *Tsleil-Waututh Nation v Canada (Attorney General)*, 2017 FCA 128 at

paragraph 86. In any event, TELUS's evidence is too vague to justify any inference regarding Fibrenoire's activities. It is equally compatible with the inference that the latter were of a limited scope and were not noticed by other industry participants or observers.

[52] Thus, Mr. Péladeau's statement that Vidéotron's success in obtaining licences was the first step towards expansion outside Québec is not incompatible with the fact that Fibrenoire was already offering certain specialized services in Western Canada. Mr. Péladeau was obviously referring to Vidéotron's expansion in the mobile phone market. Vidéotron never asserted that Fibrenoire was offering mobile phone services. Likewise, statements found on Fibrenoire's website or in a 2016 press release, to the effect that it operated a fibre optic network in Montreal, Toronto, Ottawa and Quebec City, are not incompatible with the fact that it also offers certain services in Western Canadian cities.

[53] The fact that TELUS or industry observers were not aware of Fibrenoire's specialized activities does not justify an inference that they did not exist. The real issue is whether the Minister could declare Vidéotron eligible on the basis of the record before him. Nor does the fact that Vidéotron did not apply to qualify for set-aside spectrum in Western Canada in 2019 in a similar auction give rise to an inference that it was not eligible to do so in 2021.

[54] To summarize, I find that, based on the evidence currently in the record, TELUS's application does not raise a serious issue.

B. *Irreparable Harm*

[55] While the foregoing conclusion is sufficient to dispose of the case, I will also address the issue of irreparable harm, given the extensive submissions made by both parties on this subject.

Again, I will proceed by first describing the test and then applying it to the case at hand.

(1) The Test

[56] Preventing irreparable harm is the *raison d'être* of stays and interlocutory injunctions.

This is why the applicant must show that it is likely to suffer irreparable harm if the injunction does not issue. In *RJR* at 341, the Supreme Court of Canada explained the rationale and content of the test as follows:

At this stage the only issue to be decided is whether a refusal to grant relief could so adversely affect the applicants' own interests that the harm could not be remedied if the eventual decision on the merits does not accord with the result of the interlocutory application.

“Irreparable” refers to the nature of the harm suffered rather than its magnitude. It is harm which either cannot be quantified in monetary terms or which cannot be cured, usually because one party cannot collect damages from the other. Examples of the former include instances where one party will be put out of business by the court's decision [...]; where one party will suffer permanent market loss or irrevocable damage to its business reputation [...]; or where a permanent loss of natural resources will be the result when a challenged activity is not enjoined [...].

[57] In a number of decisions, the Federal Court of Appeal has emphasized that a convincing demonstration of irreparable harm is required before a stay or an interlocutory injunction is

issued. For example, in *Glooscap Heritage Society v Canada (National Revenue)*, 2012 FCA 255 at paragraph 31 [*Glooscap*], it stated:

To establish irreparable harm, there must be evidence at a convincing level of particularity that demonstrates a real probability that unavoidable irreparable harm will result unless a stay is granted. Assumptions, speculations, hypotheticals and arguable assertions, unsupported by evidence, carry no weight.

[58] Likewise, in *Canada (Attorney General) v Oshkosh Defense Canada Inc*, 2018 FCA 102 at paragraph 25, it stated that “to prove irreparable harm, the moving party must demonstrate in a detailed and concrete way that it will suffer real, definite, unavoidable harm—not hypothetical and speculative harm—that cannot be repaired later” or, at paragraph 30, that the moving party must “adduce specific, particularized evidence establishing a likelihood of irreparable harm.”

[59] One requirement that is obvious but often not explicitly stated is that there must be a causal link between the alleged unlawful conduct and the harm. As the British Columbia Court of Appeal explained in *Vancouver Aquarium Marine Science Centre v Charbonneau*, 2017 BCCA 395 at paragraph 66 [*Vancouver Aquarium*], “the evidence must support that the harm is generated by that which is sought to be prohibited by the injunction.” In that case, which was based on copyright infringement, the Court found that the alleged harm to reputation flowed essentially from parts of a publication other than those that were alleged to infringe the plaintiff’s copyright. Thus, the interlocutory injunction was denied.

(2) Analysis

[60] TELUS argues that the attribution of licences to Vidéotron will result in irreparable harm. The argument can be subdivided in several discrete steps. TELUS first says that the licences will enable Vidéotron to begin offering mobile services in Western Canada before a decision is made on the application for judicial review. If this happens, Vidéotron will benefit from an unfair competitive advantage because of the discount it obtained by bidding on the set-aside spectrum. Its entry into the market will thus lead to a shift in competitive conditions, which TELUS says will be irreversible even if the application for judicial review is allowed. TELUS adds that the harm it will suffer cannot be adequately compensated by an award of damages. TELUS also highlights various forms of harm that will result to consumers or what it describes as the public interest.

[61] I do not agree that TELUS has demonstrated irreparable harm. As I explain below, the most fundamental reason is that the alleged harm results not from the acceptance of Vidéotron as a set-aside bidder, but from the structure of the auction itself, in which a portion of the spectrum is set aside for regional carriers. Because of this structure, the alleged harm will materialize in any event and is not causally linked to the issue of Vidéotron's eligibility. I also explain why TELUS fails to demonstrate the other components of its argument regarding irreparable harm.

(a) *Lack of Causal Link*

[62] At the outset, it must be emphasized that TELUS does not assert that it could have obtained the disputed licences. Rather, the alleged harm is the effect of Vidéotron's entry in the

market on competitive conditions. In this regard, TELUS insists heavily on the fact that Vidéotron would have benefitted from an unfair \$1.1 billion discount by bidding on set-aside licences when it should not have been allowed to do so. This unfair advantage would enable Vidéotron to offer services at a lower price, forcing TELUS and others to follow suit.

[63] However, such “advantage,” no matter how one may characterize it, fundamentally flows from ISED’s decision to set aside certain spectrum blocks for regional carriers. The explicit goal was to allow regional carriers to acquire spectrum at a discount, in order to foster greater competition in the market for mobile services. Giving an “advantage” to regional carriers was seen as necessary to level an uneven playing field. While national carriers may disagree with the set-aside, and argued against it during ISED’s consultation process, they cannot characterize its intended consequences as a form of irreparable harm to be avoided by applying to the Court.

[64] Yet, this is exactly what TELUS is doing. The harm it alleges flows from the decision to set aside spectrum for regional carriers, not the fact that Vidéotron won a certain number of licences. In other words, the harm would also have materialized if Vidéotron had not qualified to bid on set-aside spectrum in Western Canada. Presumably, other regional carriers would have won the disputed licences and would have benefited from a similar competitive advantage. During cross-examination, both Mr. Edora and Dr. Dippon, TELUS’s witnesses, recognized that those regional carriers would have benefited from the same “unfair” discount as Vidéotron and would have been in a position to cause the same kind of market shift or disruption.

[65] In other words, there is no causal link between the harm alleged by TELUS and the attribution of licences to Vidéotron. No stay or injunction should issue to prevent harm that would have taken place in any event.

[66] During oral argument, TELUS argued that causation in this case should not be assessed by inquiring into what would have happened in a hypothetical world where the unlawful conduct that forms the basis of its claim would not have taken place. It would be enough to show that the harm will result if the stay is denied. I disagree. The “but-for world” is a well-accepted tool to assess causation: see, for example, *Snell v Farrell*, [1990] 2 SCR 311 at 320; *Monsanto Canada Inc v Schmeiser*, 2004 SCC 34, at paragraphs 101-104, [2004] 1 SCR 902; *Clements v Clements*, 2012 SCC 32 at paragraph 8, [2012] 2 SCR 181.

[67] In cross-examination, TELUS’s witnesses also suggested that Vidéotron has more financial resources, experience and expertise than smaller providers. This may be true, but it does not detract from the fundamental fact that the harm alleged by TELUS is the result that the Policy Framework intends to achieve. That this result will be achieved more or less quickly or effectively depending on the identity of the successful bidder does not change the fact that TELUS cannot rely on it to seek a stay or an injunction.

[68] Vidéotron also argued that TELUS’s argument regarding irreparable harm constitutes a collateral attack on ISED’s Policy Framework with respect to the structure of the auction. As TELUS did not seek judicial review of the Policy Framework, it would be barred from indirectly challenging it in the course of the present proceeding. As I prefer to analyze the issue from the

perspective of causation, it is not necessary for me to address Vidéotron's collateral attack argument.

(b) *Irreversible Market Distortion*

[69] Even if the harm alleged by TELUS were caused by the attribution of the disputed licences to Vidéotron, TELUS fails to demonstrate that this harm will be irreparable in the event the application for judicial review is allowed and Vidéotron must surrender its licences. In this regard, TELUS relies on the expert report of Dr. Christian Dippon, an economist, to argue that market conditions, including the distortion caused by Vidéotron's entry, are "path dependent" and cannot be reversed. According to Dr. Dippon, the low-cost services that Vidéotron is expected to offer will permanently alter consumer expectations. In other words, as he stated in cross-examination, the demand curve will be shifted irrevocably. Thus, even if Vidéotron's licences were cancelled following a judgment allowing the present application for judicial review, the competitive conditions could not be returned to what they currently are and TELUS will suffer a permanent drop in revenues.

[70] I do not accept Dr. Dippon's theory, because it is largely based on speculation and the examples he offers do not adequately support his reasoning.

[71] Dr. Dippon does not explain satisfactorily how the concept of path dependency applies to the Canadian market for mobile phone services. He does not rely on peer-reviewed research results to make this connection. While he references a paper about path dependency written by economist and Nobel prize winner Kenneth Arrow, the paper makes the argument that path

dependency is explained by the relative immobility of capital investment, not by changes in consumer behaviour or expectations.

[72] Dr. Dippon uses the example of Napster to illustrate his argument. The fact that this music sharing service operated for about two years before being closed down by court order would have caused an irreversible decline in the market for compact discs. Yet, Dr. Dippon does not rely on peer-reviewed research to support his example, but rather on two newspaper articles that do not refer to the concept of path dependency. Moreover, when one reads the articles, the general impression is that advances in technology, not the advent of Napster, made the decline of the compact disc inevitable.

[73] Dr. Dippon gives only one concrete example pertaining to the Canadian mobile phone services market: data roll-over plans, which allow customers to apply unused data towards their data available in subsequent months. Currently, mobile services providers in Western Canada do not offer data roll-over. Vidéotron, however, does so in Quebec. Thus, if it were to offer this service in Western Canada, TELUS and other carriers would have to follow suit, and consumers in this region would become accustomed to this option. Dr. Dippon then asserts that if Vidéotron had to exit the market, upon the judicial review being allowed, consumers would still demand data roll-over and the competitive conditions existing before Vidéotron's entry could never be restored.

[74] While I understand the economic theory behind this example, there is no evidence that things would unfold this way. There are simply too many links in the causal chain for me to

accept this kind of abstract reasoning as proof of irreparable harm. In practical terms, I fail to see why existing operators would not wait until the judicial review is concluded before offering data roll-over plans or why they could not stop offering them if they had followed Vidéotron's hypothetical move. Dr. Dippon's assertions are largely speculative.

[75] More fundamentally, Dr. Dippon's argument is based on the assumption that the market is currently competitive. This, indeed, is the opinion he conveyed in expert reports he authored on behalf of TELUS for ISED's consultation regarding the 3500 MHz spectrum auction and for the CRTC's consultation regarding the MVNO policy. He strongly disagrees that the spectrum set-asides and the MVNO policy are required to ensure greater competition in the Canadian mobile phone services market. However, both ISED and the CRTC concluded otherwise and implemented these measures, which are intended to bring about the kind of shift in market conditions that Dr. Dippon characterizes as a distortion. It is difficult to accept an expert opinion based on premises that were rejected when designing the policy that underlies the present matter.

[76] TELUS invokes two unreported orders made by Justices Richard Boivin and Yves de Montigny of the Federal Court of Appeal in *Bragg Communications Inc v British Columbia Broadband Association* (file 19-A-58). These orders stayed a CRTC decision on the basis that it "could result in a permanent market distortion." While TELUS provided me with the notice of motion that gave rise to one of these orders, I have little information as to the nature of the alleged market distortion and the evidence put before the Court on this topic. The short reasons given do not allow me to draw a meaningful comparison with the instant case. In the end, each case must be decided on the basis of its own facts.

[77] In sum, TELUS has not shown that the effects of Vidéotron's entry into the Western Canadian market for mobile phone services will be irreversible.

(c) *Adequacy of Damages*

[78] The usual manner of assessing the irreparable nature of the harm alleged by the plaintiff is to inquire as to whether an award of damages can adequately compensate that harm.

[79] This issue must be decided according to the facts of each case and the precise nature of the claim. Nevertheless, the general tendency in the Federal Courts is to consider that damages can adequately compensate lost sales or a loss of market share. Examples from the pharmaceutical industry include *Cutter Ltd v Baxter Travenol Laboratories of Canada, Ltd* (1980), 47 CPR (2d) 53 (FCA); and *The Regents of University of California v I-Med Pharma Inc*, 2016 FC 606, aff'd sub nom *Tearlab Corporation v I-Med Pharma Inc*, 2017 FCA 8. The same idea was applied in the telecommunications context in *Telus Integrated Communications v Canada (Attorney General)*, 2000 CanLII 16221 at paragraph 31.

[80] In this regard, TELUS relies on the evidence of Dr. Dippon, who says that it will be impossible to quantify TELUS's damages, because "no data exist that would allow forecasting the long-term impact of Vidéotron's usage of the 3500 MHz spectrum on TELUS and the overall market." Dr. Dippon appears to be saying that TELUS's future damages cannot be forecasted with precision now, because the effects of Vidéotron's entry in the market are yet unknown. This, however, is not the relevant question. Rather, the issue is whether the damages caused by

such entry, once it occurs, can be quantified. Dr. Dippon does not express an opinion with respect to this precise question.

[81] Thus, I am not convinced that it will be impossible to assess TELUS's damages, if need be. Such an exercise always involves a comparison with a hypothetical world in which the unlawful conduct did not take place. By its own nature, this exercise involves a certain degree of approximation. Nonetheless, it is routinely done in intellectual property cases. There is no insuperable obstacle preventing the application of this method in the present case.

[82] I am mindful that Dr. Dippon's theory is based on damages not only for lost sales, but also for a reduction of the price of TELUS's remaining sales. The parties have not made submissions as to whether such prejudice is compensable, where the current price levels do not result from a statutory monopoly, such as a patent. For the purposes of the analysis, I will assume without deciding that damages are available in these circumstances. Nevertheless, there is nothing in Dr. Dippon's evidence that explains why the decrease in prices following Vidéotron's entry in the market would not be measurable.

[83] TELUS also argues that it cannot claim damages from the Crown for things done pursuant to statutory powers. It is difficult to assess this submission in the absence of an actual action in damages brought by TELUS. It can nevertheless be observed that the Supreme Court of Canada dealt with a jurisdictional question arising in the context of a similar claim in *Canada (Attorney General) v TeleZone Inc*, 2010 SCC 62, [2010] 3 SCR 585 [*TeleZone*]. Although the Court did not rule on the merits of the claim, it suggested that TeleZone, an unsuccessful

participant in what appears to be an early form of spectrum auction, could have a claim in breach of contract. At paragraph 83, the Court stated: “A decision that is lawful in the sense that it had statutory authority may still constitute a breach of contract.”

[84] There is nothing in *Paradis Honey Ltd v Canada*, 2015 FCA 89, [2016] 1 FCR 446, that supports TELUS’s contention that it will be unable to claim damages. I emphasize that in that case, the Federal Court of Appeal dismissed a motion to strike a claim in damages against the Crown. The excerpts cited by TELUS form part of a discussion of a novel remedy of public law damages, which was recently disapproved by the Supreme Court of Canada: *Nelson (City) v Marchi*, 2021 SCC 41 at paragraphs 40-41 [*Marchi*]. They do not detract from TELUS’s ability to put forward a claim in breach of contract, as in *TeleZone*. To the extent that TELUS might want to pursue a claim in tort, it is far from certain that the Crown could oppose a “policy bar,” as it did in *R v Imperial Tobacco Canada Ltd*, 2011 SCC 42, [2011] 3 SCR 45; see also *Marchi*, at paragraphs 50-59.

(d) *Timing of Vidéotron’s Entry Into the Market*

[85] At the hearing, the parties devoted considerable attention to the issue of how and when Vidéotron could enter the market if no injunction is granted. This is because Vidéotron argued that it could not realistically enter the market and offer mobile phone services to consumers in Western Canada before several months. Thus, any irreparable harm that TELUS would suffer would not materialize before then, and the application for judicial review could be expedited to secure an earlier decision: see, by analogy, *Skibsted*, at paragraph 60.

[86] Given my earlier conclusions about irreparable harm, I need not place much reliance on this issue. Nevertheless, I am not persuaded that Vidéotron will be unable to use its licences and enter the market before the application is decided.

[87] It seems reasonably clear that Vidéotron cannot build its own network in Western Canada in a matter of months. It needs to access the network of one of the national carriers. This can occur in one of two ways. First, Vidéotron may conclude an MVNO agreement, either pursuant to a CRTC policy requiring national carriers to enter into such agreements, or on a voluntary basis. Second, Vidéotron may conclude a network sharing agreement, whereby a national carrier would give access to its network in exchange for access to Vidéotron's new licences. In each case, there is significant uncertainty as to the time needed to negotiate an agreement and, in the case of a MVNO mandated under the CRTC's policy, as to the time necessary to complete various steps of the regulatory process.

[88] Thus, there is no guarantee that Vidéotron will not launch its service before the application for judicial review is decided, especially if this takes several months, or even a year. Nevertheless, the issue is not determinative, because I have concluded that TELUS will not suffer irreparable harm if the injunction is denied.

[89] Vidéotron, however, suggests that the application be expedited. In response to a question I asked at the hearing, it also gave an undertaking not to sign up clients pursuant to an MNVO agreement mandated by the CRTC before January 31, 2022. It is unclear whether this undertaking also covers a voluntary MVNO agreement or a network sharing agreement. It is also

unlikely that expediting the application would result in a decision being made before that date. Hence, Vidéotron's undertaking does not alter my assessment.

(e) *Harm to Consumers and the Public Interest*

[90] TELUS alleges various forms of harm to consumers or the more general public interest. It alleges, for example, that consumers would suffer unrecoverable switching costs if Vidéotron were to enter the market, only to exit a few months later. It also alleges that Vidéotron's competition will reduce its profit margin, with the result that it will have less capital to invest in the development of its 5G network, which is not in the public interest. However, in *Air Passenger Rights v Canada (Transportation Agency)*, 2020 FCA 92 at paragraph 30, the Federal Court of Appeal stated that at the second step of the *RJR* test, "only harm suffered by the party seeking the injunction will qualify;" see also *Glooscap*, at paragraph 33. It can be properly considered only at the third step, the balance of convenience.

(3) Conclusion Regarding Irreparable Harm

[91] To summarize, the harm alleged by TELUS would result essentially from ISED's decision to set-aside a portion of the spectrum for regional carriers. It would arise even if other carriers had won the disputed licences instead of Vidéotron. Thus, there is no causal link between the alleged unlawful conduct and the harm. In reality, what TELUS describes as a market distortion is the intended effect of ISED's policy decision. Moreover, TELUS's evidence fails to convince me that the alleged harm is irreversible or could not be compensated in damages. Thus, TELUS has not proven irreparable harm.

C. *Balance of Convenience*

[92] As the first and second parts of the *RJR* test are not met, it is not strictly necessary to assess the balance of convenience. Nevertheless, I will comment briefly on the issue.

[93] Typically, assessing the balance of convenience begins with a comparison of the harm suffered by the plaintiff if the injunction is denied but the plaintiff prevails on the merits and the harm suffered by the defendant in the opposite hypothesis. In this case, the harm conceptually stems from the same source: the clientele that Vidéotron will draw away from TELUS. In TELUS's case, this is an actual loss. In Vidéotron's case, the loss is the opportunity to gain this clientele if the licences are withheld. As I indicated earlier, it is possible to quantify TELUS's loss, and the same would be true of Vidéotron's. TELUS, however, also claims that Vidéotron's entry would entail a reduction in the profit made on its remaining sales. There is no corresponding loss to Vidéotron in the opposite scenario. Thus, assuming the latter kind of loss is compensable, it may be that TELUS stands to lose more than Vidéotron.

[94] There are, however, two factors that would weigh heavily in favour of denying the injunction: the strength of TELUS's case and the public interest. I will discuss each in turn.

(1) Strength of TELUS's case

[95] Where the judge can easily assess the strength of the applicant's case, that strength may be factored in the balance of convenience: *Monsanto*, at paragraphs 50 and 115; *Vancouver Aquarium*, at paragraph 94; *Unilin Beheer BV v Triforest Inc*, 2017 FC 76 at paragraph 108. As

Robert J. Sharpe writes in his leading textbook, *Injunctions and Specific Performance*, Toronto, Thomson Reuters, looseleaf ed., at paragraph 2.160:

It seems incontrovertible that the plaintiff's chance of ultimate success is directly relevant to an assessment of the relative risks of harm. The likelihood of the plaintiff's success or failure relates both to the extent of the risk that there will be any legal harm which calls for a remedy in favour of the plaintiff, and to the extent of the risk that an injunction may prevent the defendant from pursuing a rightful course of conduct. Surely all other considerations equal, a plaintiff who has a 75% chance of success has a stronger claim to interlocutory relief than a plaintiff who only has a 25% chance of success.

[96] If things could be measured with mathematical precision, the balance of convenience could be expressed by the following equation. An interlocutory injunction will issue if

$$H_p p \geq H_d (1 - p)$$

where H_p is the harm to the plaintiff if the injunction is withheld but the plaintiff prevails at trial, H_d is the harm to the defendant if the injunction issues but the defendant prevails at trial, and p is the plaintiff's chances of success on the merits.

[97] I have already explained why I find that TELUS's case does not raise a serious issue. Even if I were in error, TELUS's case would nonetheless be fairly weak. Thus, when the strength of the case is factored in, TELUS's potentially greater harm would be substantially reduced and thus weigh less than Vidéotron's potential loss. In the equation above, TELUS's low probability of winning would reduce the value of the left side of the equation and increase the value of the right side. In other words, the weakness of TELUS's case more than counterbalances any greater harm that TELUS might be exposed to.

(2) The Public Interest

[98] When assessing the balance of convenience, courts may consider the public interest: *RJR*, at 344. While both parties may raise public interest considerations, public authorities will usually be presumed to act in the public interest: *RJR*, at 346. In the *RJR* case itself, this factor was decisive. Even though the court had found that the tobacco companies had raised a serious issue regarding the constitutional validity of cigarette packaging regulations and shown that they would suffer irreparable harm, the Supreme Court denied the injunction they were seeking because the public interest in reducing the incidence of smoking was a paramount factor: *RJR*, at 352-354.

[99] In enacting section 7 of the *Telecommunications Act* (to which section 5(1.1) of the *Radiocommunication Act* refers), Parliament has indicated that the public interest with respect to telecommunications includes the following objectives:

(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;

(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications;

b) permettre l'accès aux Canadiens dans toutes les régions — rurales ou urbaines — du Canada à des services de télécommunication sûrs, abordables et de qualité;

c) accroître l'efficacité et la compétitivité, sur les plans national et international, des télécommunications canadiennes;

[100] Realizing these objectives may require a form of arbitration between competing visions of the means necessary to achieve them. It is for Parliament, or those to whom Parliament

delegates its powers, to decide what is in the public interest and how to achieve it. In this particular case, this mission was conferred upon the Minister or the CRTC, depending on which aspect of the regulation of telecommunications is involved.

[101] The CRTC and the Minister both found that the market for mobile phone services is not competitive, that the national carriers exercise market power and that it is desirable to implement measures aimed at fostering greater competition. I must presume that the implementation of these measures is in the public interest.

[102] More specifically, it is in the public interest to facilitate the entry of new providers in the Western Canadian market for mobile phone services. Thus, granting the stay TELUS requests would be against the public interest. It would deprive the policy underlying the set-aside spectrum of a significant portion of its intended effect. It would deprive consumers of the benefit of increased competition.

[103] Against this, TELUS puts forward its own vision of the public interest. Exposing consumers to the possibility of subscribing to Vidéotron's service, only to be forced to incur the costs and inconvenience of switching again should Vidéotron's licences be cancelled, would be against the public interest. The decrease in prices resulting from Vidéotron's entry into the market would reduce TELUS's profits and, hence, the resources it could invest in expanding its network. That too would be against the public interest. Lastly, the implicit theme that runs through TELUS's argument is that the \$1.1 billion "unfair discount" afforded to Vidéotron, and the resulting market distortion, are also contrary to the public interest.

[104] These submissions, however, amount to a challenge to the wisdom of the manner in which the Minister is implementing Parliament's mandate to ensure competitiveness and affordability. The Supreme Court warned against the dangers of embarking on such an exercise in *RJR*, at 346:

A court should not, as a general rule, attempt to ascertain whether actual harm would result from the restraint sought. To do so would in effect require judicial inquiry into whether the government is governing well, since it implies the possibility that the government action does not have the effect of promoting the public interest and that the restraint of the action would therefore not harm the public interest.

[105] Thus, for example, there may be a tension between the public interest in lowering prices and the public interest in developing the mobile phone network. When a market is not competitive, there is likely to be a tension between market freedom and pro-competitive measures. Arbitrating between these competing interests is a matter for the Minister. A motion for a stay is not the proper forum to challenge the Minister's choices.

[106] As regards the inconvenience for consumers, while it is true that certain consumers will suffer inconvenience if the stay is not granted and the application for judicial review is allowed, all consumers in Western Canada will not benefit from increased competition if the injunction is granted.

[107] Again, a parallel may be drawn with the facts of *RJR*. The tobacco manufacturers asserted that the immediate application of the new cigarette packaging regulations would impose additional costs on them, which they might pass on to smokers in the form of price increases.

The Supreme Court gave little weight to this potential impact on smokers. Instead, the determinative factor was the longstanding public interest in reducing the incidence of smoking.

[108] Thus, if it were necessary to consider the balance of convenience, the public interest would tip the scales in favour of denying the stay sought by TELUS.

[109] All things considered, I conclude that it is just and equitable to deny the stay and to allow ISED to issue the impugned licences.

III. Disposition

[110] As none of the three parts of the *RJR* test is satisfied, TELUS's motion for a stay will be dismissed with costs.

[111] Vidéotron asks for an order that the application be expedited. The application, however, is under special management. The case management judge is in a much better position than I am to decide whether the usual timelines should be abridged and to set a more compressed schedule. I will leave it to the case management judge to decide whether the matter should be expedited and to make any necessary orders in this regard.

ORDER in T-1335-21

THIS COURT ORDERS that the applicant's motion for a stay of the issuance of licences to the respondent Vidéotron is dismissed with costs.

"Sébastien Grammond"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1335-21

STYLE OF CAUSE: TELUS COMMUNICATIONS INC. v VIDÉOTRON LTÉE, FIBRENOIRE INC., BELL MOBILITY INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC., IRISTEL INC., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES, LEMALU HOLDINGS LTD., MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL INC., TBAYTEL, TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD., and XPLORNET COMMUNICATIONS INC.

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: OCTOBER 19, 2021

ORDER AND REASONS: GRAMMOND J.

DATED: OCTOBER 22, 2021

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EXHIBIT 23

Federal Court



Cour fédérale

Date: 20220517

Docket: T-1335-21

Citation: 2022 FC 726

Toronto, Ontario, May 17, 2022

PRESENT: Mr. Justice Diner

BETWEEN:

TELUS COMMUNICATIONS INC.

Applicant

and

VIDÉOTRON LTÉE, BELL MOBILITY
INC., BRAGG COMMUNICATIONS INC.,
CITYWEST CABLE AND TELEPHONE
CORP, COGECO CONNEXION INC.,
COMCENTRIC NETWORKING INC.,
ECOTEL INC., IRISTEL INC., LEMALU
HOLDINGS LTD., 1085459 ONTARIO LTD.
O/A KINGSTON ONLINE SERVICES,
MULTIBOARD COMMUNICATIONS INC.,
508896 ALBERTA LTD. O/A NETAGO,
NEXICOM INC., ROGERS
COMMUNICATIONS CANADA INC.,
SASKATCHEWAN
TELECOMMUNICATIONS, SOGETEL
INC., STAR SOLUTIONS
INTERNATIONAL
INC., TBAYTEL, TERRESTAR
SOLUTIONS INC., THOMAS
COMMUNICATIONS LTD., VALLEY
FIBER LTD., FIBRENOIRE INC. AND
XPLORNET COMMUNICATIONS INC.

Respondents

and

ATTORNEY GENERAL OF CANADA

Intervener

JUDGMENT AND REASONS

[1] This is a judicial review of the determination, made by a delegate of the Minister of Industry [the Minister], that Vidéotron ltée [Vidéotron] was eligible to bid on set-aside spectrum in the 2021 3500 MHz spectrum auction [the Auction]. Consistent with the prescribed process, the set-aside eligibility determination [the Decision] was made on April 21, 2021 and shared with Vidéotron, but did not become public until the results of the Auction were released by the Department of Innovation, Science and Economic Development Canada [ISED] on July 29, 2021. The spectrum in question is critical for the development of fifth generation [5G] technology standards of cellular networks for mobile phones and other technologies across Canada.

[2] The Decision, which permitted Vidéotron to bid on and obtain set-aside spectrum in British Columbia, Alberta and Manitoba [together Western Canada], is now challenged by TELUS Communications Inc. [TELUS] on procedural and substantive grounds. For the reasons that follow, I find the set-aside eligibility assessment process and the Minister's decision to have been fair and reasonable, and will dismiss the Application.

I. Background

A. *Statutory Framework*

[3] Spectrum is a limited public resource that consists of electromagnetic waves of various frequencies, which facilitate the use of communication technologies and services including mobile phones, satellites, two-way radio and broadcasting. The Minister, to whom authority is conferred by the *Department of Industry Act*, SC 1995, c 1, the *Radiocommunication Act*, RSC 1985, c R-2 and the *Radiocommunication Regulations*, SOR/96-484, is responsible for spectrum management in Canada. Management of spectrum plays a critical role for Canada, fostering the growth of telecommunications and ensuring that radiocommunications services, from cellphones to air traffic control, are properly managed and free from interference.

[4] Section 7 of the *Telecommunications Act*, SC 1993, c 38 sets out the objectives of Canadian telecommunications policy, which include: rendering reliable, affordable, high quality telecommunications services accessible to Canadians in all regions of Canada; enhancing efficiency and competitiveness; stimulating research and encouraging innovation; and, fostering increased reliance on market forces (for s 7, and other statutory provisions referenced in these Reasons, see Annex A). The Canadian Radio-Television and Telecommunications Commission [CRTC], as prescribed in Part III of the *Telecommunications Act*, regulates telecommunications services including the approval of rates and conditions of service.

[5] Section 5(1) of the *Radiocommunication Act* confers broad powers on the Minister to, *inter alia*, issue licenses, fix and amend their terms and conditions, and to plan the allocation and

use of spectrum. These licenses are critical to the operation of any mobile phone network and are issued from time to time to telecommunication service providers by way of auctions. The bidding process for the attribution of licenses is competitive and s 5(1.4) of the *Radiocommunication Act* allows the Minister to prescribe rules, standards and conditions applicable to the system of competitive bidding.

B. *Spectrum Licenses*

[6] Spectrum licenses allow their holders to use specified frequencies within defined geographic areas. Service areas are divided and further subdivided based on “tiers.” Tier 1 is a single national service area covering all of Canada. Tier 2 consists of 14 large service areas covering the entire country, and in some cases corresponds to an entire province. For instance, British Columbia, Alberta, and Manitoba are each distinct Tier 2 service areas. Tiers 3 and 4, by contrast, consist of smaller regional, and more localized service areas, respectively. Tier 2 and Tier 4 service areas were relevant for the determination of eligibility to bid on set-aside spectrum in the Auction.

[7] The 2021 3500 MHz Auction was the latest in a series of four spectrum auctions that have taken place since 2008. The three prior auctions took place in the decade from 2008 through 2018, namely the ASW-1 (2008), ASW-3 (2015) and 600 MGz (2018) auctions. Consistent with the objectives of the *Telecommunications Act*, these spectrum auctions have included “pro-competitive measures”, intended to enhance competition among mobile phone service providers. The principles underlying the measures are found in *Framework for Spectrum*

Auctions in Canada, published in 2011 by ISED (then Industry Canada). Spectrum caps, for example, impose limits on the width of spectrum a particular licensee can hold.

[8] Spectrum set-asides, another pro-competitive measure, reserve a certain portion of spectrum for carriers who do not meet the definition of “national mobile service providers” [NMSPs]. An NMSP, by definition, holds more than 10% of the national market share. Currently, there are three NMSPs - TELUS, Bell and Rogers.

[9] The specific criteria for eligibility to bid on set-aside spectrum has varied in the 2008, 2015, 2018 and 2021 auctions. In 2008, eligibility for set-aside spectrum was reserved to new entrants, defined as those who held less than 10% of national wireless market share based on revenue. In 2015, set-aside eligibility rules were much more specific. They varied depending on the service areas in question, and potential bidders needed to already be providing commercial mobile wireless services and demonstrate specific network coverage in each relevant service area. In 2018, eligibility requirements for set-aside spectrum related to the provision of services, but were less stringent and less detailed than in 2015. For example, while set-aside eligible bidders had to be providing commercial telecommunications service in the relevant Tier 2 service areas, there was no minimum customer threshold or level of coverage requirement.

C. *2021’s 3500 MHz Spectrum Auction*

[10] The 3500 MHz band of spectrum, as mentioned above, is crucial for the deployment of 5G mobile technology standards for cellular networks. 5G provides opportunities for innovative, interconnected and data intensive applications, operating at higher speeds and providing

increased bandwidth than prior standards. 5G requires large amounts of spectrum in a variety of frequency bands.

[11] The process leading to the 2021 Auction and the impugned set-aside eligibility assessment process began in 2019. In June 2019, ISED announced a public *Consultation on a Policy and Licensing Framework for Spectrum in the 3500 MHz Band*.

[12] Extensive consultations followed, involving broad participation by stakeholders across the country, including both TELUS and Vidéotron, which led ISED to make a series of policy decisions that would govern the Auction. In March 2020, ISED released the *Policy and Licensing Framework for Spectrum in the 3500 MHz Band* [the *Framework*]. This voluminous document sets out the policy underpinning of and ground rules for the Auction. The bidder application and qualification stage, which includes set-aside eligibility determinations (the subject of this judicial review); the bidding stage to obtain spectrum licenses; and the post-auction license renewal process, are all comprised within the *Framework*.

[13] To promote competition for the Auction, the *Framework* implemented a set-aside of 50 MHz of spectrum, consisting of approximately 25% of the spectrum up for auction, to be reserved for eligible service providers (which excluded NMSPs). The *Framework* referred to prior use of set-asides having contributed to growth and competitiveness of regional providers. The *Framework* also referred to findings of the Competition Bureau citing the market power possessed by NMSPs, the high barrier to entry in certain areas, and the lower prices enjoyed by customers in areas where regional providers had established market share. Paragraphs 36-44 of

the *Framework*, in addition to other relevant excerpts referenced below, have been reproduced in Annex B to these Reasons.

[14] Eligibility to bid on the set-aside spectrum was established in “Decision D2” of the *Framework*. Decision D2 limited set-aside eligibility to service providers meeting the following description:

Eligibility to bid on set-aside spectrum will be limited to those registered with the CRTC as facilities-based providers that are not national mobile service providers, and that are actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area of interest, effective as of the date of application to participate in the 3500 MHz auction. Services that are regulated under the *Broadcasting Act* will not be considered as “commercial telecommunications services” for the purposes of set-aside eligibility, however all services that are regulated under the *Telecommunications Act* may qualify.

[Decision D2, para 64 of the *Framework*; emphasis added.]

[15] It is important to note that the licenses were being issued for the more localized Tier 4 service areas, but the eligibility criteria above refer to a bidder providing services anywhere in the larger Tier 2 service area. A bidder interested in obtaining spectrum in the Tier 4 service area of Steinbach, Manitoba, for example, need only be actively providing commercial telecommunications services to the general public somewhere in the relevant Tier 2 service area of Manitoba, such as Winnipeg, to be eligible to bid on set-aside spectrum in Steinbach

[16] In response to concerns raised as to how “general public” would be defined, the *Framework* clarified that it could include “businesses, enterprises and institutions in addition to traditional ‘residential customers’, and that ‘providers who are actively offering commercial

telecommunications services to any of these consumers will be considered set-aside-eligible as long as they meet the additional eligibility criteria” (at para 60, *Framework*).

[17] In addition to set-aside spectrum, the *Framework* also imposed non-transferability measures. These were intended to ensure that set-aside licenses would not be transferrable to set-aside ineligible entities for at least five years of the license term, in order to strike a balance between deterring speculation – for example, by bidders intending to simply resell instead of actually deploying licenses – and awarding spectrum to entities who were positioned to use it.

[18] Potential bidders applying for set-aside eligibility would be required to demonstrate their eligibility by providing relevant documentation to ISED describing 1) the services offered in the relevant area; 2) the retail/distribution network; and, 3) how subscribers access services and the number of subscribers in the area (para 64, *Framework*).

[19] Section 12.5 of the *Framework* outlined that ISED would review the application forms and associated documents after the closing date for submissions of applications. During this initial review, ISED would identify any errors in the forms and determine whether any additional information related to affiliates or associated entities was required. For the purposes of set-aside eligibility applications, ISED would assess eligibility to obtain licenses in Tier 4 service areas based on the relevant Tier 2 service areas of interest. ISED could also make written requests for further information and could verify the information that was provided. Applicants who failed to comply with the written requests would be rejected. Rejected applications, including cases where

a response to a request was received but found to nevertheless be deficient, would be returned to the Applicant (paras 435-440, *Framework*).

[20] In December 2020, ISED published responses to questions, and updates about the Auction in *Responses to Clarification Questions on the Policy and Licensing Framework for Spectrum in the 3500 MHz Band* the [Clarification Document]. On March 15, 2021, the Clarification Document was updated to provide the following question and response regarding set-aside eligibility:

QUESTION 3.3: How does being an affiliate affect an applicant's set-aside-eligibility?

RESPONSE 3.3: An applicant may be eligible to qualify as a set-aside-eligible bidder based on the eligibility of its affiliated entities or, where an applicant is a partnership, on the eligibility of the partners who control the applicant.

As long as the applicant itself is not affiliated with or controlled by a national mobile service provider, and where one or more affiliates or controlling partners of the applicant is registered with the Canadian Radio-television and Telecommunications Commission (CRTC) as a facilities-based provider, that applicant may be qualified as set-aside-eligible to bid in all licence areas where an affiliate or controlling partner is actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area, as set out in section 6.1 of the Framework.

All applicants must disclose their affiliates and, where applicable, any controlling partners of the applicant in their application form. Applicants who wish to be considered as set-aside-eligible bidders will have to indicate and explain for each licence area, if they are directly eligible or through which affiliate or controlling partner, they are eligible.

[Emphasis added.]

[21] ISED's assessment of applications was a closed process, as had been the case in previous spectrum auctions. This was to ensure the integrity of the 3500 MHz Auction, and to protect confidential information provided in the applications. The Clarification Document indicated that ISED would not release, to the public, post-auction documentation regarding where bidders applied, or the basis upon which successful applications were granted. Response 2.11 of the Clarification Document provided:

...as in past auction processes, a list of all qualified bidders, along with information related to their beneficial ownership, affiliates, and associated entities, will be made public via ISED's website in accordance with the timelines stated ... The number of eligibility points, financial deposit amounts, and eligibility status, including set-aside eligibility, will not be published. ISED makes its rulings on applicant set-aside eligibility based upon the information provided by the applicant as assessed against the set-aside eligibility criteria in accordance with the Framework.

[Emphasis added.]

[22] However, in accordance with Response 2.11 above, ISED did release a list of all qualified bidders to the public, along with information about their beneficial ownership, affiliates and associated entities.

D. *The 3500 MHz Auction*

[23] The Auction ultimately generated revenue of \$8.91 billion for the Government of Canada.

[24] Vidéotron applied, and was ultimately determined eligible, to be a set-aside bidder in the Tier 2 service areas in question for this judicial review, Manitoba, Alberta and British Columbia,

on the basis of services provided by its affiliate, Fibrenoire Inc. [Fibrenoire]. On July 29, 2021, Vidéotron was the successful bidder for 128 set-aside licenses across 45 license areas in Western Canada.

[25] On August 3, 2021, TELUS wrote to ISED questioning the set-aside eligibility findings regarding Vidéotron and requesting a complete record of the material they filed.

[26] ISED responded with an August 11, 2021 letter explaining the finding that, based on a review of Vidéotron's application materials and verification of publicly available services, Vidéotron was eligible as a set-aside bidder in accordance with the *Framework* and Clarification Document. ISED also stated that in accordance with the prescribed process, it would not release Vidéotron's documentation.

[27] On August 26, 2011, TELUS commenced this application for judicial review.

E. *Procedural Background at the Federal Court*

[28] A motion for an interlocutory injunction to stay the issuance of the licenses to Vidéotron in Western Canada, brought in September 2021 by TELUS, was dismissed by Justice Grammond of this Court by Order and Reasons dated October 22, 2021 (*Telus Communications Inc. v. Vidéotron Ltée*, 2021 FC 1127 [*Telus v. Vidéotron*]).

[29] The Minister proceeded to issue the licenses assigned through the 3500 MHz Auction on December 17, 2021.

[30] The Attorney General of Canada [AGC] was granted leave to intervene in these proceedings, and initially did not produce a complete tribunal record due to confidentiality concerns expressed by Vidéotron. TELUS and Vidéotron each brought competing motions, for disclosure and confidentiality, respectively. Vidéotron's motion was dismissed by an Order of Prothonotary Tabib, dated December 6, 2021, which circumscribed the disclosure process for confidential information. Vidéotron appealed this order.

[31] Ultimately, the parties resolved their disagreement on consent and, on February 3, 2022, Justice Pentney issued a protective confidentiality Order pursuant to Rules 151 and 152 of the *Federal Courts Rules*, SOR/98-106. TELUS, Vidéotron and the AGC each thereafter provided a redacted public version, in addition to a confidential private version of their respective records. TELUS' affiant, Mr. Mulvihill, was allowed to access and provide evidence based on the full record. Vidéotron and the AGC also presented affiants, Messrs. Dennis Béland and Daniel Anderson respectively, both of whom, like Mr. Mulvihill, annexed extensive evidence to their Affidavits.

[32] The entire judicial review hearing proceeded in public before me, without any need to resort to *in camera* discussions. One of the other Respondents, Iristel Inc., provided their submissions in a public record, and without having had access to the confidential records of TELUS, Vidéotron and the AGC. Representatives of some of the other Respondents, along with other members of the public, also listened to the virtual hearing.

[33] Mindful of these individuals, the open court principle, and in the interests of the administration of justice remaining public, no confidential information from any of TELUS, Vidéotron or the AGC's confidential records is contained in these Reasons. As such, there are no redactions, nor any need for a confidential set of reasons to be released separately.

II. Decision under Review

A. *Vidéotron's Set-Aside Eligibility Application*

[34] Vidéotron's set-aside eligibility application, which formed part of the broader application to participate in the Auction that was required of all prospective bidders, consisted of completing a series of standardized forms established by ISED, attaching supporting documentation, and submitting the completed application confidentially on April 5, 2021.

[35] Vidéotron's application confirmed that: Fibrenoire was an affiliate registered with the CRTC as a facilities-based provider, indicated all of the Tier 2 areas where Vidéotron wished to apply for set-aside eligibility, and identified all of the Tier 4 areas where it was already providing commercial telecommunications services to the general public.

[36] Vidéotron also attached documentation marked as confidential to its application, which included detailed descriptions addressing how Vidéotron met the set-aside eligibility criteria, including: descriptions of the services offered by Vidéotron and Fibrenoire in their respective service areas as well as their sales and distribution networks, the numbers of clients served, and how those clients accessed their services.

B. *The Assessment and Verification Process*

[37] As indicated above, the *Framework* provided that ISED would review the completed forms and associated documents, assess eligibility and, if necessary, request further information and verify the information provided.

[38] The AGC's affiant, Daniel Anderson, a Manager in the Spectrum Licensing and Policy Branch at ISED, was responsible for the set-aside eligibility assessments of all applicants. He had also been responsible for leading the policy development for the 3500 MHz Auction. A form called "3500 MHz Auction Set-Aside Eligibility Assessment (Form 4)" the [Assessment Form] was used to record Mr. Anderson's evaluations of the 19 applications for eligibility as set-aside bidders, between the application deadline of April 6, 2021 and April 22, 2021, at which point a list of qualified bidders would be published.

[39] According to his Affidavit, Mr. Anderson began his assessment of Vidéotron's set-aside eligibility on April 7, 2021, the day after the application deadline, entering information from the application directly onto the Assessment Form. He verified that both Fibrenoire and Vidéotron were indeed registered with the CRTC as facilities-based providers, which is reflected on the Assessment Form.

[40] Vidéotron had indicated in its application that it qualified for set-aside in British Columbia, Alberta, and Manitoba through its affiliate, Fibrenoire. Vidéotron claimed that Fibrenoire had customers in each of these Western provinces as well as Northern Ontario, but did

not indicate who or where they were. Mr. Anderson testified that he wanted to verify the information provided by Fibrenoire about their services, including their distribution network in Western Canada, but was unable to do so using their website.

[41] As a result, Mr. Anderson states in his Affidavit that he asked Nancy Macartney, one of his ISED colleagues who was participating in the assessment and verification process, to contact Vidéotron to request further details. On April 9, 2021, Ms. Macartney sent a letter to Vidéotron through secure electronic post, citing the criteria set out in the *Framework* for establishing set-aside eligibility and requesting that detailed information be provided for each of four service areas, namely Northern Ontario, and the Western Canadian provinces at issue in this case - Manitoba, Alberta and British Columbia.

[42] On April 12, 2021, Mr. Béland, a Vice-President of Regulatory Affairs at Quebecor Inc. and Vidéotron's affiant in the present application, replied on behalf of Vidéotron. Mr. Béland's reply provided a more detailed description of the various categories of services provided by Fibrenoire in Western Canada, a list of customers, and detailed explanations of how business customers accessed the services, how equipment was distributed and what particular services were provided to each customer. One excerpt of the letter, for instance, reads as follows:

[TRANSLATION]

Fibrenoire is actively providing business telecommunications services to the general public in service areas 2-008, 2-009, 2-010, 2-012 and 2-013, as it currently provides symmetrical speed connectivity services over dedicated fibre links to retail business customers with commercial operations in these areas. In addition to these fibre connectivity services, a growing portion of Fibrenoire's customers also subscribe to services such as wireless backup connectivity and over-the-top networking applications.

...

For each of the four categories of service provided, Fibrenoire ensures that the customer's sites are connected to its backbone network through fibre access facilities (except for the minority of SD-WAN cases where coaxial cable or wireless facilities are used). Except in some areas of Toronto where Fibrenoire operates its own backbone Internet network, these fibre access facilities are sourced from business partners operating networks in the areas in question. However, even when it sources others' fibre access facilities, Fibrenoire provides the equipment on the customer's premises. Furthermore, in all cases, Fibrenoire is fully responsible for monitoring and managing the connectivity provided to the customer.

Subject to the availability of adequate facilities from its business partners, Fibrenoire is ready to provide telecommunication services anywhere in the service areas . . .

...

When a new retail business customer contacts Fibrenoire for the first time, they are immediately assigned to a dedicated sales representative. This representative works with the customer to assess their needs, determine the most appropriate service category and negotiate a service contract. Typically, multi-year service commitments are required to ensure the most advantageous pricing. The assigned sales representative will then personally see to the delivery and installation of the equipment at the customer's premises (see more details below) and will be available to the customer to resolve any activation issues that may arise. The sales representative also works with the customer on an ongoing basis to ensure that the service ordered continues to best meet the customer's needs.

Generally speaking, Fibrenoire's dedicated sales representatives are physically located in Quebec, as Fibrenoire's customers in the above-mentioned areas are most often branches of large Quebec companies that already have a well-established business relationship with the company. Nevertheless, Fibrenoire has a growing list of retail business customers headquartered outside of Quebec, who are well served by the Quebec-based sales experts.

[43] To verify that new business customers could obtain services from Fibrenoire in Western Canada, Mr. Anderson deposes that he placed two anonymous calls to Fibrenoire, using a blocked number. First, he posed as a potential business client with offices in Vancouver and Calgary and asked if Fibrenoire could provide services. The next day, he placed a second call posing as a potential business client with offices in Winnipeg and Thunder Bay. In both cases, Fibrenoire responded that it could offer internet services but that it would not be through Fibrenoire's own infrastructure, but rather arranged through third-party infrastructure.

[44] At the end of the Assessment Form for Vidéotron, Mr. Anderson recommended that Vidéotron be granted set-aside eligibility in all the service areas where it applied, including Western Canada. For each of the Tier 2 service areas in Western Canada, Mr. Anderson indicated, "Provides OTT [over the top] services to businesses through affiliate Fibrenoire" and at the end of the form he wrote "Provides internet services to business through Fibrenoire as wholesaler."

[45] Mr. Anderson deposes that on April 19, 2021, after completing his assessment, he met with ISED's Senior Director, Mathew Kellison [the Minister's delegate]. Mr. Anderson states that he explained his assessment of the application, the response received to ISED's written request, the verifications he had completed by telephone, and the rationale for his recommendation. He also states that Mr. Kellison indicated that he agreed that Vidéotron met the requirements for set-aside eligibility in each of the areas in which it had applied.

[46] The Minister’s delegate made the Decision on behalf of the Minister on April 21, 2021, which is indicated on an internal document called “3500 MHz Auction Application Assessment Form” [the Compiled Assessment Form]. At the time the decision was made, the Minister’s delegate had the completed Assessment Form, all materials provided to ISED by Vidéotron (including the April 12 letter cited at para 42 of these Reasons) and the Compiled Assessment Form before him on a USB key (as noted in a Response to Undertaking email from the AGC, at p. 1106 of the Applicant’s Record).

[47] The next day, April 22, 2021, ISED published its list of qualified bidders. The findings on set-aside eligibility were shared with each applicant but were not made public prior to the auction, in accordance with the *Framework* and the Clarification Document.

III. Issues and Analysis

[48] TELUS submits two arguments in support of their application for judicial review. First, TELUS argues that the Minister failed to respect the duty of procedural fairness that was owed. According to TELUS, ISED failed to adhere to the procedure it established for itself, and failed also to maintain adequate records of the steps taken in the assessment of Vidéotron’s set-aside eligibility.

[49] Second, TELUS submits that the decision of the Minister was unreasonable. It argues that ISED’s reasoning process was incoherent and lacked transparency, and that the determination could not be justified in light of the factual record and the *Framework’s* set-aside eligibility criteria.

[50] TELUS argues that Vidéotron should be disqualified as a set-aside bidder in Western Canada, and that the spectrum licenses it won there should be revoked, and that a new auction should be held, for which Vidéotron should not be eligible to participate.

[51] The Respondents and the Intervener assert, on the other hand, that there were no flaws in either the reasonableness or fairness of the set-aside eligibility determination, and that this application should be dismissed.

A. *Standard of Review*

[52] While the Parties and the Intervener disagree on the outcome of this application, they agree on the applicable standards of review. First, with respect to the issue of procedural fairness, the Court must ask whether, having regard to all the circumstances, the procedure was fair and just (*Canadian Pacific Railway Company v. Canada (Attorney General)*, 2018 FCA 69 at paras 54-56 [*CPR*]; *Ahousaht First Nation v. Canada (Indian Affairs and Northern Development)*, 2021 FCA 135 at para 31).

[53] Such an assessment often involves a consideration of the non-exhaustive list of factors outlined by the Supreme Court in *Baker v Canada (Minister of Citizenship and Immigration)*, 1999 CanLII 699 (SCC), [1999] 2 SCR 817 [*Baker*], and entails assessing “with a sharp focus on the nature of the substantive rights involved and the consequences for an individual, whether a fair and just process was followed” (*CPR*, at para 54).

[54] The Parties also agree that the second issue entails considering whether the Minister's decision was reasonable. In *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*], the Supreme Court set out a revised framework to determine the standard of review, whereby reasonableness is the presumptive standard. The Parties agree that there is no reason to depart from the reasonableness standard in this case.

B. *Preliminary Issues*

[55] I will begin my analysis with two preliminary matters that were raised by Vidéotron and TELUS respectively, namely (i) TELUS's lack of standing to bring the application, and (ii) the improper contents of the Anderson and Béland affidavits.

[56] First, Vidéotron asserts that TELUS has no standing to bring this judicial review because, as an NMSP, TELUS was not entitled to participate in the Auction for set-aside spectrum, and thus has no direct interest in the matter. TELUS contests this argument, asserting that they were directly affected by the breach to their right to a procedurally fair process. The AGC takes no position on the issue, but as TELUS points out, the AGC does acknowledge that the Minister had at least a minimal duty of procedural fairness toward TELUS.

[57] The second preliminary issue is TELUS' argument that the Affidavit evidence of Messrs. Anderson and Béland was inappropriate and seeks to impermissibly add to the tribunal record (paras 59-63, 65 and 68 of the Anderson Affidavit and para 47 of the Béland Affidavit).

- (i) TELUS has direct standing to bring the application

[58] Section 18.1(1) of the *Federal Courts Act*, RSC 1985, c F-7, states:

| | |
|--|---|
| 18.1 (1) An application for judicial review may be made by the Attorney General of Canada or by anyone directly affected by the matter in respect of which relief is sought. | 18.1 (1) Une demande de contrôle judiciaire peut être présentée par le procureur général du Canada ou par quiconque est directement touché par l'objet de la demande. |
|--|---|

Vidéotron argues that TELUS, as an NMSP, had no right to bid for set-aside spectrum, the eligibility assessment determination which it challenges in this judicial review.

[59] As a result, Vidéotron contends that TELUS is not directly affected by the matter in which it seeks relief. Vidéotron relies on *Soprema Inc. v. Canada (Attorney General)*, 2021 FC 732 [*Soprema*], which in turn relies on *CanWest MediaWorks Inc. v Canada (Health)*, 2007 FC 752 [*CanWest*] (aff'd 2008 FCA 207). *Soprema* and *CanWest* stand for the principle that for an applicant to be considered 'directly affected', the matter at issue must be one which adversely affects their legal rights, imposes legal obligations, or prejudicially affects them directly. Vidéotron relies on *Soprema*, and *CanWest* for the proposition that commercial or economic harm is not, in itself, sufficient to ground standing.

[60] Vidéotron also relies on other cases refusing standing due to a lack of adverse impact to legal rights, including *Novo Nordisk Canada Inc. v Canada (Health)*, 2019 FC 822 at paras 8-9, which held that commercial or economic harm is not sufficient to grant direct standing where the party's legal rights are not affected and the party is not prejudiced. Similarly, Vidéotron relies on *Ultima Foods Inc. v Canada (Attorney General)*, 2012 FC 799 [*Ultima Foods*] at paras 102-103,

where a licence granted to a third party for the importation of yogurt was held not to impose rights or obligations on another party.

[61] TELUS counters that having been an active participant both in the consultation and the bidding processes of the Auction, its legitimate expectations of procedural fairness were undermined by how the set-aside eligibility determination process unfolded. TELUS argues that *Irving Shipbuilding Inc. v. Canada (Attorney General)*, 2009 FCA 116 [*Irving*] provides a complete answer to the standing issues.

[62] TELUS acknowledges that it was not eligible to bid on set-aside spectrum, but nevertheless points out that it competed directly against Vidéotron during the phase of the auction which concerned the assignment of spectrum frequencies. TELUS notes that all the participants in the Auction had to apply to qualify, and set-aside eligibility determinations were simply one component of the broader application process in which all prospective bidders participated. As a participant in the Auction, TELUS contends that it has standing on the basis of its expectation of a fair process.

[63] I agree that this is not a particularly compelling example of being directly prejudiced. It is especially telling that TELUS is not joined in pursuing this application by any of the set-aside eligible bidders who participated in the Auction, who would have had a relatively greater interest in seeing set-aside eligibility determinations being made fairly, and who would have been even more directly affected by bidding directly against Vidéotron for set-aside spectrum. Their silence in this application has not gone unnoticed.

[64] Nevertheless, I find that TELUS has a sufficient basis to assert that its legal rights are affected, and to ground its standing to bring this Application, on account of its arguments regarding the procedural unfairness of the ISED process. Even if the content of the duty owed to it is found to be minimal, the fact that TELUS participated actively in the consultation leading to the Auction, and indeed, applied and participated in the Auction itself, there is no denying that they had a direct interest in the entirety of the Auction process being conducted fairly. In *Irving*, Justice Evans wrote at para 28:

In my view, the question of the appellants' standing should be answered, not in the abstract, but in the context of the ground of review on which they rely, namely, breach of the duty of procedural fairness. Thus, if the appellants have a right to procedural fairness, they must also have the right to bring the matter to the Court in order to attempt to establish that the process by which the submarine contract was awarded ... violated their procedural rights. If [the government department] owed the appellants a duty of fairness and awarded the contract to [the contract bid winner] in breach of that duty, they would be "directly affected" by the impugned decision. If they do not have a right to procedural fairness, that should normally conclude the matter.

[65] I note that in *Ultima Foods*, which Vidéotron relies on, the circumstances were distinguishable. There, the applicants, firms in the Canadian yogurt market, opposed import permits that allowed another Canadian yogurt processor to import yogurt into Canada. The Court did not accept that the applicants would be directly affected or experience prejudice as a result of the decision to grant the import permits, despite their claims that the decision threatened their businesses, and would reduce revenues and threaten the supply chain of Greek yogurt in Canada. The Court held the applicants did not have standing because they were only going to be impacted economically by the permits being awarded to the prospective yogurt importer.

[66] Vidéotron further argues that Justice Grammond already dismissed TELUS' economic arguments on the market distortion impact of the Auction in *Telus v. Vidéotron*, at paras 69-77. I agree with Justice Grammond's finding as it pertains to his assessment of the irreparable harm component of an interlocutory injunction. However, I cannot agree that TELUS' failure to establish irreparable harm in their injunction application amounts to a finding that the result of the Auction did not have any direct financial impact. The impossibility of predicting the outcome or quantifying the financial impact of an Auction scenario where Vidéotron was determined not to be eligible to bid on set-aside spectrum in Western Canada, does not inexorably lead to a finding that TELUS suffered no direct financial impact.

[67] Furthermore, unlike *Ultima Foods*, TELUS was not simply a competitor on the sidelines of an administrative process that did not concern them. TELUS, though admittedly not eligible to bid on set aside spectrum, was nonetheless a direct participant in the broader Auction and, as I will discuss further below, had a legitimate interest in the entire process being conducted fairly.

[68] As such, I am not prepared to accept Vidéotron's invitation to find the Court has no jurisdiction to hear the application. Having said that, establishing standing, and proving unfairness, are two completely different matters.

(ii) TELUS' Objections to the Affidavits of Messrs. Béland and Anderson

[69] As I do not find it necessary to refer at all to the affidavit of Vidéotron's affiant, Mr. Béland, to dispose of this application, I will limit my comments on this issue to the impugned sections of the Anderson affidavit, namely, paragraphs 59-63, 65 and 68.

[70] TELUS argues that it was inappropriate for Mr. Anderson, a key ISED representative involved in the selection process, to provide the evidence contained in the impugned paragraphs of his affidavit which was commissioned approximately nine months after the Decision was made. TELUS cites *Canada v. Kabul Farms Inc.*, 2016 FCA 143 at para 38 [*Kabul Farms*] and *Leahy v. Canada (Citizenship and Immigration)*, 2012 FCA 227 [*Leahy*] at para 145, for the proposition that supporting affidavits on judicial review cannot be used as an after-the-fact means of augmenting or bootstrapping the reasons of the decision-maker.

[71] TELUS accordingly requests that the Court disallow paragraphs 59-63, 65, and 68 of the Anderson (AGC) Affidavit. Those paragraphs are reproduced at Annex C of these Reasons.

[72] The AGC counters that admission of the Anderson Affidavit is both proper and necessary in these circumstances, since it meets two of the exceptions which allow for admission of affidavit evidence on judicial review: (a) to describe the background circumstances of the highly administrative Auction selection, and (b) to counter the allegations of procedural unfairness raised by the Applicant. The AGC contends that for both (a) and (b), the information is otherwise unavailable, and in neither case does it bootstrap or attempt to shore up the Decision with any additional reasons or justification for the conclusion. Rather, the AGC submits that the affidavit provides important evidence as to how the process was conducted, how the decision was made, the steps taken and how information was communicated.

[73] Broadly speaking, TELUS is correct that a well accepted principle of administrative law restricts the evidentiary record on judicial review to that which was before the administrative

decision-maker (*Association of Universities and Colleges of Canada v. Canadian Copyright Licensing Agency (Access Copyright)*, 2012 FCA 22 [*Access Copyright*] at para 19; *Leahy*, at para 145).

[74] However, there are exceptions to this rule as the AGC points out. For example, parties can file affidavits on judicial review which provide “general background in circumstances where that information might assist [the Court] in understanding the issues relevant to the judicial review” (*Access Copyright*, at para 20; see also *Delios v. Canada (Attorney General)*, 2015 FCA 117 at paras 43-45 [*Delios*]; *Bernard v. Canada (Revenue Agency)*, 2015 FCA 263 at para 22-28).

[75] I agree with the AGC that the entirety of Mr. Anderson’s Affidavit, including the impugned paragraphs, are helpful and orienting in providing general background information to the Court on the underlying administrative context and the decision-making process conducted by ISED for the Auction. This is especially so given the tight timeframes and confidentiality concerns that were inherent to the process, which had implications for the way it was conducted. Mr. Anderson describes the steps and practices followed by him and his team with respect to form completion, eligibility assessment, information verification and confidential correspondence, as well as final approvals.

[76] Given the circumstances, this information assists the Court to better understand the set-aside eligibility determination process and further, to consider the procedural fairness arguments that have been raised, in context. The Affidavit does not provide any additional reasons or

justification not included in the Decision, nor does it stray into opinion or facts not within the affiant's knowledge. I will accordingly decline to disallow or strike the impugned paragraphs of the Anderson Affidavit. It is admitted in its totality.

[77] As an aside, I note that the Anderson Affidavit stands in stark contrast to the one produced by TELUS's affiant, Mr. Mulvihill, a former ISED employee now employed by TELUS, upon which TELUS relied heavily. Mr. Mulvihill's testimony was largely concerned with his perception of the underlying intentions that lead to the development of the *Framework*, informed by his prior employment at ISED, which coincided with the 2018 600 MHz auction. He did not participate in eligibility determinations in either the 2018 or 2021 auctions, or the development of the *Framework* itself. Though he was not qualified as an expert witness, significant portions of Mr. Mulvihill's affidavit and subsequent cross-examination stray consistently into argument and opinion on the intentions leading to the *Framework* and the appropriate interpretation of the set-aside eligibility criteria, views, which I must add, are simply not born out by the *Framework* or Clarification Document.

[78] As I was neither asked to formally disregard or strike any paragraphs of the Mulvihill Affidavit, I have considered it alongside the testimony of Mr. Anderson, to the extent that the information can be considered relevant, reliable and known to the affiant.

C. *Procedural Fairness*

[79] After reading the records of the participants in this judicial review, and considering the applicable jurisprudence, I am satisfied that the Minister's set-aside eligibility determination

process and the manner in which it was conducted was fair and just having regard to all the circumstances. I set out my reasons for that finding here.

[80] According to TELUS, an application of the *Baker* factors (set out in *Baker*, at paras 23-28), suggests that the set-aside eligibility determination attracts a significant degree of procedural fairness. The Applicant relies on the fact that neither the *Radiocommunication Act* nor the applicable ISED policies provide a mechanism for review or appeal of the Decision, combined with the importance of the impact of the Decision for TELUS' own interests, and the public interest more broadly.

[81] TELUS also submits that the Minister undertook to abide by a specific procedure, whereby it would assess whether applicants met the set-aside eligibility criteria by requiring documentation of the services being offered in the relevant service area, the retail/distribution network and the number of subscribers in the service area. The publication of these eligibility criteria in advance, following an extensive public consultation process, created - in TELUS's submission - legitimate expectations that the procedure set out by Minister would be followed.

[82] The Respondents and Intervener all counter that the *Baker* factors would more appropriately lead to a conclusion that the degree of procedural fairness owed to TELUS was minimal, and that in any event, ISED adhered to all the rules in the procedure it set out for itself, and the process was entirely fair.

[83] The non-exhaustive list of *Baker* factors were recently summarized at para 77 of *Vavilov* as including: (1) the nature of the decision being made and the process followed in making it; (2) the nature of the statutory scheme; (3) the importance of the decision to the individual or individuals affected; (4) the legitimate expectations of the person challenging the decision; and (5) the choices of procedure made by the administrative decision maker (see also *Baker*, at paras 23-27; *Congrégation des témoins de Jéhovah de St-Jérôme-Lafontaine v. Lafontaine (Village)*, 2004 SCC 48, [2004] 2 S.C.R. 650, at para. 5).

[84] I am unpersuaded that a significant degree of procedural fairness was owed to TELUS in the process leading to set-aside eligibility determinations, given the *Baker* factors, reviewed in sequence below.

- (i) The nature of the Decision was purely administrative

[85] Having reviewed and considered the *Framework* more broadly and the actual set-aside eligibility criteria in particular, in addition to the Clarification Document, the forms associated with the application, and Mr. Anderson's Affidavit, I conclude that the nature of the Decision, namely the assessment of applicants' eligibility to bid on set-aside spectrum, was a straight forward and purely administrative process. I note that Justice Grammond concluded similarly (*TELUS v. Vidéotron*, at para 37).

[86] With the added benefit of a full record now before me, it is clear that the process was intentionally designed to be confidential, and prospective bidders did not have any participatory rights in the assessment of one another's applications. The process was crafted in accordance

with the *Framework*, which involved broad public consultation in which TELUS participated extensively.

(ii) The statutory scheme empowers the Minister to prescribe the process

[87] The statutory scheme places full control over the process with the Minister, as outlined above. Prospective bidders were aware from ISED's published process that they did not have participatory rights to review or challenge their competitors' applications. Indeed, this was essential to the confidentiality and integrity of the Auction process, as demonstrated in numerous parts of the *Framework*, including paragraphs 247, 257, 422, 424 and 440.

[88] What is more, ISED clearly indicated that documentation revealing the basis for a bidder's eligibility would not be published (*Clarification Document* at Response 2.11, reproduced above at para 21). At no point did TELUS or any other bidder challenge the process the government announced, as it could have, and indeed, has done in the past (see *TELUS v Canada (Attorney General)*, 2014 FC 1, [2015] 2 FCR 3).

(iii) The importance of the Decision to TELUS was minimal

[89] TELUS, as an NMSP, was explicitly barred by the eligibility criteria from bidding on the set-aside portion of the available spectrum. TELUS' interest in the determination that Vidéotron was eligible is not akin to an applicant bidding directly against Vidéotron for set-aside spectrum or, an applicant who may have found themselves assessed as ineligible to bid for set-aside spectrum despite presenting a similar application to Vidéotron's. No such competitors brought an

application. An application previously filed by Bell Canada, another NMSP, has since been discontinued. In any event, the impact of the Decision on TELUS was certainly minimal.

[90] I am not prepared to conclude, as Vidéotron invites this Court to do and as I have addressed above - that this factor has the effect of disqualifying TELUS from applying for judicial review of the process. I accept that TELUS, as a participant in the broader Auction, has a limited procedural and financial interest in the outcome.

[91] However, given the fact that TELUS was barred from obtaining set-aside spectrum from the beginning, and that they admit their interest in the outcome to be largely economic, this factor suggests that whatever scarce expectation of procedural fairness to which TELUS is entitled as regards the set-aside eligibility determinations, is correspondingly minimal. In *Airbus Helicopters Canada Limited v. Canada (Attorney General)*, 2015 FC 257 [*Airbus*], Justice Roy held at para 116:

Generally speaking, if one were to place the guarantees of procedural fairness along a spectrum, they would be significantly more elaborate where fundamental human rights are being adjudicated, with the other end of the spectrum being occupied by cases in which commercial interests are at play. Here, the discretion conferred on the Minister is considerable. There is no dispute on that front. The consultation that was held was by choice, with no legal obligation. There is no doubt that the Minister must act impartially and in good faith. But this was not an adjudication or a process that can be likened to the quasi-judicial function.

[92] In *Airbus*, the applicant challenged a consultation process that preceded a procurement for the purchase of helicopters, stating that the consultations conducted by government representatives were tailored to enable the winning bidder to obtain the contract and further that

the Minister had breached its legitimate expectations. The Court disagreed and found that while the applicant was entitled to expect that the procedure adopted by the Minister would be followed, this expectation was fulfilled and an informed observer would recognize the quality of the process that was put in place (*Airbus*, at paras 121-123).

[93] Accordingly, and given the present context where TELUS is a participant in the broader Auction, but not a direct competitor in the set-aside portion for which Vidéotron was assessed to be eligible, the importance of the Decision to TELUS suggests that TELUS' expectation of procedural fairness would be no greater than the one recognized in *Airbus*: at the limited end of the spectrum.

(iv) TELUS was entitled to expect that the process would be followed

[94] As with *Airbus*, and as the Parties essentially agree, TELUS' legitimate expectations as a participant in the broader Auction was limited to an expectation that ISED would follow the procedure it had publicly set out for itself.

(v) Choices of procedure: The Minister chose to require documentation describing compliance and to allow information requests and verifications

[95] Once again, while they disagree on whether Vidéotron adequately documented their set-aside eligibility application, the Parties are agreed that the Minister chose to require prospective bidders to provide relevant documentation to ISED including descriptions of the services being offered in the relevant service areas, the retail/distribution network and how subscribers accessed the services (see para 14 of these Reasons, which reproduces Decision D2 of the *Framework*).

[96] There is also no dispute among the parties that section 12.5 of the *Framework* explicitly empowered ISED to review the application forms, assess eligibility, request further information and verify the information received, all within tight timelines that were made publicly available. The bidder qualification process, including a link to the Table of Key Dates, was detailed at paragraphs 435-440 of the *Framework*.

[97] Finally, as I have noted above, the application materials, the set-aside eligibility assessment process itself, and the results, were all intentionally kept confidential. Indeed this too was explicitly indicated to the parties in Response 2.11 of the Clarification document.

- (vi) Conclusion and analysis: the degree of procedural fairness owed was minimal and, having regard to the circumstances, was met

[98] Having reviewed the *Baker* factors in the context of the present application, I conclude that the degree of procedural fairness owed by the Minister to TELUS was minimal and was limited to complying with the process it had set out for itself. I also find, having regard to all of the circumstances, that the Minister complied with this duty and the procedure followed was fair and just.

- (a) *The process was followed*

[99] TELUS argues that the Minister breached the duty of procedural fairness by failing to maintain adequate records of its internal decision-making. The *Framework*, and the Assessment Form, required all applicants provide documentation to ISED demonstrating their eligibility under the bidding requirements. TELUS points to an excerpt of section 12.5 of the *Framework*,

which reads: “Applicants that do not comply with ISED’s written requests will have their application to participate in the auction rejected.” TELUS contends that since the Assessment Form indicates “no” for whether documentation was submitted in respect of Fibrenoire’s retail/distribution network for the Tier 2 service areas in Western Canada, the Court should conclude that Vidéotron did not comply with ISED’s written requests and should have had their application rejected.

[100] TELUS further submits that Mr. Anderson failed to document the contents of his calls to Fibrenoire and that in any event, those calls were not a verification, as was allowed by the *Framework*, but rather an impermissible attempt to gather key information missing from the application. TELUS qualifies this as an impermissible bid repair, analogous to the procurement environment, where a clarification submitted by a bidder goes beyond the contents of the bid and provides new information.

[101] In support of its argument, TELUS cites a series of decisions from the Canadian International Trade Tribunal, as well as *Francis H.V.A.C. Services Ltd. v. Canada (Public Works and Government Services)*, 2017 FCA 165 [*Francis*], where the Federal Court of Appeal explained, at para 22:

I agree that there is no doubt that bidders cannot make material corrections or amend their bids after the bid’s closing date. The requirements found in an RFP must be met at the time of bid closing, and a procurement entity is not entitled to consider information submitted after that date. “Bid repair”, as it has come to be known, is considered to be an indirect way of allowing a late bid. The rationale behind the rule against bid repair is easy to understand: allowing a bid to be modified or altered after the fact would undermine the bidding process itself, as it would allow a

change to be made to a bid at a time when the bids of others are known or could be known.

[Citations omitted.]

[102] While I am not in disagreement with any of the principles cited by TELUS with respect to procurement, I cannot agree that they apply to this set-aside eligibility assessment process. A final selection and award after a procurement process, and the eligibility determination for the set-aside portion of the Auction, are fundamentally different processes with distinct stakes and outcomes. A procurement that results in a binding contract, to the exclusion of other bidders, fundamentally contrasts from the Auction's bidder qualification process, and in this case, the set-aside eligibility determination.

[103] Here, there was no limit to the number of prospective bidders that could be determined eligible to bid on set-aside spectrum, so long as they met the criteria. Indeed, the stated purpose of set-aside spectrum was to increase competition. The mere submission of an application for set-aside eligibility would, if compliant, only qualify the applicant to bid, and would not guarantee the obtention of a 3500 MHz spectrum license, or give rise to a contract.

[104] In *Francis*, on the other hand, a compliant bid was due by a specific closing date and the complete and compliant bid in response to a tender could have given rise to a contract. The circumstances are clearly distinct.

[105] Furthermore, here, the *Framework* explicitly provided that additional information could be requested and verified by ISED officials during the eligibility assessment process (see paras

435 and 437 of the *Framework*). This type of iterative process was not akin to a bid repair, which is prohibited conduct within the purview of a government procurement. To the contrary, it demonstrates that, in accordance with the purpose of increasing competition, the process was intentionally designed to facilitate increased participation and to provide ISED with the flexibility required to ensure prospective bidders could correct errors, and to request or verify further information where necessary.

[106] In short, the procedures established for the eligibility assessment of the Auction - which were developed in consultation with TELUS were fundamentally different from a government procurement process.

[107] In assessing whether the stated process was complied with, I note that Vidéotron provided written documentation in support of the application with detailed explanations describing how all of the criteria for set-aside eligibility were met. As the process allowed, ISED requested further information in writing.

[108] As I have noted, the *Framework* allowed for an iterative process, where the bidder would submit information, ISED could request corrections or additional information, and could perform the requisite verifications to ensure compliance with eligibility criteria. Prospective bidders would be informed of whether they had been found eligible within the prescribed period. This iterative process, including the post-submission verifications, should come as no surprise to Auction participants: not only being spelled out in the *Framework*, at paras 435, 437, but also indicated on the set-aside eligibility form.

[109] Following ISED's written request for further information, Vidéotron complied and provided additional documentation that satisfied the departmental officials overseeing the set-aside eligibility assessment process. Mr. Anderson considered the additional information and conducted a verification of that information by placing independent anonymous phone calls. He was ultimately satisfied that Vidéotron met the requirements. He shared the Assessment Form with his supervisor, the Minister's delegate, and participated in a team meeting wherein he explained the rationale for his recommendation that Vidéotron be determined eligible. The Minister's delegate agreed with the analysis, and signed the Compiled Assessment Form.

[110] Despite TELUS' insistence on the "no" appearing on the Assessment Form, I find TELUS to be overly concerned with formality and to be elevating, in literal terms, the form above its substance. As the Respondent Iristel pointed out during the hearing, the forms to be completed are subordinate to the *Framework* itself, and are not meant to add to the requirements to be met by applicants.

[111] Particularly where, as here, a decision making process does not lend itself to the production of a single set of reasons, one has to consider not only the physical form, but the entire surrounding context in a highly administrative process (*Vavilov*, at para 137). Here, the fact that the Minister's delegate was ultimately satisfied that Vidéotron met the eligibility criteria, had the requisite explanations and documentation before him, and signed the approval, is clear from the Compiled Assessment Form.

[112] Even if the “retail and distribution network” itself was not independently documented by Vidéotron, it was abundantly described and substantiated in the initial and response documents that were provided by Vidéotron, which were independently assessed and verified by Mr. Anderson. I am not prepared to hold ISED or Vidéotron to a standard more exigent than what is explicitly set out in the *Framework* (at para 64 and Decision D2), as further discussed below in response to TELUS’ challenge to the reasonableness of the Decision.

[113] In order to demonstrate that they met the eligibility criteria of actively providing commercial telecommunications services to the general public in the relevant Tier 2 service areas, Vidéotron was required to provide documentation which would include descriptions of: the services being offered in the relevant service areas; the retail and distribution network; and, how subscribers accessed the services and the numbers of subscribers in the service areas. It is clear to me from the initial and follow-up materials that were provided in addition to the Assessment Form, that Mr. Anderson, after requesting further information and conducting his independent verification, was satisfied that Vidéotron had done exactly that and was satisfied that they were set-aside eligible.

(b) *The Maintenance of adequate records*

[114] As for the maintenance of adequate records, TELUS cites the Treasury Board of Canada’s *Directive on Service and Digital*, at sections 4.3.2-4.3.3 [TBS Directive], and its *Policy on Service and Digital* [TBS Policy]. The TBS Directive requires employees of the Government of Canada to document “their activities and decisions of business value” (at s. 4.3.3.1).

Paragraph 4.3.2.10 of the TBS Policy, entitled “Recordkeeping”, reads that Deputy Heads are responsible for:

Ensuring that decisions and decision-making processes are documented to account for and support the continuity of departmental operations, permit the reconstruction of how policies and programs have evolved, support litigation readiness, and allow for independent evaluation, audit and review.

[115] Citing the TBS Directive and the TBS Policy, TELUS submits that the failure of Mr. Anderson to document the contents of his calls, and of Mr. Anderson and the Minister’s delegate to keep minutes of their meeting, were both procedurally unfair given the magnitude of the decision under review.

[116] TELUS also argues that no approvals by the Minister’s delegate appear on the Assessment Form, or on any other document produced by ISED. TELUS once again relies on *Leahy*, at paras 100, 119-121, 137, and *Kabul Farms*, at para 34, this time for the proposition that the adequate records were not kept.

[117] I disagree with both of TELUS’ contentions, namely, 1) that the Minister was required to keep more detailed records than it did, and 2) that the evidentiary record was deficient or “so thin that [the Court] cannot properly assess whether the decisions were correct or reasonable” (*Leahy*, at para 100).

[118] The Minister’s delegate’s signature and approval are documented on the Compiled Assessment Form, which also clearly indicates all the ISED employees involved in the business decision in question, along with their respective responsibilities in the process. That form lists

Mr. Anderson as the set-aside eligibility reviewer. Furthermore, the Assessment Form was completed by Mr. Anderson at the time of his work on the file, and indicates his assessment of how Vidéotron met the set-aside eligibility criteria for each of the service areas in question.

[119] I do not find - nor do the *Framework*, the TBS Directive or the TBS Policy require— that the record-keeping obligation extended to keeping recordings or detailed minutes of all internal discussions or verification processes. Given the nature of the eligibility assessment, and the compressed timelines involved, such a requirement would go well beyond what was required.

[120] In sum, I find that the Minister followed its process in assessing Vidéotron’s set-aside eligibility and that the process was adequately documented, consistent with what could have been legitimately expected by the affected parties. Having regard to all of the circumstances, I find the process of assessing Vidéotron’s set-aside eligibility to have been fair and just.

D. *The Decision was reasonable*

[121] A court performing a reasonableness review scrutinizes the decision in search of the hallmarks of reasonableness – justification, transparency and intelligibility – to determine whether it is justified in relation to the relevant factual and legal constraints (*Vavilov*, at para 99). Both the outcome and the reasoning process must be reasonable and the decision must be based on an internally coherent and rational chain of analysis, justified in relation to the facts and the law (*Vavilov*, at paras 83-85).

[122] TELUS argues that two aspects of the Decision fail to meet this standard.

[123] First, TELUS argues that Mr. Anderson’s use of the terms “wholesaler”, “OTT” and “phone” on the Assessment Form were unreasonable on account of their incoherence, ambiguity, and unintelligibility. TELUS further submits that key information was missing from the reasons, namely the phone calls that were placed, such that the Decision lacks transparency.

[124] Second, TELUS argues that Vidéotron’s application was non-compliant with the *Framework’s* eligibility criteria, and the Decision therefore cannot be justified in light of the factual record; the only reasonable conclusion was to reject it. Each of these two arguments contesting the Decision’s reasonableness are analysed next.

(i) Transparency and intelligibility of terms used in the Decision

[125] TELUS submits that Mr. Anderson’s use of the term “wholesaler” in the Assessment Form is confusing, ambiguous and unintelligible and that “reseller” would have been a more appropriate term since, as is undisputed by the parties, Fibrenoire buys access to the infrastructure of other carriers in Western Canada and then resells it to its own customers. TELUS submits that this may have confused the Minister’s delegate and it is not clear he understood Vidéotron to be a reseller without its own infrastructure in the Tier 2 service areas in question. TELUS contends that on either meaning of the term wholesaler, Fibrenoire cannot reasonably be considered to actively provide commercial telecommunications services to the general public.

[126] Similarly, TELUS argues Mr. Anderson’s use of the term “OTT” on the Assessment Form was ambiguous and unintelligible in the circumstances. TELUS notes that the term is

frequently used in the broadcasting context to describe a method of service delivery by a company that provides streaming content, but does not own the underlying facilities or delivery network. As such, TELUS contends that one can only guess at what the Minister's delegate would interpret such a term appearing on the Assessment Form to mean, since, in TELUS' submission, it is not well-suited to describe the services provided specifically within the telecommunications industry.

[127] Finally, TELUS claims that Mr. Anderson's use of the term "Phone" was unintelligible having been written in the "comments" section of the Assessment Form, related to retail/distribution network. TELUS argues that this notation is unclear, raising multiple interpretations and making it impossible for the Court to be satisfied that an acceptable line of reasoning was employed.

[128] Accordingly, TELUS submits, Mr. Anderson either verified the retail distribution network by making phone calls – in which case he ought to have used the "verified via" box and not the "comments" box to indicate his observation – or, alternatively, he intended to indicate that the retail distribution network was marketed to Fibrenoire's Western Canada clients by phone. Either way, TELUS contends, the Court is left guessing. It cannot fill in the reasons for the decision maker. Administrative decisions – no matter how discretionary or administrative in nature – must nonetheless be not only justifiable, but also justified.

[129] An applicant in a judicial review has the burden of showing there are sufficiently serious shortcomings, consisting of central or significant flaws, to render the decision unreasonable

(*Vavilov*, at para 100). This burden cannot be met by demonstrating superficial or peripheral missteps. Reviewing Courts must also remain attentive to decision makers’ demonstrated expertise; an outcome which might on its surface appear puzzling may “nevertheless [accord] with the purposes and practical realities of the relevant administrative regime and [represent] a reasonable approach given the consequences and the operational impact of the decision” (*Vavilov*, at para 93).

[130] I am unpersuaded by TELUS’ arguments, which, even if they were accepted, would only amount to superficial shortcomings. Furthermore, TELUS’ arguments are highly formalistic, elevating form over substance, and invite the Court to engage in a “line-by-line treasure hunt for error” instead of looking at the record holistically and paying due sensitivity to the administrative regime (*Vavilov*, at paras 102-103). Where, as here, a Decision does not lend itself to the production of a formal set of reasons, the Court must look to the record as a whole to understand the decision and uncover its rationale (*Vavilov*, at para 137).

[131] To isolate words and remove them from their broader context, is akin to cropping a person out of one background and dropping them into another. While certainly possible to do, the doctored picture depicts an altered reality from that seen by the original viewers, and interferes with the new viewer’s ability to situate the person in their original surroundings – somewhat akin to removing the dots from a written page so that one cannot connect them.

[132] One cannot, in the process of judicial review, jettison the plain meaning of words and disregard the broader context in which those words belong, and instead invite the Court to

proffer an alternate view. Here, TELUS invites the Court to divorce the words used by Mr. Anderson from their ordinary meaning by removing them from their context, proffering an alternative meaning, and shedding doubt on which interpretation was adopted by the Minister's delegate. This kind of overly semantic exercise is inconsistent with the instructions in *Vavilov* in assessing reasonableness, namely that reasonableness takes its colour from the context, and that remaining sensitive to the context of every situation is how reviewing Courts can assess the legal and factual constraints that bear on the decision in question (*Vavilov*, at paras 89-90).

[133] Vidéotron's application to ISED included an explanation of how it qualified to bid on set-aside spectrum, along with details regarding Fibrenoire's role. Mr. Anderson did not simply accept that explanation. Rather, he investigated it, requested additional information, and conducted a verification to ensure they were actively providing services in the relevant Tier 2 areas. Once satisfied, he summarized his findings on the Assessment Form. That form, along with Vidéotron's application materials, was then placed before the Minister's delegate, who determined Vidéotron to be eligible.

[134] Mr. Anderson's words, like any others within one document, could certainly be cut and pasted out of their broader context, isolated, and then assigned a different meaning. However, there is no evidence to suggest that there was any doubt as to the meaning of these terms, or that either Mr. Anderson or the Minister's delegate engaged in such word-smithing.

[135] To accept TELUS' argument would require this Court to ignore the full record, including Vidéotron's application materials, which were before the Minister's delegate, in addition to Mr.

Anderson's Affidavit and subsequent testimony in cross-examination. Such an approach would also ignore Mr. Anderson and the Minister's delegate's knowledge and respective roles in the process. It would unreasonably elevate a trivial, semantic exercise, and replace the abundantly reasonable and readily apparent interpretation that the Minister's Delegate adopted. It would fail to take the entire record into account, as the reviewing Court is called to do.

[136] I am no more convinced by TELUS' argument today than my colleague Justice Grammond was for the interlocutory stay in *Telus v. Vidéotron*, at para 47, and I have the added benefit of a full and unredacted record that was unavailable to him.

[137] The nature of the services provided by Vidéotron and their retail distribution network were described in great detail in the application documents. The meaning of "wholesaler" and "OTT", read in that context, are abundantly clear to me: Fibrenoire relied on third party infrastructure to provide commercial telecommunications services to businesses in Western Canada.

[138] Indeed, it appears to have been clear to both Vidéotron and ISED, as it is to me, that as long as Fibrenoire too was a facilities-based provider registered with the CRTC, actively providing commercial telecommunications services to the general public in the relevant Tier 2 areas, the *Framework's* eligibility criteria was unconcerned with whose underlying infrastructure was being used to deliver the services.

[139] Under the circumstances, it is unrealistic for TELUS to argue that the Minister's delegate, would not have understood the intended meaning of these terms, nor is there any evidentiary basis to support the argument, particularly in light of the fact that the recommendation and the rationale were discussed prior to the final decision, and Vidéotron's documents were before the Minister's delegate at the time.

[140] The same is true of the use of the word "phone" on the Assessment Form, read in context. I read its use to indicate that the Fibrenoire's retail distribution network was accessible and delivered by phone with personal support, as described in the Vidéotron's materials submitted in support of the application. As the Respondent Iristel pointed out, given that the record shows Vidéotron's customer base in Western Canada consisted of business clientele, it makes perfect sense that their distribution network would be available by phone. Furthermore, there was no requirement for them to have a brick and mortar retail network.

[141] Even if I am mistaken, and the use of phone was intended to indicate the verification method, this minor ambiguity is entirely insufficient to render the decision unreasonable, given the other contents of the Assessment Form, the affidavit and cross-examination of Mr. Anderson, and the broader context of the process governed by the *Framework*.

[142] I conclude my remarks on transparency and intelligibility of the decision with *Vavilov's* reminder to reviewing Courts that in judicial review, written reasons given by an administrative body must not be assessed against a standard of perfection. Rather, the Court must be able to discern a reasoned explanation for the decision (see also *Alexion Pharmaceuticals Inc. v. Canada*

(*Attorney General*), 2021 FCA 157 at para 7). This exercise requires deference and respectful attention to the demonstrated experience and expertise of the decision maker, the practical realities of the administrative regime, and the operational impact of the decision.

[143] In light of the context, the forms, the application materials and the letters exchanged reveal a rational chain of analysis (*Vavilov*, at para. 103; *Riccio v. Canada (Attorney General)*, 2021 FCA 108 at para 22). The meaning ascribed to the words “phone”, “wholesale” and “OTT” by Mr. Anderson, read in context, were notations to reflect the due diligence he conducted in assessing Vidéotron’s compliance with the eligibility criteria. The Decision that followed, considered in context, is transparent and intelligible.

(ii) The record is adequately documented

[144] TELUS further submits, as with their procedural fairness arguments above, that the lack of records of Mr. Anderson’s phone calls and of his meeting with the Minister’s delegate where he explained the rationale for his recommendation, makes it impossible for the Court to perform its role of scrutinizing the decision, and is thus unreasonable.

[145] For the same reasons as above, I disagree. Having regard to the context, the record, the confidentiality and tight timelines inherent to the process, along with the guiding *Framework* and Clarification Document, there was no requirement for ISED to keep more detailed records than it did. It acted reasonably in this regard.

(iii) Incorrect customer statistics did not impact the reasonableness of the Decision

[146] TELUS also notes that when Vidéotron responded to the Minister's written request, it disclosed and corrected some cases of over-reporting of the numbers of its customers in Western Canada, as a result of double counting. TELUS further notes that the Assessment Form reflects the numbers originally given to ISED, rather than the corrected numbers disclosed by Vidéotron in its response. TELUS submits that the Minister's delegate thus had incorrect factual information before him when he made the Decision, with an inflated customer count for Western Canada. This, according to TELUS, is a significant error since the numbers of customers would have directly informed the question of whether Vidéotron was actively providing services to the general public.

[147] I have reviewed the figures appearing on both the Assessment Form and those provided in the corrected lists by Vidéotron. I find the difference in the number of customers in each of the service areas to be insubstantial. Given that there was no minimum threshold requirement of customers required to meet the set-aside eligibility criteria, there is no reason to believe the minor differences in the figures would have impacted the decision.

[148] Even if I were convinced that the Minister's delegate was not aware of the correction – which I am not – the difference is certainly not a sufficiently serious shortcoming to render the decision unreasonable. As noted above, Vidéotron's written documentation, including the correction disclosed in Vidéotron's response, was before the Minister's delegate when the decision was made. The fact that the Assessment Form was not updated following Vidéotron's response to ISED's written request does not automatically mean the corrected information was unknown to the Minister's delegate.

[149] Either way, the minor differences in the numbers of customers reported for each of the three provinces in Western Canada are immaterial, and do not have the effect of rendering the Decision unreasonable.

(iv) The Decision is justified in light of the facts and the law

[150] TELUS' final ground for challenging the reasonableness of the Minister's decision, namely that it is not justified in light of the facts and eligibility criteria, goes to the heart of its rationale in bringing this application. Specifically, TELUS appears to be in irreconcilable disagreement with ISED's application of the set-aside eligibility criteria.

[151] Some aspects of this argument incorporate elements of others I have already disposed of earlier in these Reasons, namely: (i) the appropriateness of the contents of Mr. Anderson's Affidavit to provide helpful background evidence (in paras 68-77); and, (ii) ISED's compliance with the procedural requirements of the *Framework*, including Mr. Anderson's verification calls (in paras 98-112).

[152] TELUS first submits that even if the verification calls were allowed, it was irrational to rely on them to conclude that services actually were being actively provided to the general public, without taking further steps to verify Fibrenoire's claim that it could provide internet services. TELUS submits that the fact that Vidéotron's capacity to offer telecommunications services in Western Canada was conditional on finding a business partner with the infrastructure to provide the service, was tantamount to it not meeting the eligibility criteria. By deciding otherwise, in TELUS' submission, ISED impermissibly departed from the *Framework*.

[153] TELUS further submits that ISED failed to apply the eligibility criteria in a reasonable manner, making it unreasonable to conclude that Vidéotron had met them. According to TELUS, Vidéotron could not reasonably be considered 1) to be actively providing commercial telecommunications services in Western Canada, because of its lack of infrastructure and distribution network, or 2) providing those services to the general public, because of its low customer base there.

[154] TELUS' argument takes as its premise that to actively provide service to the general public in the relevant Tier 2 service area, it is not sufficient to be registered as a facilities-based provider with CRTC. Instead, the *Framework* must be read to mean that the facilities-based provider must be providing services in each of those service areas using its own facilities-based physical infrastructure. Further, TELUS submits that the numbers of customers served by Vidéotron in Western Canada was insufficient to meet the criteria of providing services to the general public, in spite of the absence of any minimum threshold requirement in the *Framework*.

[155] TELUS is, of course, free to provide its own suggested interpretation of how the eligibility criteria should be applied and of the underlying intentions and ministerial policy goals that formed the backdrop to the *Framework* that was ultimately adopted. Indeed, it relies heavily on the prior work experience of its affiant, Mr. Mulvihill, a former ISED employee, in doing so.

[156] Be that as it may, it is not for TELUS to draft and apply its own criteria, which do not appear in the *Framework* governing the process, or to apply its own measuring stick to how the criteria that do appear in the *Framework* ought to have best been interpreted and applied (*Delios*,

at para 28). It is not enough to put forward an alternative interpretation when the one adopted by the decision-maker is compatible with the text and context (*McLean v. British Columbia (Securities Commission)*, 2013 SCC 67 at paras 40-41).

[157] It is clear to me, as it was to the Minister, that both Vidéotron and Fibrenoire were registered with the CRTC as facilities-based providers, neither being an NMSP, and that Fibrenoire was actively providing commercial telecommunications services to the general public in each of the three Tier 2 service areas in question. Given that these three set-aside criteria were met, the determination that Vidéotron was eligible to bid on set-aside spectrum in those provinces was eminently reasonable, and entirely open to the Minister, in the circumstances.

[158] Nowhere in the *Framework* or elsewhere was it stated, as TELUS now argues, that to be eligible to bid for set-aside spectrum, the telecommunications services had to be offered by the prospective bidder using their own transmission facilities located in the relevant service areas. Rather, the *Framework* only required that the prospective bidder be registered with the CRTC as a facilities-based provider. ISED's interpretation, from this perspective, holds up under the plain language of the eligibility requirements. TELUS' alternative interpretation cannot reasonably be implied by the *Framework*.

[159] It is also not clear to me how such an interpretation of the eligibility requirements could have been assessed in the applicable timelines. This would require the assessor, for every application, to consider not only whether the applicant was a facilities-based provider registered with the CRTC, but whether it was serving its customers in each of those service areas using its

own transmission facilities. I am not prepared to adopt that this was the underlying intention of the *Framework*, and that such a requirement can be read into the eligibility criteria, or practically assessed or verified in the applicable timelines. There is simply no justification to distort the language of the criteria in the way TELUS suggests.

[160] Furthermore, there was no minimum threshold to meet for the numbers of customers served. Fibrenoire's distribution network was accessible by phone. Its services were customized to the needs of its existing business clientele, and available to new customers. Regardless of what TELUS may submit regarding the size of the customer base, where their home offices were located, or whose underlying infrastructure Fibrenoire relied on to deliver its services, Fibrenoire served an appreciable number of customers in each of the Tier 2 service areas in question.

[161] Indeed, to hold otherwise would not have borne the hallmarks of reasonableness – transparency, intelligibility, justification – it would be inconsistent with the flexible rules on telecommunications services being provided somewhere in the larger Tier 2 service areas and the absence of a minimum customer threshold. Such an interpretation would have also undermined the clear objectives of increasing competition.

[162] I note that this judicial review is not the first time that TELUS has opposed a pro-competitive interpretation or application of the eligibility criteria. Indeed, the *Framework*, at para 49, highlights TELUS's opposition to them during the consultation. It also notes that TELUS was opposed to set-aside-eligible bidders being allowed to bid on open spectrum and getting priority to non-encumbered spectrum (at paras 49 and 87). Despite noting these objections, the

Minister decided to proceed largely as initially proposed with respect to the set-aside auction, framed by the objective of increased competition.

[163] In short, TELUS's opposition to the set-aside eligibility criteria, in favour of another model, were neither ignored nor unreasonably overlooked. Rather, the Minister clearly decided to reject them in favour of the eligibility criteria that were adopted, and which I have found were reasonably applied in their entirety to Vidéotron's application.

[164] Ultimately, TELUS has not provided a basis for the Court to intervene. Rather, it prefers a far more restrictive interpretation to meet the set-aside eligibility criteria. However, the Minister's delegate here chose an interpretation that added up, being both justified and justifiable in light of the *Framework*. The Decision was thus entirely reasonable not only in light of the plain language of the eligibility requirements found in the *Framework*, but also in light of the record that was before the Decision-maker. Read holistically, the Decision supports a rational application of the criteria, using the yardstick that the Decision-maker was handed, and applied.

IV. Costs

[165] At the Court's request, the parties provided their submissions on costs at the hearing.

[166] Vidéotron argued that costs should be ordered in the highest column (V) of Tariff B of the *Federal Courts Rules*, SOR/98-106, on the basis that TELUS should never have brought the challenge in the first place, and at minimum, like Bell, should have discontinued its application after the interlocutory decision in *Telus v. Vidéotron*. Vidéotron urged that a message should be

sent to the Applicant that the Court should not be used as a weapon in the conduct of commercial warfare.

[167] The AGC requested costs as well, arguing that it should be entitled to them as an Intervener, citing *Sawridge Band v. Canada*, 2006 FC 656 [*Sawridge*] and *Glaxo Canada Inc. v. Canada (Minister of National Health & Welfare)*, 1988 CarswellNat 566, 19 CIPR. 120, aff'd [1990] 107 NR 195. It requested a lump sum of \$10,000, on the basis that while an average matter of this scope would merit about \$5,000 in costs, it had to participate in the application hearing as well as the previous motion for injunctive relief, in addition to gathering a significant amount of evidence.

[168] Iristel also requested costs, although it did not specify the amount requested.

[169] The Applicant opposed any call for elevated costs, contending that the default middle column (III) of Tariff B should apply regardless of the successful party, given that the application addresses an important issue, namely whether a federal body properly carried out its function. They also noted that counsel have been working collegially. TELUS noted that the interim motion dealt with costs, which were not in the cause, and thus should not have any bearing.

[170] Taking these diverging positions on costs into consideration, and given that the parties did not present any bills of costs, and the Intervener requested lump sum costs, I will order that

Costs be assessed under the fourth Column of Tariff B. This is not due to any lack of civility amongst the parties that I witnessed, or to sanction any inappropriate behaviour.

[171] Rather, the increased costs beyond the default column (III), are merited given the significant amount of work and stakes involved in this litigation, including: the lengthy process of agreeing to and preparing the evidentiary record; the records from three primary parties totalling nearly 5000 pages, not including their books of authorities; and, the numbers of counsel involved in the litigation, six of whom made oral submissions to the Court. As in *Ludco Enterprises Ltd. v. Canada*, 2002 FCA 450 at para 9, these figures illustrate the volume of work generated by the importance and complexity of the issues.

[172] Finally, costs to the intervener are warranted in this case. I find, consistent with *Sawridge*, at paras 39-45, that while interveners are not generally entitled to costs, in this case, the AGC had a particular interest, and indeed contributed to the Court's deliberations significantly. The AGC did so by leading evidence of the broader legislative framework generally, and, more importantly, the specific procedural backdrop to the development of the *Framework* for the Auction and the set-aside eligibility assessment process in particular. This viewpoint would not otherwise have been available.

V. Conclusion

[173] In light of the reasons provided above, the application for judicial review is dismissed, with costs payable by the Applicant to the two Respondents and the Intervener, to be assessed under Column IV of Tariff B.

JUDGMENT in T-1335-21

THIS COURT'S JUDGMENT is that:

1. The Application for judicial review is dismissed.
2. Costs are payable by the Applicant to the Respondents, Vidéotron and Iristel, and Intervener, the Attorney General of Canada, each to be assessed under Column IV of Tariff B.

"Alan S. Diner"

Judge

ANNEX A: Relevant Legislative Provisions

Telecommunications Act, SC 1993, c 38 *Loi sur les télécommunications (L.C. 1993, ch. 38)*

Canadian Telecommunications Policy

7 It is hereby affirmed that telecommunications performs an essential role in the maintenance of Canada's identity and sovereignty and that the Canadian telecommunications policy has as its objectives

(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;

(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;

(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications;

(d) to promote the ownership and control of Canadian carriers by Canadians;

(e) to promote the use of Canadian transmission facilities for telecommunications within Canada and between Canada and points outside Canada;

(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure

Politique canadienne de télécommunication

7 La présente loi affirme le caractère essentiel des télécommunications pour l'identité et la souveraineté canadiennes; la politique canadienne de télécommunication vise à :

a) favoriser le développement ordonné des télécommunications partout au Canada en un système qui contribue à sauvegarder, enrichir et renforcer la structure sociale et économique du Canada et de ses régions;

b) permettre l'accès aux Canadiens dans toutes les régions — rurales ou urbaines — du Canada à des services de télécommunication sûrs, abordables et de qualité;

c) accroître l'efficacité et la compétitivité, sur les plans national et international, des télécommunications canadiennes;

d) promouvoir l'accession à la propriété des entreprises canadiennes, et à leur contrôle, par des Canadiens;

e) promouvoir l'utilisation d'installations de transmission canadiennes pour les télécommunications à l'intérieur du Canada et à destination ou en provenance de l'étranger;

f) favoriser le libre jeu du marché en ce qui concerne la fourniture de services de télécommunication et assurer l'efficacité

that regulation, where required, is efficient and effective;

(g) to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services;

(h) to respond to the economic and social requirements of users of telecommunications services; and

(i) to contribute to the protection of the privacy of persons.

de la réglementation, dans le cas où celle-ci est nécessaire;

g) stimuler la recherche et le développement au Canada dans le domaine des télécommunications ainsi que l'innovation en ce qui touche la fourniture de services dans ce domaine;

h) satisfaire les exigences économiques et sociales des usagers des services de télécommunication;

i) contribuer à la protection de la vie privée des personnes.

Radiocommunication Act, RSC 1985, c R-2
Loi sur la radiocommunication (L.R.C. (1985), ch. R-2)

Minister's Powers

5 (1) Subject to any regulations made under section 6, the Minister may, taking into account all matters that the Minister considers relevant for ensuring the orderly establishment or modification of radio stations and the orderly development and efficient operation of radiocommunication in Canada,

(a) issue

(i) radio licences in respect of radio apparatus,

(i.1) spectrum licences in respect of the utilization of specified radio frequencies within a defined geographic area,

Pouvoirs ministériels

5 (1) Sous réserve de tout règlement pris en application de l'article 6, le ministre peut, compte tenu des questions qu'il juge pertinentes afin d'assurer la constitution ou les modifications ordonnées de stations de radiocommunication ainsi que le développement ordonné et l'exploitation efficace de la radiocommunication au Canada :

a) délivrer et assortir de conditions :

(i) les licences radio à l'égard d'appareils radio, et notamment prévoir les conditions spécifiques relatives aux services pouvant être fournis par leur titulaire,

(i.1) les licences de spectre à l'égard de l'utilisation de fréquences de radiocommunication définies dans une zone géographique déterminée, et notamment prévoir les conditions spécifiques relatives aux services pouvant être fournis par leur titulaire,

(ii) broadcasting certificates in respect of radio apparatus that form part of a broadcasting undertaking,

(iii) radio operator certificates,

(iv) technical acceptance certificates in respect of radio apparatus, interference-causing equipment and radio-sensitive equipment, and

(v) any other authorization relating to radiocommunication that the Minister considers appropriate,

(ii) les certificats de radiodiffusion à l'égard de tels appareils, dans la mesure où ceux-ci font partie d'une entreprise de radiodiffusion,

(iii) les certificats d'opérateur radio,

(iv) les certificats d'approbation technique à l'égard d'appareils radio, de matériel brouilleur ou de matériel radiosensible,

(v) toute autre autorisation relative à la radiocommunication qu'il estime indiquée;

and may fix the terms and conditions of any such licence, certificate or authorization including, in the case of a radio licence and a spectrum licence, terms and conditions as to the services that may be provided by the holder thereof;

(b) amend the terms and conditions of any licence, certificate or authorization issued under paragraph (a);

(c) make available to the public any information set out in radio licences or broadcasting certificates;

(d) establish technical requirements and technical standards in relation to

(i) radio apparatus,

(ii) interference-causing equipment, and

(iii) radio-sensitive equipment,

or any class thereof;

b) modifier les conditions de toute licence ou autorisation ou de tout certificat ainsi délivrés;

c) mettre à la disposition du public tout renseignement indiqué dans les licences radio ou les certificats de radiodiffusion;

d) fixer les exigences et les normes techniques à l'égard d'appareils radio, de matériel brouilleur et de matériel radiosensible, ou de toute catégorie de ceux-ci;

(e) plan the allocation and use of the spectrum;

(f) approve each site on which radio apparatus, including antenna systems, may be located, and approve the erection of all masts, towers and other antenna-supporting structures;

(g) test radio apparatus for compliance with technical standards established under this Act;

(h) require holders of, and applicants for, radio authorizations to disclose to the Minister such information as the Minister considers appropriate respecting the present and proposed use of the radio apparatus in question and the cost of installing or maintaining it;

(i) require holders of radio authorizations to inform the Minister of any material changes in information disclosed pursuant to paragraph (h);

(j) appoint inspectors for the purposes of this Act;

(k) take such action as may be necessary to secure, by international regulation or otherwise, the rights of Her Majesty in right of Canada in telecommunication matters, and consult the Canadian Radio-television and Telecommunications Commission with respect to any matter that the Minister deems appropriate;

(l) make determinations as to the existence of harmful interference and issue orders to persons in possession or control of radio apparatus, interference-causing equipment or radio-sensitive equipment that the Minister determines to be responsible for the harmful interference to cease or

e) planifier l'attribution et l'utilisation du spectre;

f) approuver l'emplacement d'appareils radio, y compris de systèmes d'antennes, ainsi que la construction de pylônes, tours et autres structures porteuses d'antennes;

g) procéder à l'essai d'appareils radio pour s'assurer de leur conformité aux normes techniques fixées sous le régime de la présente loi;

h) exiger que les demandeurs et les titulaires d'autorisations de radiocommunication lui communiquent tout renseignement qu'il estime indiqué concernant l'utilisation — présente et future — de l'appareil radio, ainsi que son coût d'installation et d'entretien;

i) exiger que ces titulaires l'informent de toute modification importante des renseignements ainsi communiqués;

j) nommer les inspecteurs pour l'application de la présente loi;

k) prendre les mesures nécessaires pour assurer, notamment par voie de réglementation internationale, les droits de Sa Majesté du chef du Canada en matière de télécommunications et consulter le Conseil de la radiodiffusion et des télécommunications canadiennes sur les questions qui lui semblent indiquées;

l) décider de l'existence de tout brouillage préjudiciable et donner l'ordre aux personnes qui possèdent ou contrôlent tout appareil radio, matériel brouilleur ou matériel radiosensible qu'il juge responsable du brouillage de cesser ou de modifier l'exploitation de cet appareil ou

modify operation of the apparatus or equipment until such time as it can be operated without causing or being affected by harmful interference;

(m) undertake, sponsor, promote or assist in research relating to radiocommunication, including the technical aspects of broadcasting; and

(n) do any other thing necessary for the effective administration of this Act.

...

(1.4) The Minister may establish procedures, standards and conditions, including, without limiting the generality of the foregoing, bidding mechanisms, minimum bids, bidders' qualifications, acceptance of bids, application fees for bidders, deposit requirements, withdrawal penalties and payment schedules, applicable in respect of a system of competitive bidding used under subsection (1.2) in selecting the person to whom a radio authorization will be issued.

de ce matériel jusqu'à ce qu'il puisse fonctionner sans causer de brouillage préjudiciable ou sans en être contrarié;

m) entreprendre, parrainer, promouvoir ou aider la recherche en matière de radiocommunication, notamment en ce qui touche les aspects techniques de la radiodiffusion;

n) prendre toute autre mesure propre à favoriser l'application efficace de la présente loi.

...

(1.4) Le ministre peut établir les formalités, les normes et les modalités applicables au processus d'adjudication visé au paragraphe (1.2) et notamment fixer les mécanismes d'enchère, la mise à prix, les qualités des enchérisseurs, les modalités d'acceptation des enchères, les frais de demande exigibles des enchérisseurs, les exigences de dépôt, les pénalités pour retrait et les calendriers de paiement.

ANNEX B: Policy Framework

36. A wide range of service providers, including NMSPs, regional service providers, and wireless Internet service providers (WISPs), have expressed demand for sufficient 3500 MHz spectrum to provide 5G services to Canadians. The release of this band presents a key opportunity to support the ability of Canada's telecommunications service providers to offer 5G services to consumers, the ability of regional service providers to compete with the NMSPs in the provision of 5G services, and the ability of WISPs to offer fixed wireless services in rural and remote areas of the country.

37. However, without pro-competitive measures it is unlikely that the 3500 MHz auction would support ISED's policy objectives. Notably, there is a risk that competition in the 5G mobile wireless market could suffer if regional service providers do not acquire sufficient spectrum. In their recent submission to the Canadian Radio-television and Telecommunications Commission's (CRTC) review of mobile wireless services in 2019, the Competition Bureau found that the NMSPs possess retail market power, indicated by high concentration, high profitability, and high barriers to entry. The Competition Bureau also found that in areas where the NMSPs face a facilities-based regional service provider, prices are significantly lower. The Bureau reported that generally, prices are 35-40% lower in areas where facilities-based regional service providers have achieved a market share above 5.5%.

38. The use of spectrum set-asides has contributed to the growth of regional service providers and their competitiveness in the market as they continue to invest in their mobile wireless networks and grow their subscribership. A set-aside is likely to provide the increased opportunity for regional service providers to acquire sufficient spectrum to compete effectively against the NMSPs in the market for 5G services. In particular, access to spectrum in urban areas would promote the delivery of comparable services from these regional service providers and increase the level of competition in the market.

39. WISPs provide fixed broadband services to rural and remote areas that are generally underserved compared to urban regions, with slower broadband speeds and less choice. Many WISPs have noted that access to spectrum continues to be a barrier for service providers in these areas.

40. Accordingly, it is critical that both regional service providers and WISPs have the opportunity to acquire 3500 MHz spectrum given it is one of the key bands where 5G technologies are likely to be deployed. ISED is of the view that without the use of pro-competitive measures, NMSPs have the incentive and means to acquire all the spectrum available at auction, significantly hindering competition from regional service providers and WISPs.

41. Spectrum set-asides used in previous auctions reserved between 40-60% of the available spectrum for eligible bidders. In the Consultation for the 3500 MHz auction, many stakeholders identified 50 to 100 MHz of mid-band spectrum as necessary to provide high-quality 5G services. However, there is only a total of 200 MHz in the 3500 MHz band, much of which is currently licensed. Due to the high demand for this band and the need to balance access to spectrum for many different service providers, ISED is of the view that a set-aside of 50 MHz,

accounting for essentially 25% of the total band, will provide the best opportunity to achieve the policy objectives for the 3500 MHz auction and will be implemented.

42. In addition to a set-aside, ISED also consulted on the use of a spectrum cap for the 3500 MHz auction. While spectrum caps have been used in past auctions to prevent excessive spectrum concentration, the application of a cap in the 3500 MHz auction – as a standalone measure or combined with a set-aside – would not support ISED’s policy objectives. Due to the existing holdings of existing licensees and the bidding power of the NMSPs, a spectrum cap would be ineffective in facilitating access for regional providers and WISPs in many tiers. This would have negative consequences for competition in the mobile wireless market, as well as the delivery of high-speed broadband in rural and remote regions.

43. While a set-aside is necessary to promote access to spectrum for smaller service providers, ISED recognizes that there are tiers where less than 50 MHz of spectrum is available for auction. In many of these tiers, WISPs have existing holdings that reduce the amount of spectrum available for auction. Therefore, where there is less than 50 MHz of spectrum available for auction, in tiers that do not contain a large (urban) population centre, ISED will not implement a set-aside.

44. On the other hand, it is noted that it is particularly critical that regional service providers have the opportunity to acquire enough spectrum to meaningfully offer 5G services and compete with NMSPs in highly populated areas. Recognizing the importance of each type of service provider and regional differences across the country, ISED will implement a set-aside in all Tier 4 service areas with a large population centre. In those service areas with less than 50 MHz available, all spectrum will be set-aside. This will enable the launch of high-quality 5G services, foster competition in the market, and promote access to spectrum in rural and remote areas.

...

6.1 Eligibility for set-aside spectrum

47. In the Consultation, ISED sought comments on the proposal that eligibility to bid on set-aside spectrum be limited to bidders registered with the CRTC as facilities-based providers that are not NMSPs, and that are actively providing commercial telecommunication services to the general public in the relevant Tier 2 service area of interest, effective as of the date of application to participate in the 3500 MHz auction.

Summary of comments

48. Bell suggested that the proposed criteria were overly broad and they should be narrowed to only include providers who are registered with the CRTC as mobile wireless carriers or can demonstrate that they have deployed a fixed wireless network, and are actively providing commercial wireless services in the relevant Tier 4 area. Specifically, it added that the provision of satellite relay distribution and direct-to-home services should not qualify bidders as set-aside-eligible. Other stakeholders including Cogeco, Iristel and Québecor also raised similar concerns and suggested that providers of satellite relay distribution and direct-to-home services should not qualify as set-aside-eligible bidders. Xplornet agreed with other parties that broadcast services should not count towards meeting the eligibility criteria.

49. Rogers proposed set-aside-eligible bidders should be restricted to bidding only on set-aside spectrum in all service areas to increase auction fairness and competition within set-aside spectrum. Similarly, TELUS suggested that set-aside-eligible bidders be prohibited from bidding on open spectrum. It also strongly opposed the proposed eligibility criteria, including the restriction on NMSPs and the limitation to active Tier 2 service areas.

50. Cogeco and Québecor proposed that eligibility for set-aside spectrum be based on actively providing services in the Tier 4 area. Xplornet proposed that providers should have been actively providing services in the relevant Tier 4 area as of June 5, 2019, to be set-aside-eligible.

51. Eastlink proposed that the definition of set-aside-eligible bidders should include the provision of mobile or fixed wireless telecommunications services.

52. Ecotel proposed that eligibility for set-aside spectrum should not be restricted to offering services in the relevant Tier 2 area, nor should offering commercial telecommunications services be limited to the general public, but should also include industries, vertical markets, private networks, Internet of Things and others.

53. Shaw proposed that providers be required to present proof that they are actively offering commercial mobile wireless services in Canada using a radio access network that it owns and operates in the relevant Tier 4 area.

54. BCBA proposed that set-aside eligibility should be different for non-urban areas, with the set-aside only available to companies with less than \$25 million in annual revenues. BCBA also proposed that operators serving a Tier 4 area adjacent to a provincial border be allowed to bid on adjacent Tier 4 areas in the neighbouring province.

55. CanWISP proposed that regional mobile service providers be restricted from accessing set-aside spectrum.

56. Kris Joseph and Michael McNally proposed that the Tier 2 requirement should be limited to urban contexts or eliminated.

57. SaskTel, TekSavvy and EOWC/EORN agreed with the proposed criteria.

Discussion

58. ISED has identified three primary issues raised by stakeholders concerning the eligibility criteria for set-aside spectrum licences:

- defining “commercial telecommunications services”
- defining “general public”
- identifying the tier at which providers must be actively providing services to be set-aside-eligible

59. To promote optimal spectrum utilization and deployment, set-aside-eligible bidders must be actively providing commercial telecommunications services. Services that are regulated under the *Broadcasting Act* will not be considered as “commercial telecommunications services” for the purposes of set-aside eligibility, however all services that are regulated under the *Telecommunications Act* may qualify.

60. The definition of “general public” was raised as a potential issue concerning service providers that offer their services to industries, vertical markets, private networks, and other “non-traditional” consumers. For the purposes of this decision, “general public” can include businesses, enterprises and institutions, as well as “traditional” residential consumers. Therefore, providers who are actively offering commercial telecommunications services to any of these consumers will be considered set-aside-eligible as long as they meet the additional eligibility criteria.⁶¹ ISED is of the view that allowing set-aside-eligible bidders to bid on spectrum in any Tier 4 service area within the relevant Tier 2 service area for which they are currently offering services would facilitate the expansion of smaller providers’ networks, including to rural areas.

62. Therefore, eligibility to bid on set-aside spectrum will be limited to those registered with the CRTC as facilities-based providers, that are not National Mobile Service Providers, and that are actively providing commercial telecommunications services to the general public in the *relevant* Tier 2 area of interest, effective as of the date of application to participate in the 3500 MHz auction. Services that are regulated under the *Broadcasting Act* will not be considered as “commercial telecommunications services” for the purposes of set-aside eligibility, however all services that are regulated under the *Telecommunications Act* may qualify. *National Mobile Service Providers* will be defined as “companies with 10% or more of national wireless subscriber market share.” The determination of subscriber market share will be based on the 2019 *CRTC Communications Monitoring Report* and related open data.

63. Eligible entities are referred to as set-aside-eligible bidders. Upon application to participate in the auction, applicants will be required to indicate in their application whether they are applying to bid as a set-aside-eligible bidder on a Tier 2 service area by service area basis.

64. In its assessment of a bidder's eligibility to bid on the set-aside spectrum, ISED will determine whether commercial telecommunications services are actively being provided to the general public in the service area by the potential bidder. Potential bidders will be required to demonstrate this by providing relevant documentation to ISED, which will include, but not be limited to, descriptions of:

- the services being offered in the service area;
- the retail/distribution network; and
- how subscribers access services and the number of subscribers in the service area.

Decision D2

Eligibility to bid on set-aside spectrum will be limited to those registered with the CRTC as facilities-based providers that are not national mobile service providers, and that are

actively providing commercial telecommunications services to the general public in the relevant Tier 2 service area of interest, effective as of the date of application to participate in the 3500 MHz auction. Services that are regulated under the Broadcasting Act will not be considered as “commercial telecommunications services” for the purposes of set-aside eligibility, however all services that are regulated under the Telecommunications Act may qualify....

247. ISED has implemented robust measures to assess and qualify prospective bidders upon application to participate in an auction. These measures serve to prevent the potential for NMSPs acquiring set-aside spectrum through a set-aside-eligible entity. As with previous auctions, ISED is requiring information relating to the business structure of each bidder. Further, in the 600 MHz auction, ISED introduced an attestation in the application process that it will maintain in the 3500 MHz auction to safeguard the integrity of the auction. Providers will need to disclose any explicit or implicit arrangements or agreements where financing, security or guarantees have been, or may be, provided to the applicant or any of its affiliates, by another applicant or its affiliates, relating to the acquisition or use of any spectrum licences being auctioned. If an applicant is involved in an arrangement or agreement, ISED will request a brief description explaining the nature of their agreement or arrangement. ISED is unaware of any such existing agreements and is of the view that such a scenario is unlikely. However, it will request this information in order to further safeguard the integrity of the auction.

...

257. Upon receipt of this material, ISED will either make a ruling based on the materials submitted or ask the applicant for further information (and provide a timeline within which to do so).

...

422. ISED will publish a list of all applicants, but in order to maintain the anonymity of the auction and to discourage anti-competitive behaviour, ISED will not publish the list of the set-aside-eligible bidders, the amount of the pre-auction deposits or the number of eligibility points that each bidder has at the beginning of the auction.

...

424. For this licensing process, in an effort to streamline the submission of the application forms and associated documents, ISED will use Canada Post’s epost Connect service as it has for the most recent auctions. The epost Connect service is a way for business and government to securely send confidential digital messages and documents over the Internet with bank-grade encryption. The service is certified to transmit documents up to the Protected B classification level. Canada Post certifies that all data sent through their service stays within Canada, on Canadian servers.

...

12.5 Bidder qualification

435. ISED will review the application forms, any associated documents, and the accompanying financial deposit after the closing date for the submission of applications. In this initial review, ISED will identify any errors in the application forms or financial deposit. It will also determine whether any additional information related to any affiliate or associated entity of the applicant is required. For applicants applying to be set-aside-eligible, ISED will also assess the eligibility to obtain set-aside licences in the Tier 4 areas, based on the relevant Tier 2 service areas of interest, and may request further information and/or verify the information.

436. Applications that are received without the appropriate deposit by the application deadline will be rejected.

437. Following the initial review period, ISED will provide applicants with an opportunity to correct any errors or inconsistencies in their application and will request any additional information related to affiliated or associated entities if required. A copy of the original applications may be returned to the applicant with a brief statement outlining any discrepancies and/or omissions or requesting additional information. The applicant will be invited, in writing, to resubmit the corrected form and/or the additional information, by the date specified in the written statement.

438. Applicants that do not comply with ISED's written requests will have their application to participate in the auction rejected. Applications that are rejected, including those for which an opportunity has been provided to correct errors or inconsistencies identified by ISED but that are still found to be deficient, may be returned to the applicant outlining the deficiencies, along with the applicant's deposit.

439. Applicants that have submitted acceptable application materials, including the accompanying total pre-auction deposit, will be informed that they have qualified to participate in the auction. Qualified bidders will receive additional information related to their participation in the auction through separate mail-outs at a later date. This information may include, among other items, a bidder information document, a user manual and the schedule for the information session and mock auctions.

440. A list of all qualified bidders, along with information related to their beneficial ownership, affiliates and associated entities, will be made public via ISED's website in accordance with the timelines stated in the Table of Key Dates. The number of eligibility points and the financial deposit amounts will not be published prior to the auction as the information could provide an indication of bidding intentions. Sharing any of this information is strictly prohibited in accordance with the anti-collusion rules outlined in section 9.4.

ANNEX C: *Impugned paragraphs of Anderson Affidavit*

59. I began my review of Vidéotron's Application form the day after the application deadline, namely April 7, 2021. I would therefore have entered the initial information from its application directly onto the Assessment Form. The practice of our team was to use the forms and enter information from our work on the assessments as we were doing so. We did not keep additional files or written notes related to specific assessments. At times during the process, I might confer on substantive issues related to the assessments with another team member working in the auction room or by land-line telephone to the other secure auction room at 3701 Carling Avenue in Ottawa (the Communications Research Centre campus) but we would then follow up on that point directly by, for instance, entering information in the assessment form or communicating with an applicant. We did not produce any transitory follow up internal e-mails or paper notes.

60. For example, when I was reviewing the set-aside portion of Vidéotron's 3500 MHz Auction application, I wanted to verify the information it had provided about Fibrenoire's services in Western Canada, including its retail and distribution network, and was unable to do so from its website. I had a conversation with Ms. Macartney about this on April 9, 2021, and she sent a letter to Vidéotron through the secure e-post requesting further details. I attach a copy of that letter as Exhibit R.

61. Asking for additional information in order to verify material in applications was a standard part of the 3500 MHz Auction application review process and was specifically referred to in the Framework and on Form 4 of the application form. I had asked for further information to verify a number of other applicants in the 3500 MHz Auction and I was aware that I and my colleagues had verified information regarding services being provided, lists of affiliates and associates, letters of credit and other information in past auctions.

62. Vidéotron sent additional information on April 12, 2021, which I attach as Exhibit S. This included a more detailed description of the means by which Fibrenoire provided service in Western Canada, and a list of customers thereto.

63. In order to further verify that Fibrenoire was actively providing business telecommunication services to the public in these areas, I posed as a potential customer. I called the number listed on Fibrenoire's website for new customers, using a blocked number, on two occasions during the week of April 12, 2021. During the first call I made, I posed as a potential business client with offices in Vancouver and Calgary and asked if Fibrenoire would be able to provide services. The response was yes, it could offer internet services, but that it would not be through Fibrenoire's own infrastructure as Fibrenoire's services used third-party infrastructure. I ended the call before I was able to get exact pricing details, as I was unable to provide exact details for my non-existent business. The next day, I conducted the same exercise, but posed this time as a potential client with offices in Winnipeg and Thunder Bay. Again, Fibrenoire indicated that it could offer internet services in those locations, but the service would be through third-party infrastructure.

...

65. I completed the Assessment Form, with an indication that Vidéotron was eligible in Western Canada Tier 2 areas. In those areas I entered the following notes on the Assessment Form for

each of the Western Tier 2 areas “Provides OTT services to businesses through affiliate Fibrenoire.” In the Summary Assessment Table at the end of the Assessment Form I entered: “Provides internet service to business through Fibrenoire as wholesaler.” This was intended to characterize the information obtained from Vidéotron/Fibrenoire during my verification exercise, namely that it was actively providing service in these areas using third-party infrastructure.

...

68. On April 19, 2021, our team met in order to discuss the different components of various 3500 MHz Auction applications that were being reviewed. I briefly explained evidence received by Vidéotron and the result of the additional verification I conducted which formed the rationale for my recommendation with respect to Vidéotron with Mr. Kellison at that time. Mr. Kellison indicated that he agreed that Vidéotron met the test for set-aside eligibility in each area in which it had applied. We also discussed the other applications at that meeting.

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1335-21

STYLE OF CAUSE: TELUS COMMUNICATIONS INC. v VIDÉOTRON LTÉE, BELL MOBILITY INC., BRAGG COMMUNICATIONS INC., CITYWEST CABLE AND TELEPHONE CORP, COGECO CONNEXION INC., COMCENTRIC NETWORKING INC., ECOTEL INC., IRISTEL INC., LEMALU HOLDINGS LTD., 1085459 ONTARIO LTD. O/A KINGSTON ONLINE SERVICES,, MULTIBOARD COMMUNICATIONS INC., 508896 ALBERTA LTD. O/A NETAGO, NEXICOM INC., ROGERS COMMUNICATIONS CANADA INC., SASKATCHEWAN TELECOMMUNICATIONS, SOGETEL INC., STAR SOLUTIONS INTERNATIONAL, INC., TBAYTEL, TERRESTAR SOLUTIONS INC., THOMAS COMMUNICATIONS LTD., VALLEY FIBER LTD., FIBRENOIRE INC. AND XPLOARNET COMMUNICATIONS INC. AND ATTORNEY GENERAL OF CANADA

PLACE OF HEARING: HELD VIA VIDEOCONFERENCE

DATE OF HEARING: FEBRUARY 22, 2022

JUDGMENT AND REASONS: DINER J.

DATED: MAY 16, 2022

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Barristers and Solicitors
Toronto, Ontario

FOR THE APPLICANT

Woods Litigation Boutique
Barristers and Solicitors
Montreal, Quebec

FOR THE RESPONDENTS
(VIDÉOTRON AND FIBRENOIRE)

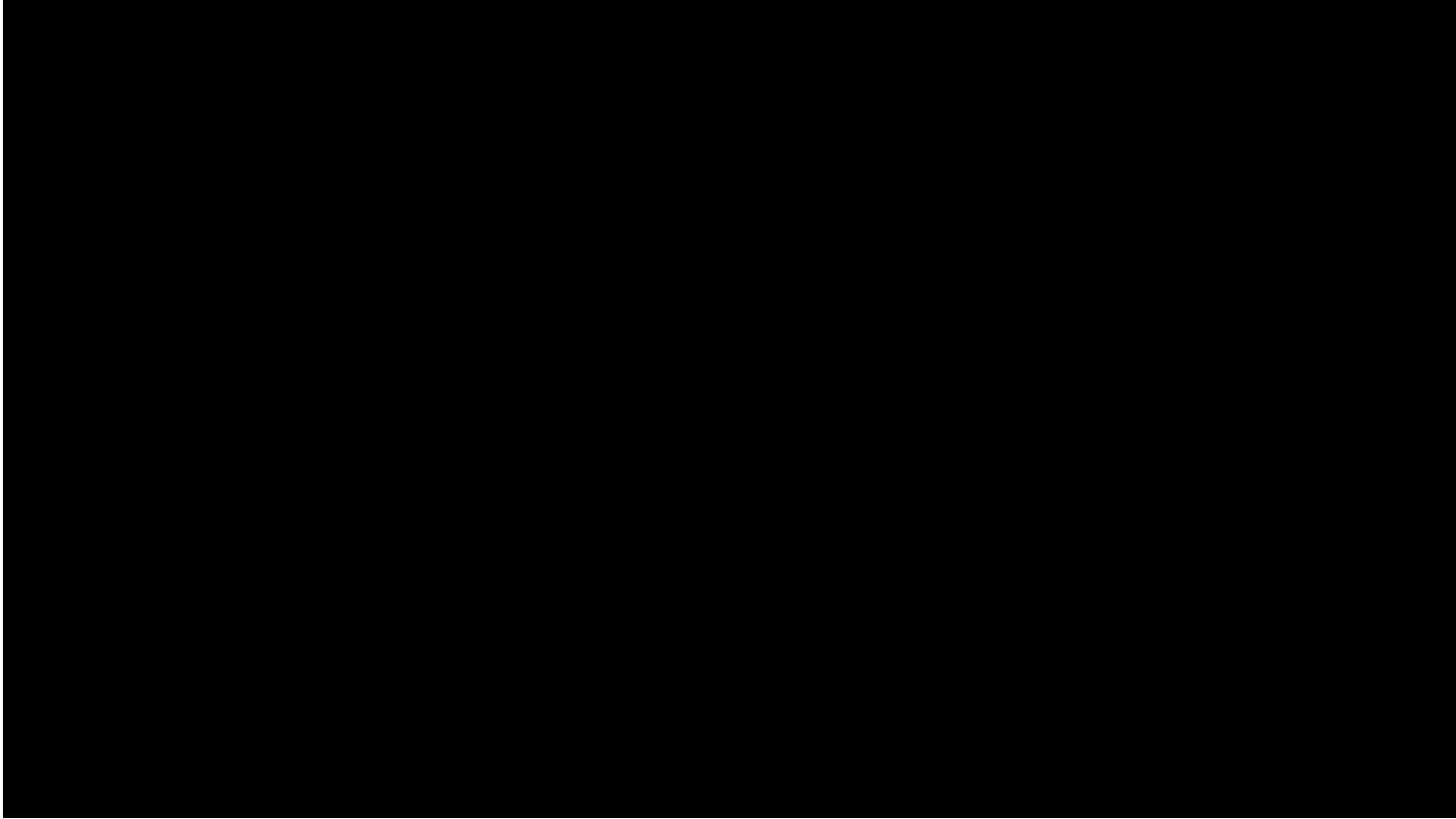
Tacit Law
Barristers and Solicitors
Ottawa, Ontario

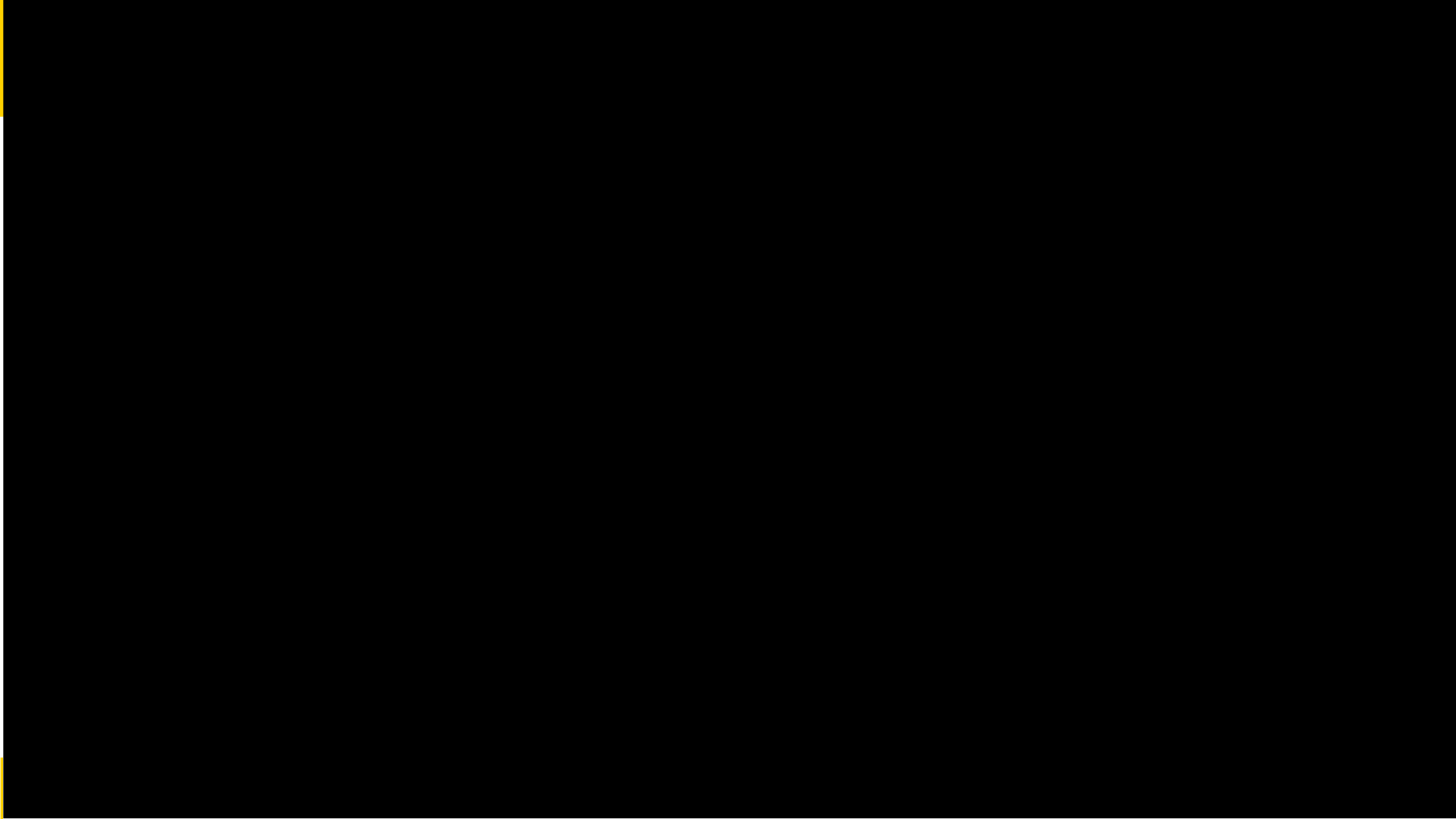
FOR THE RESPONDENTS
(IRISTEL)

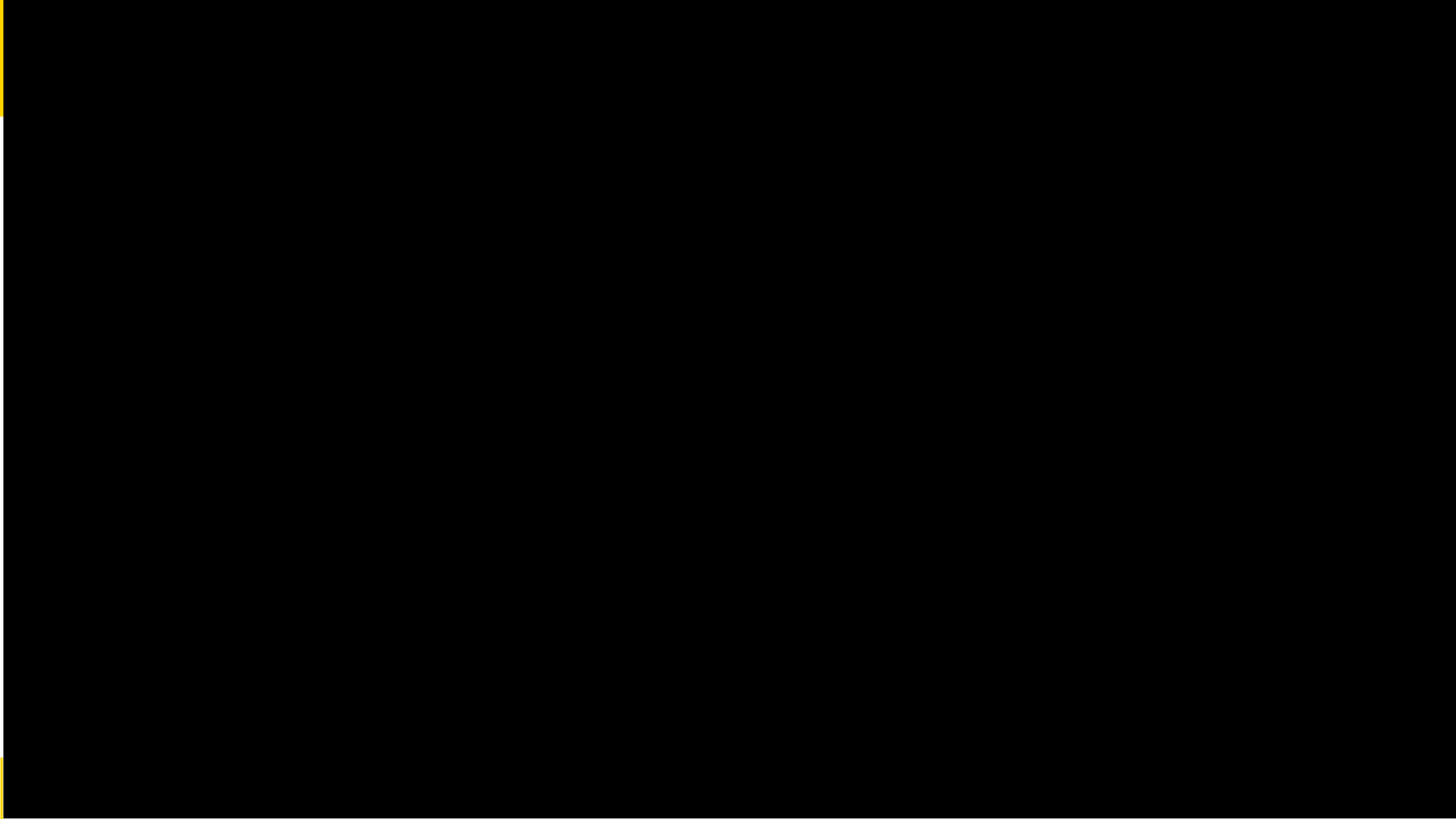
Attorney General of Canada
Ottawa, Ontario

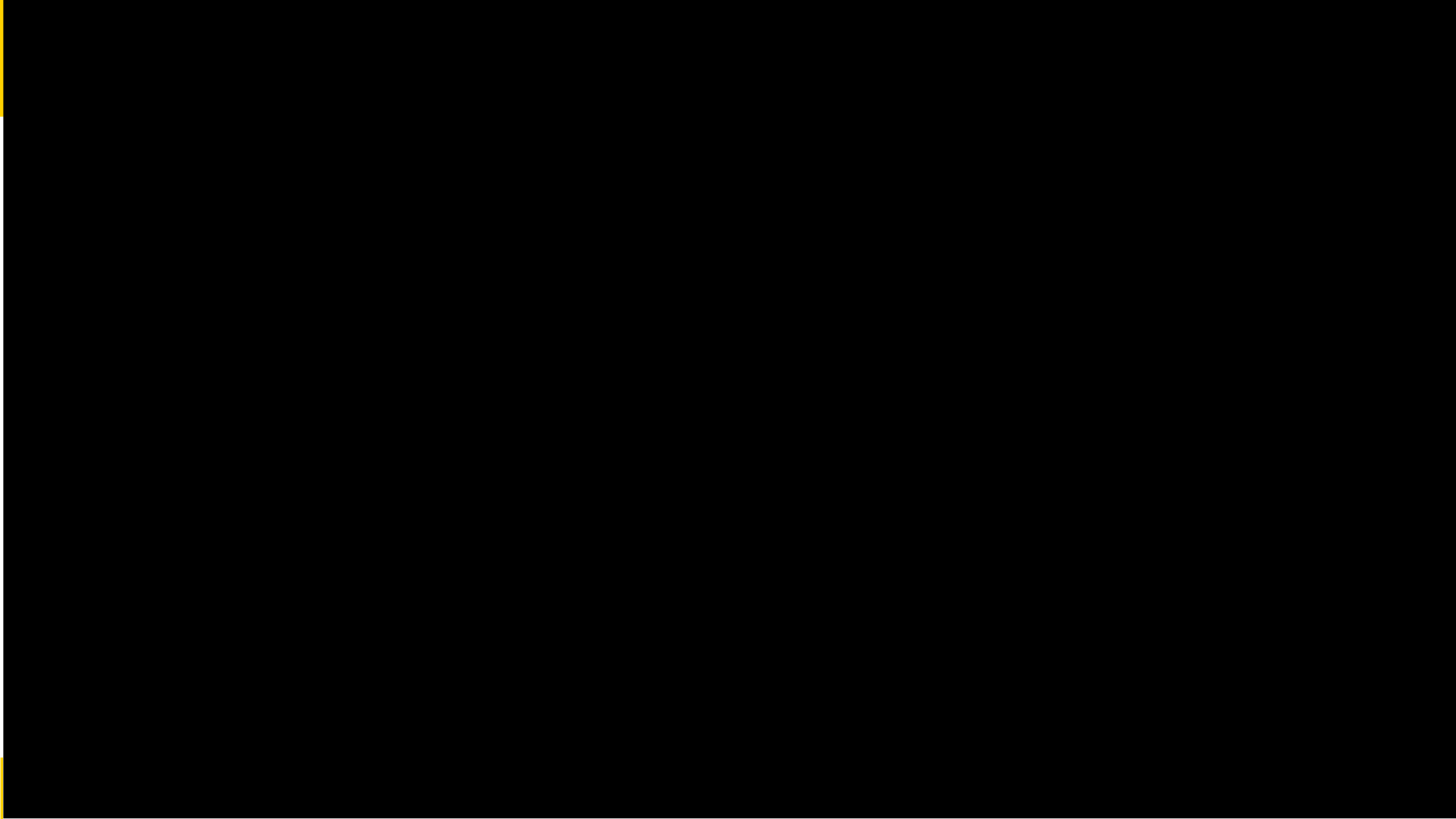
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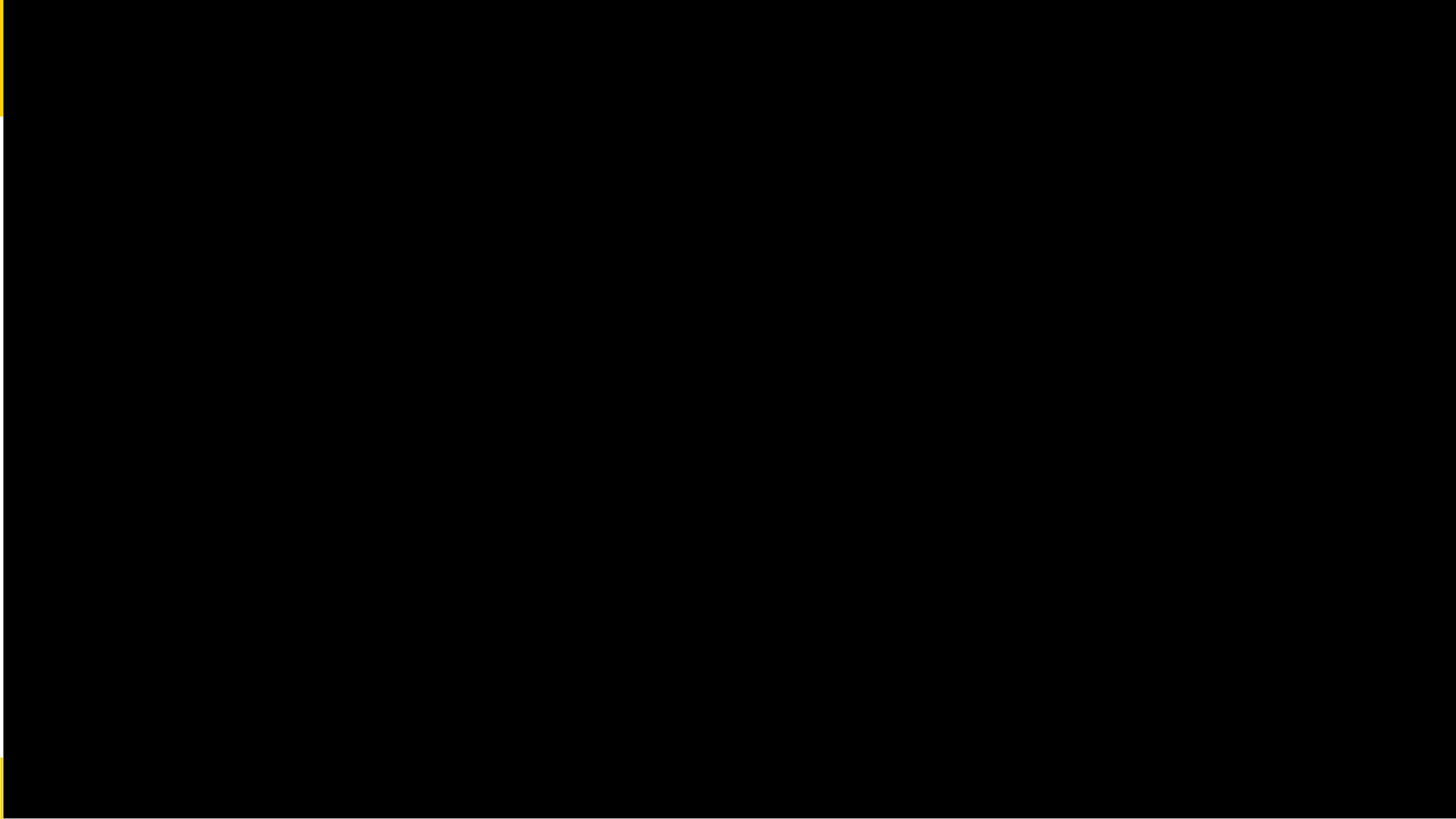
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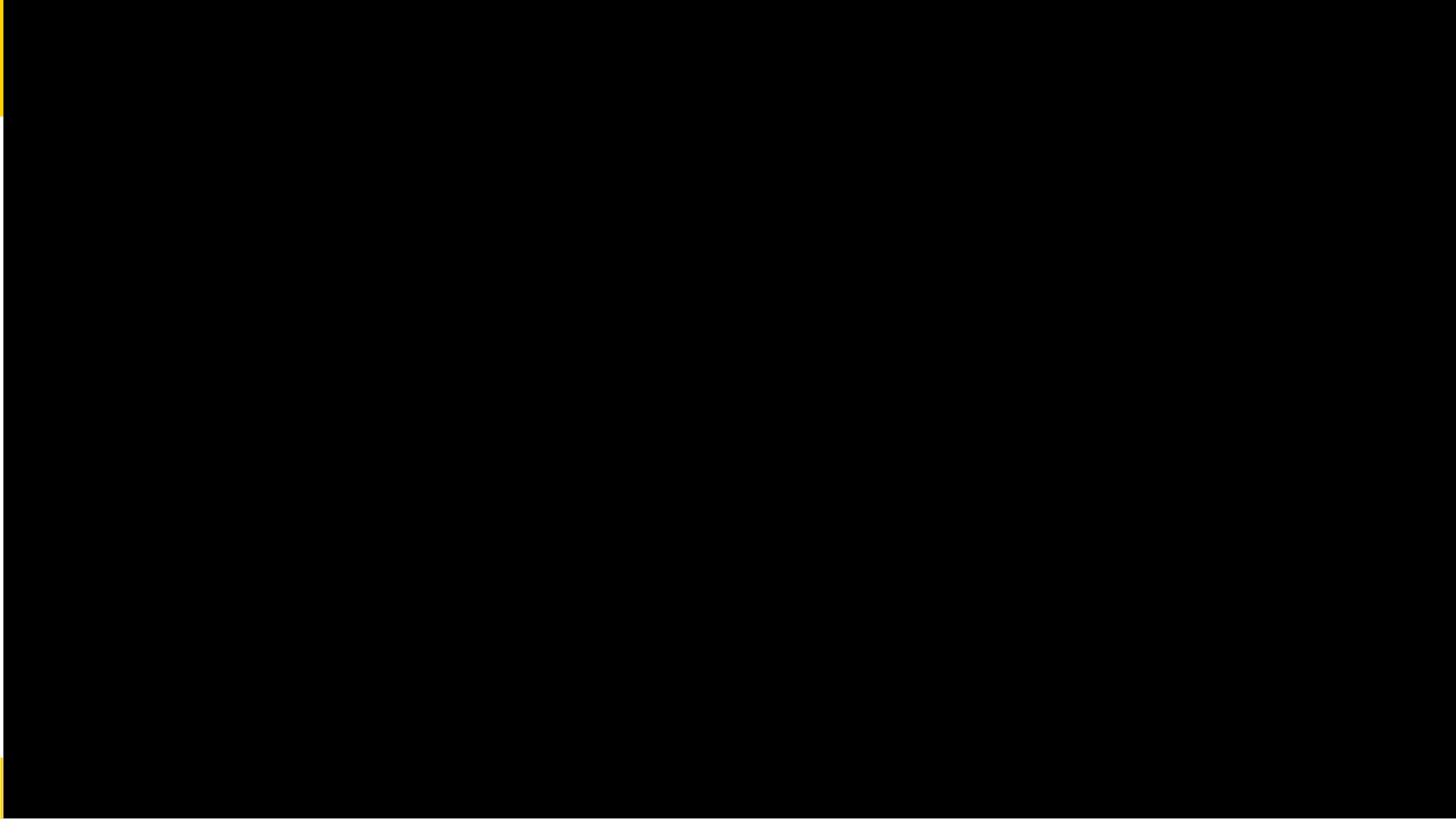


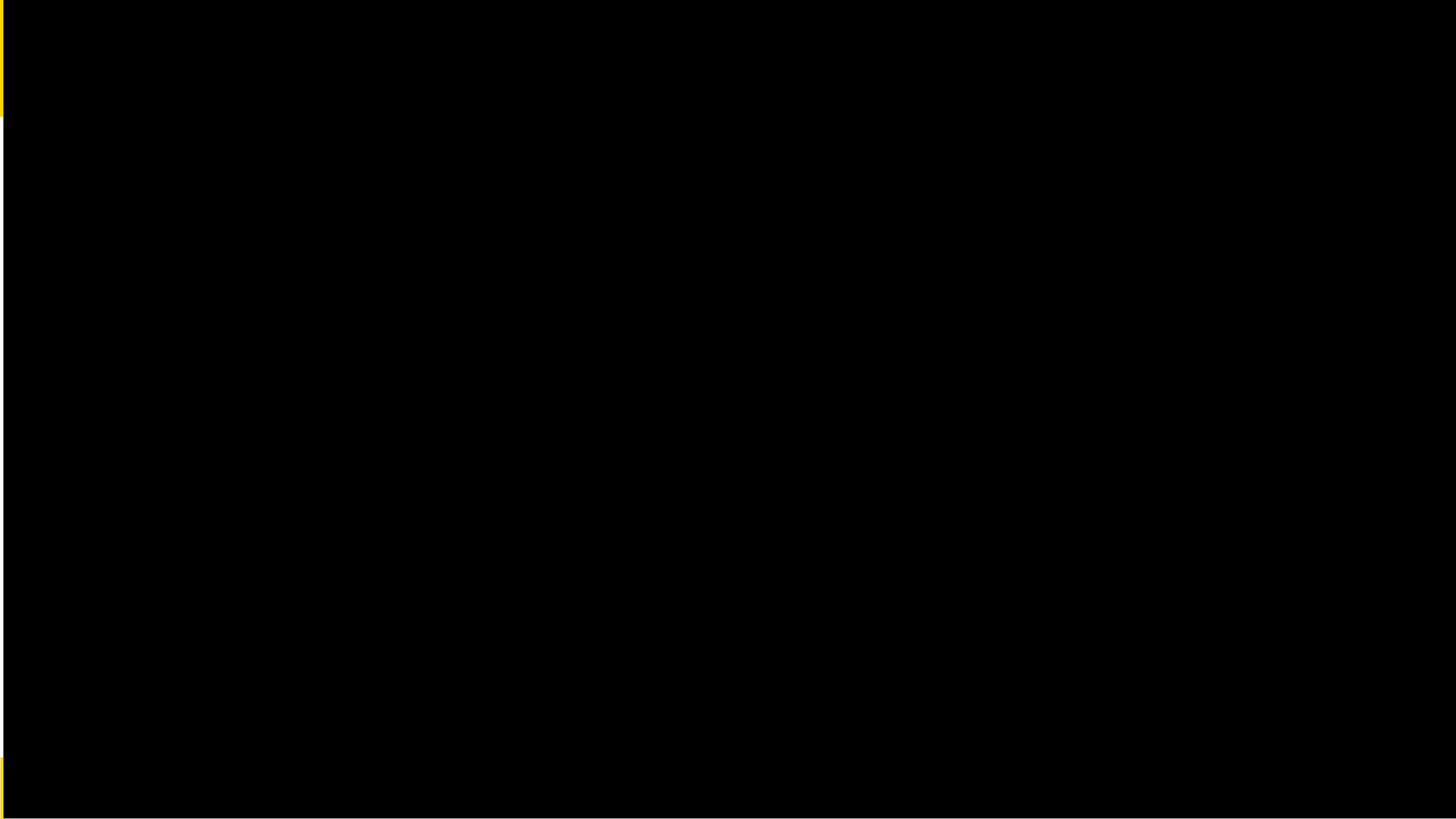


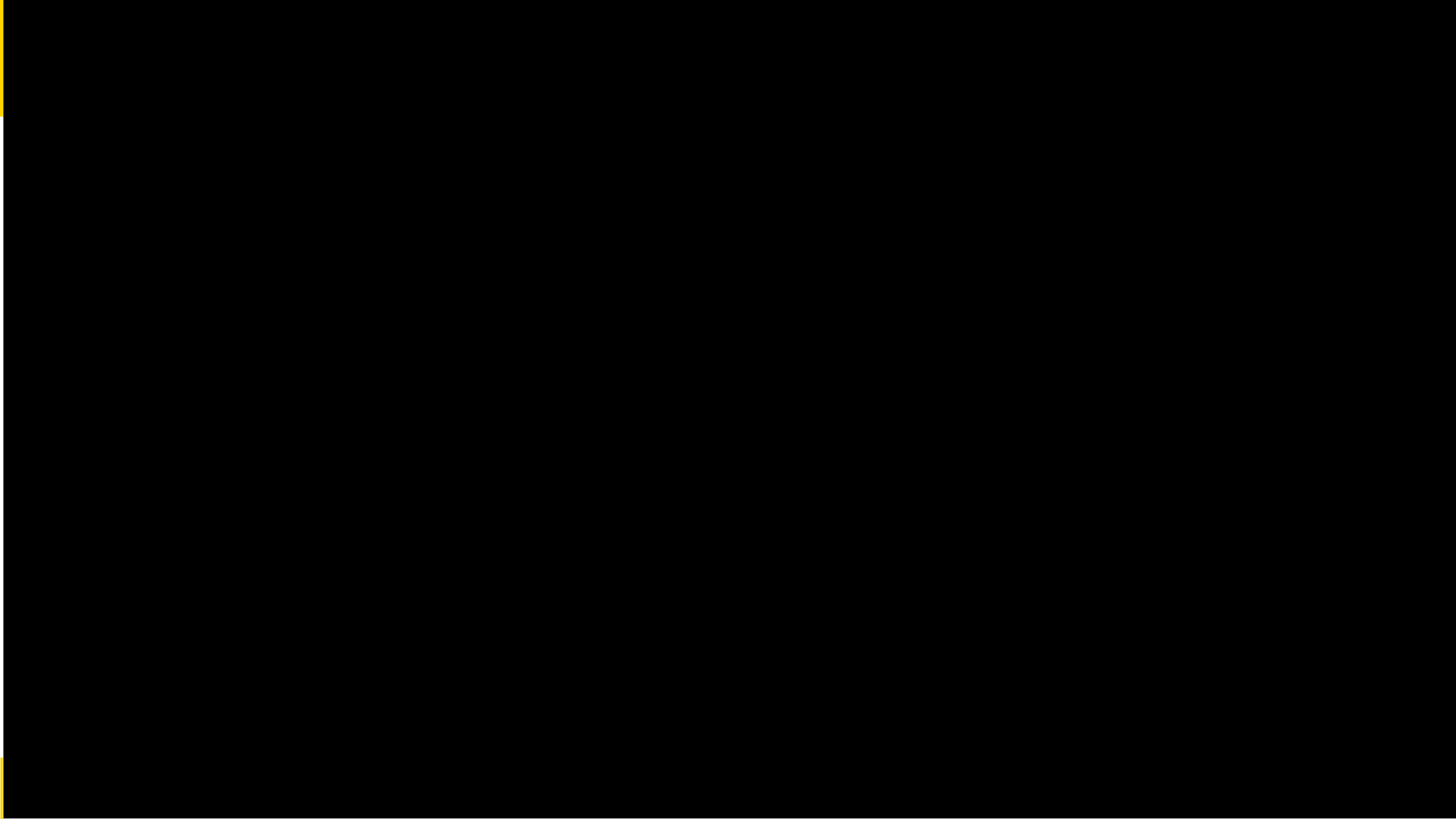


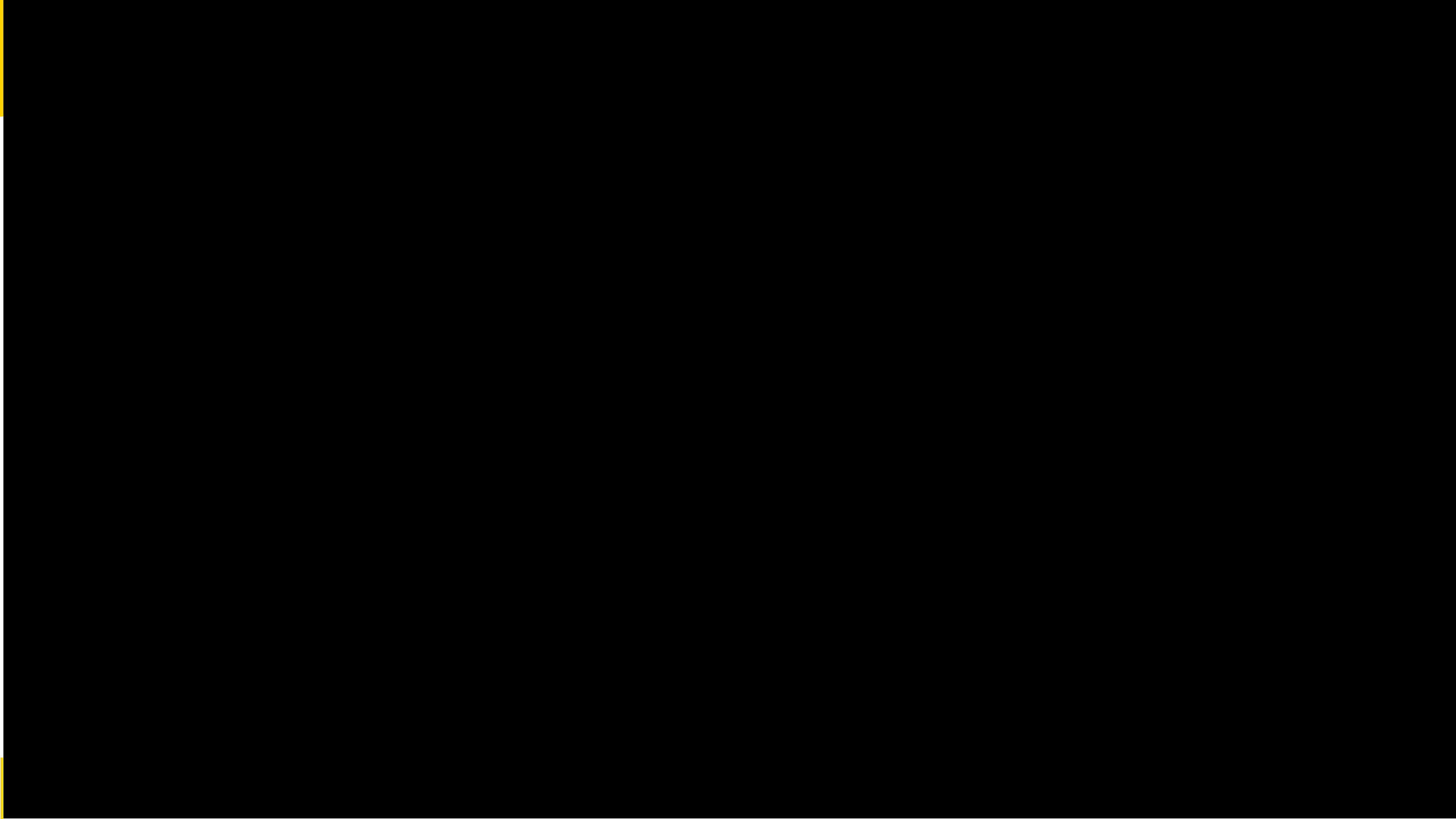


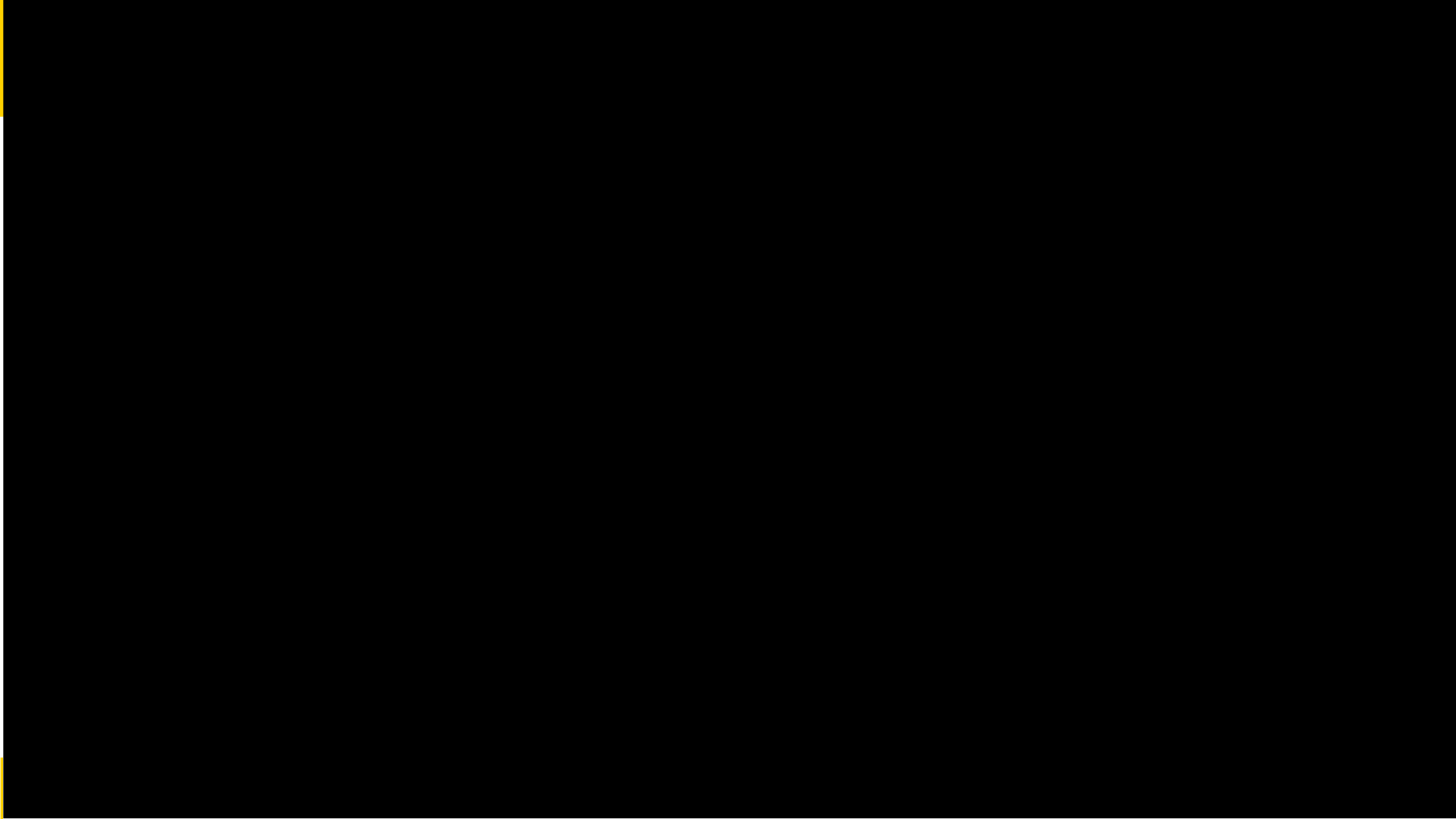


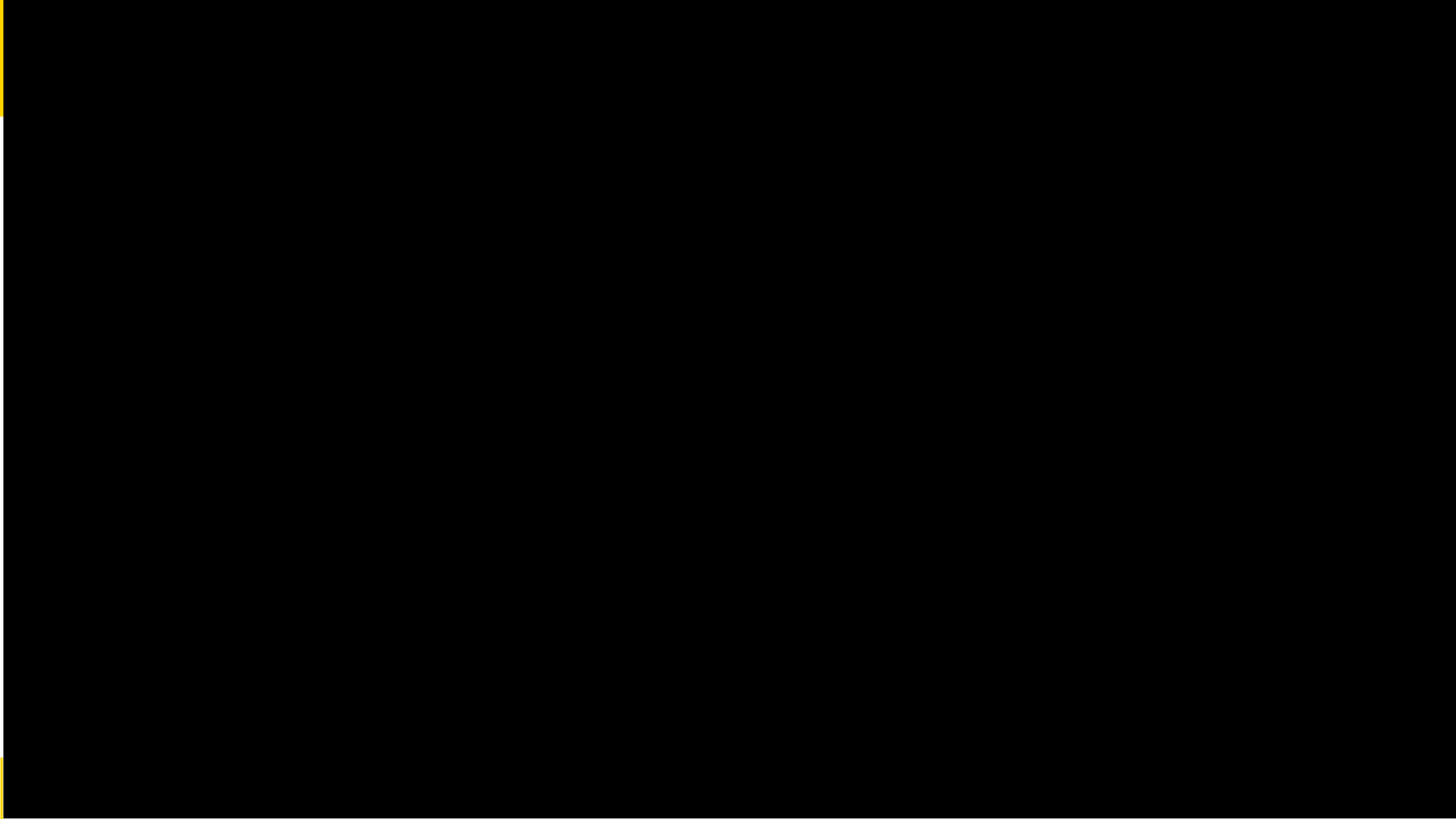


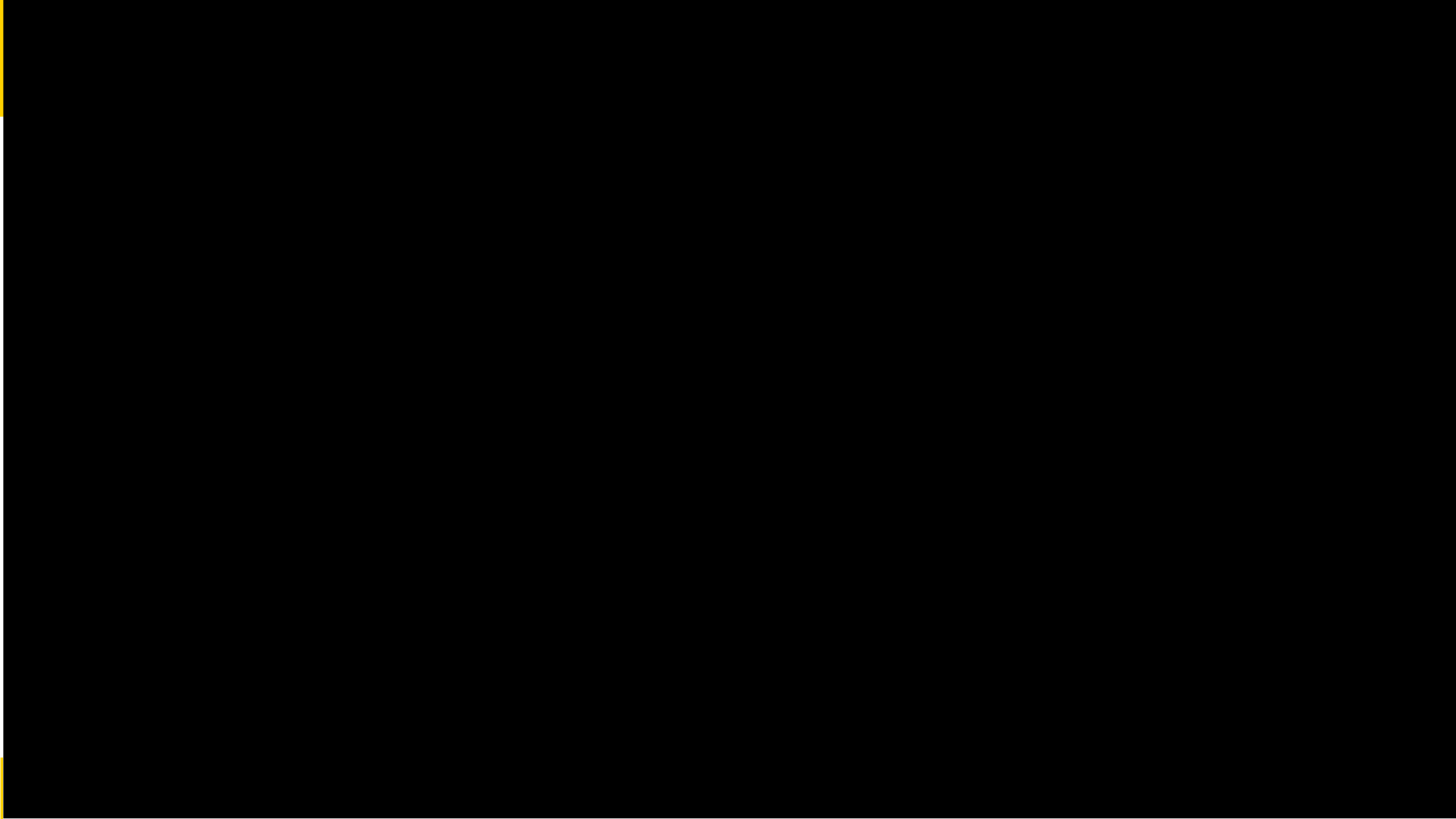


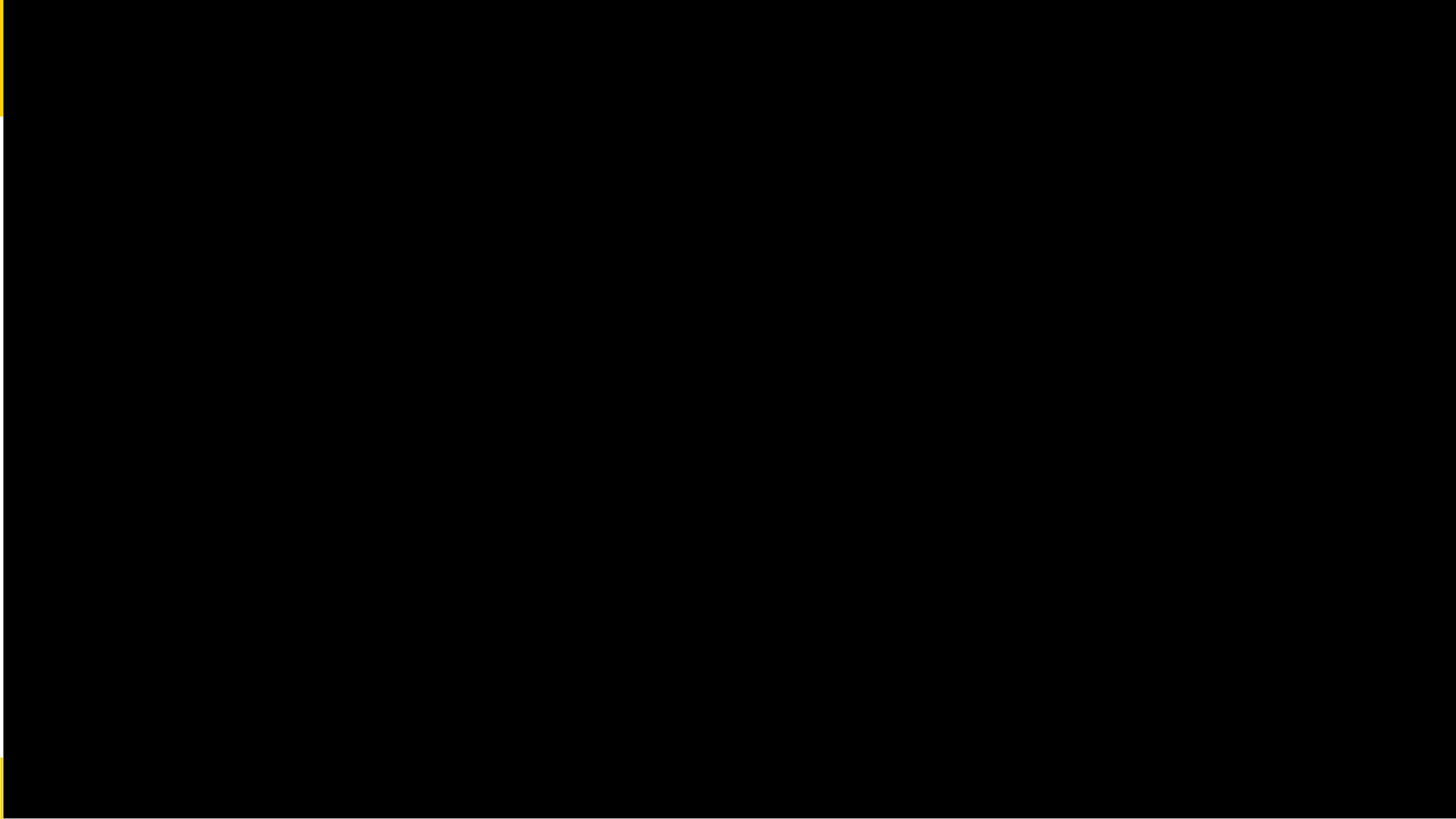


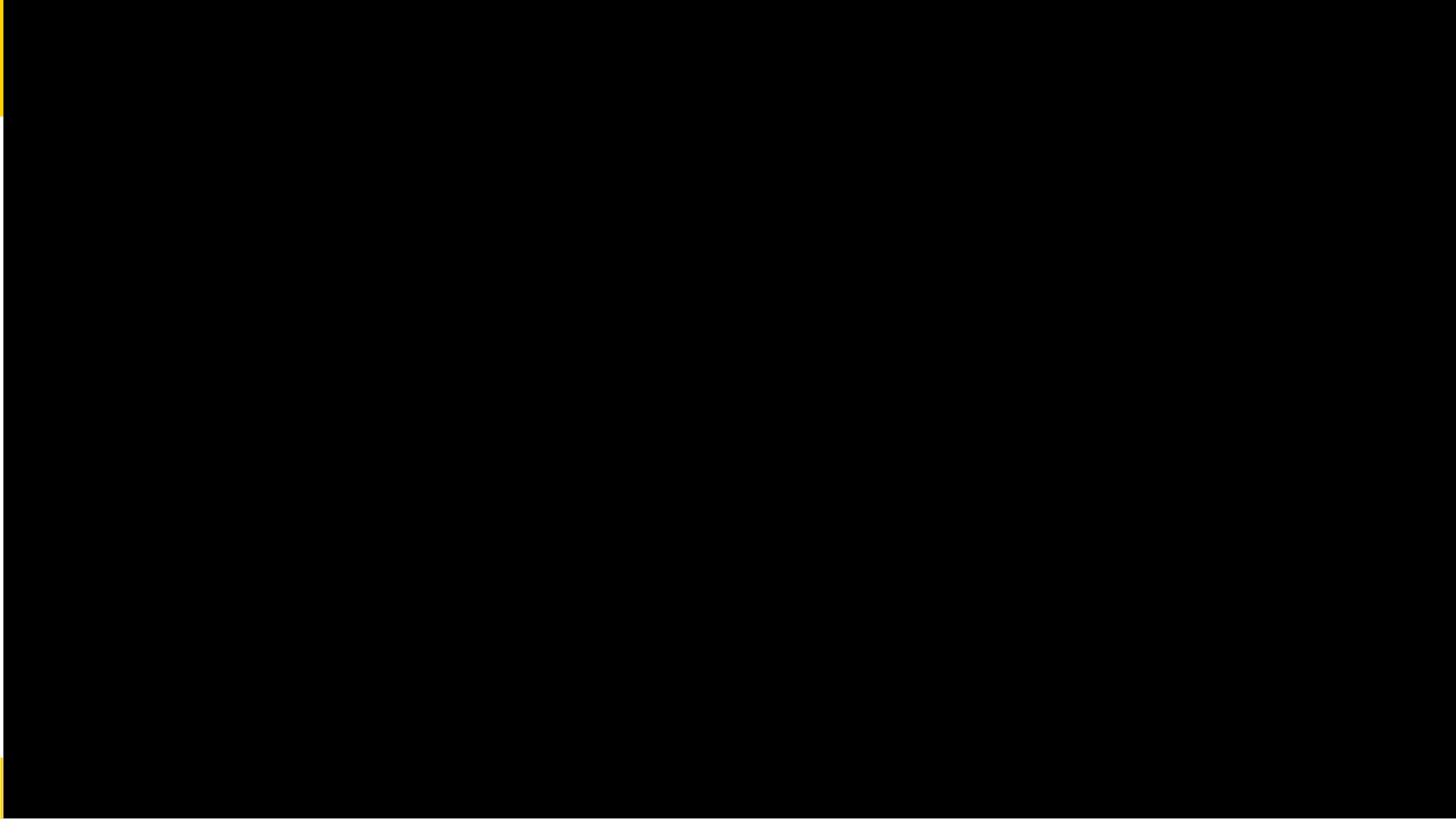


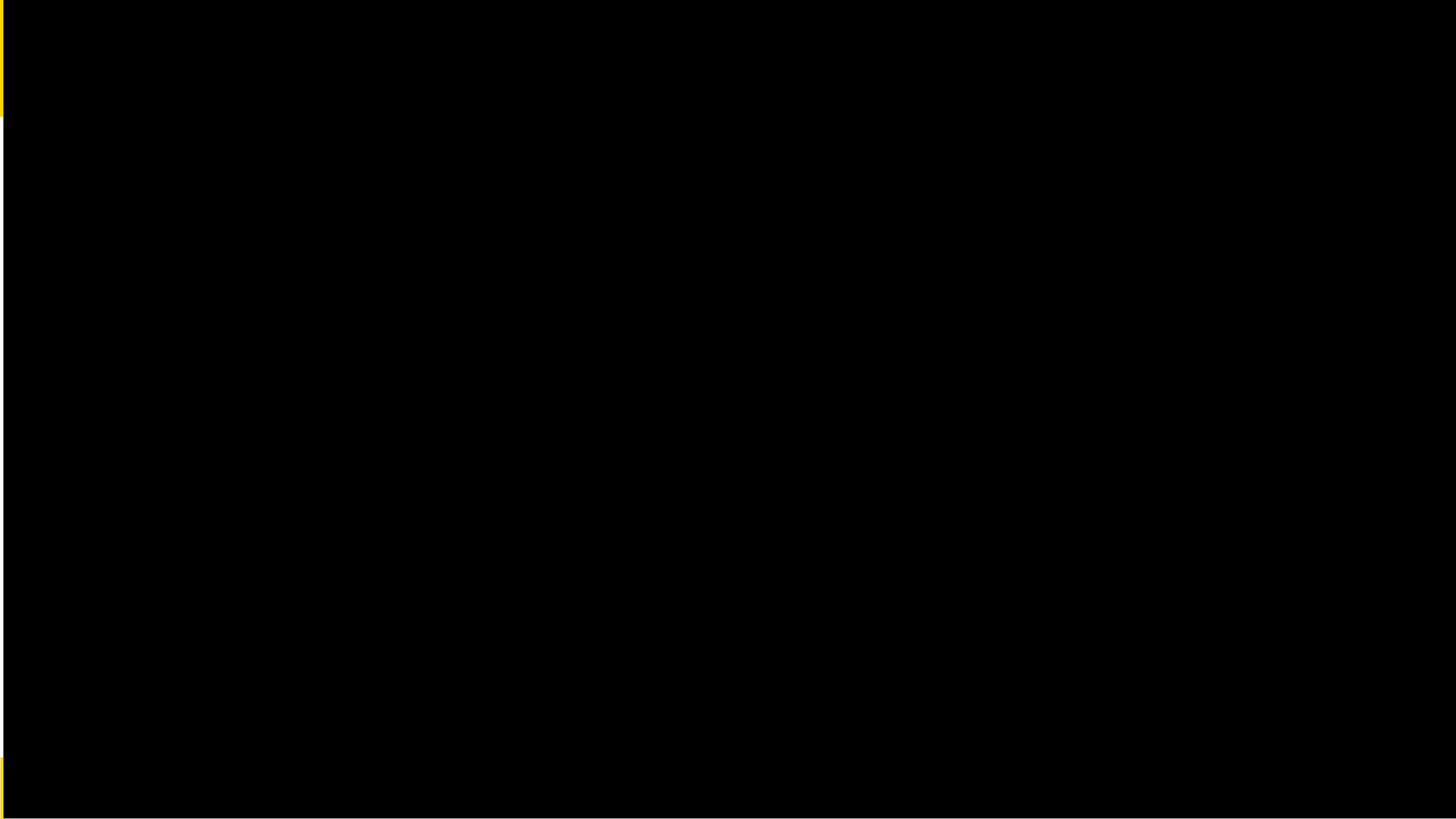


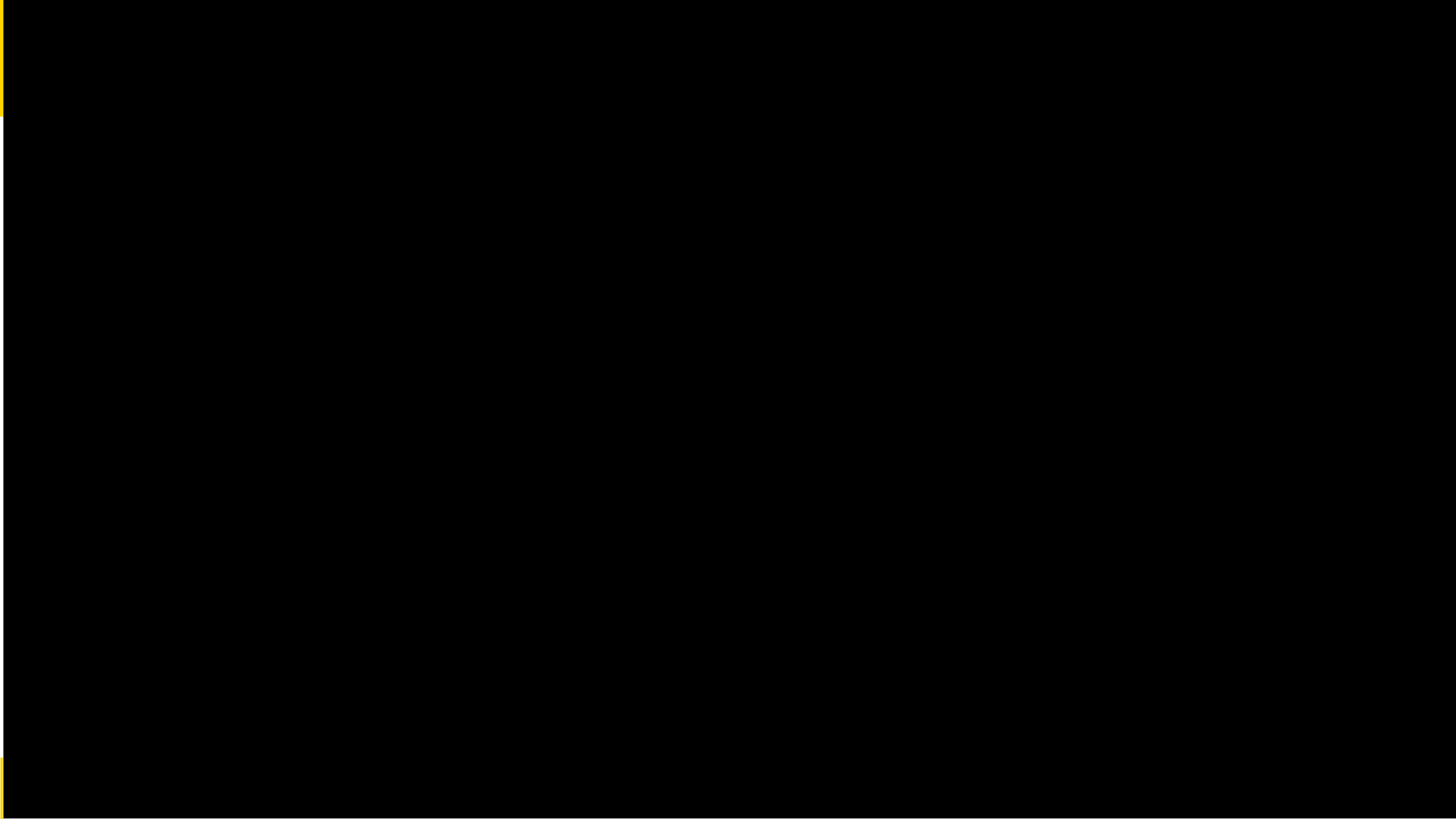


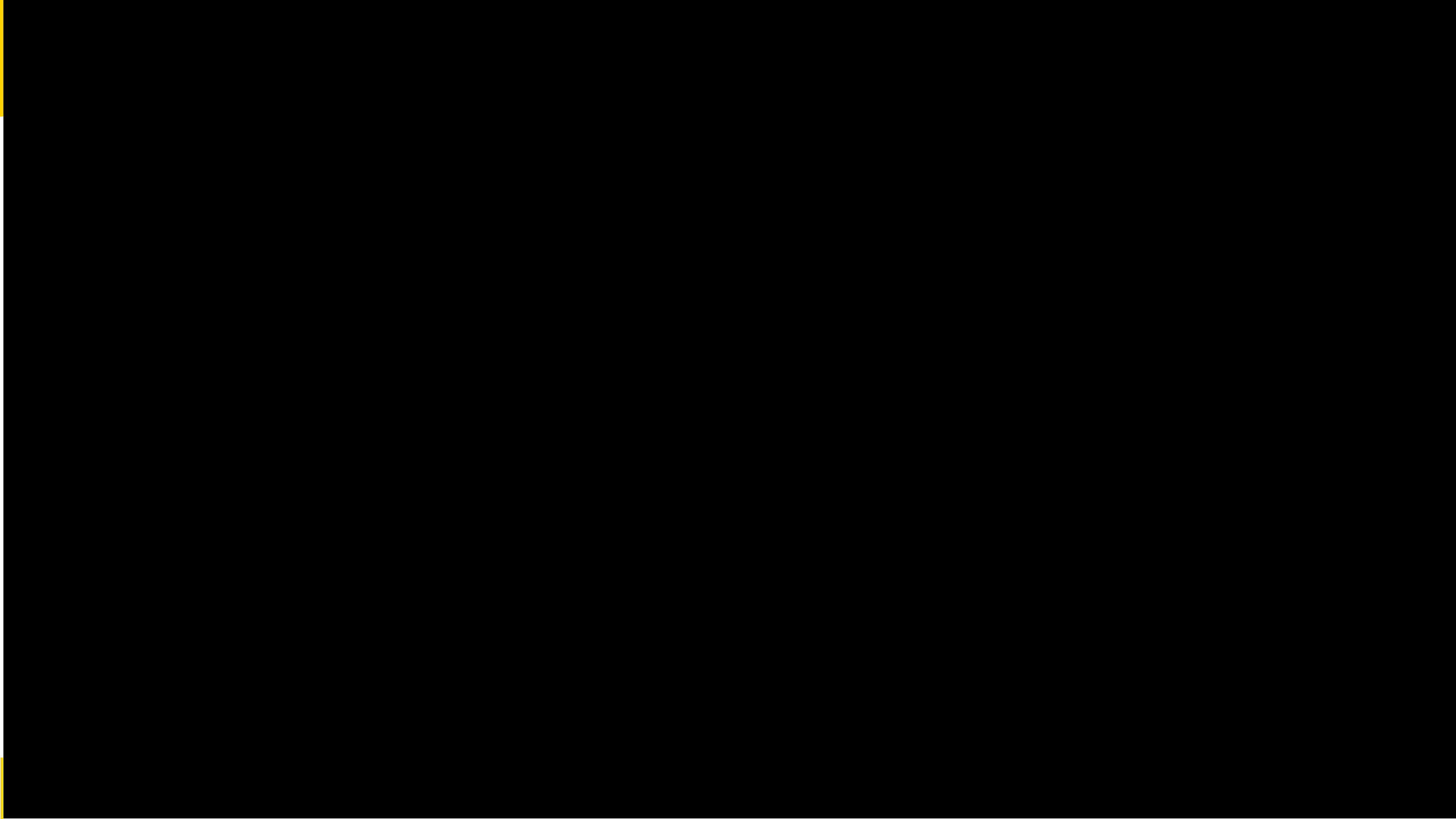


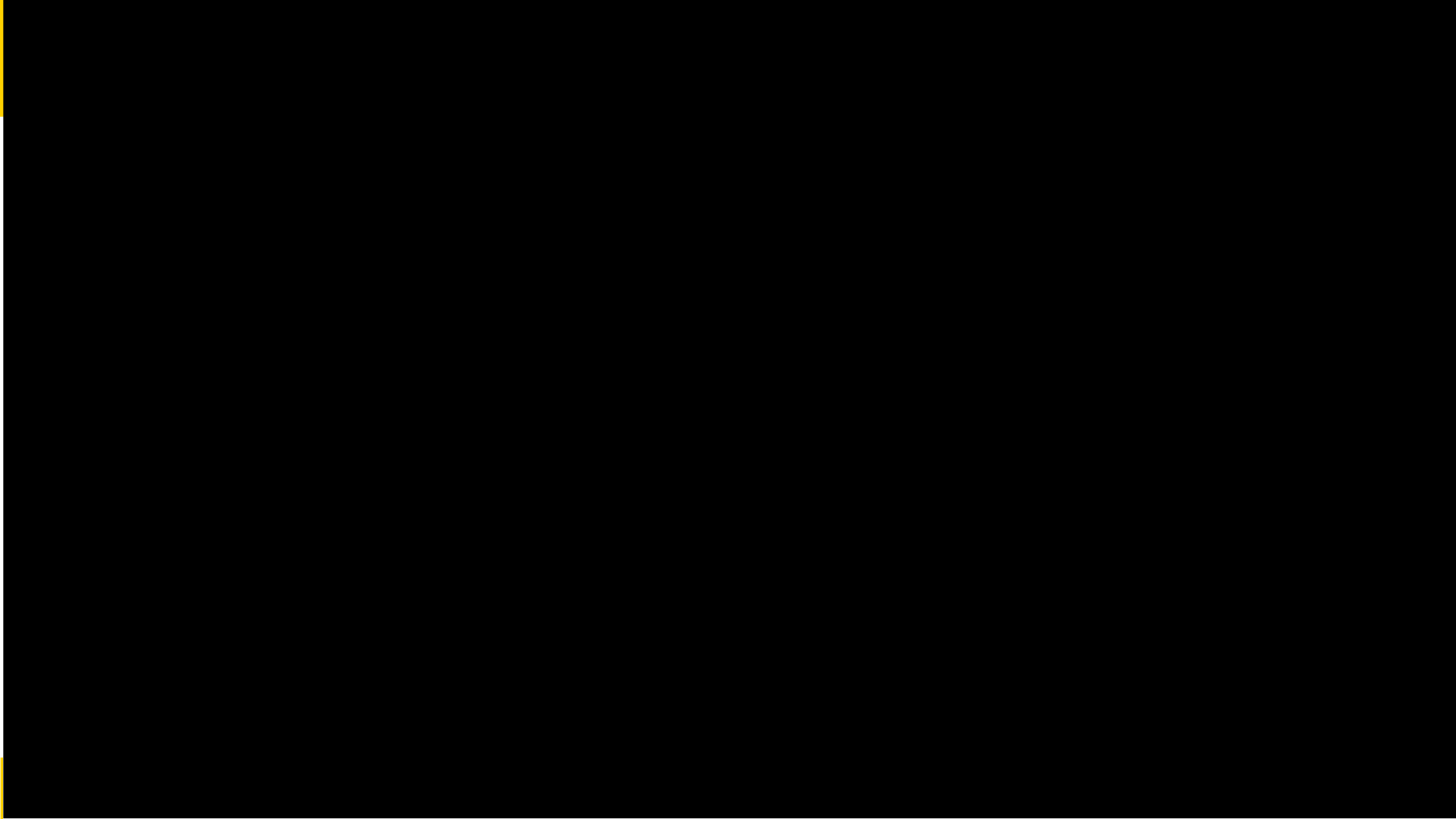


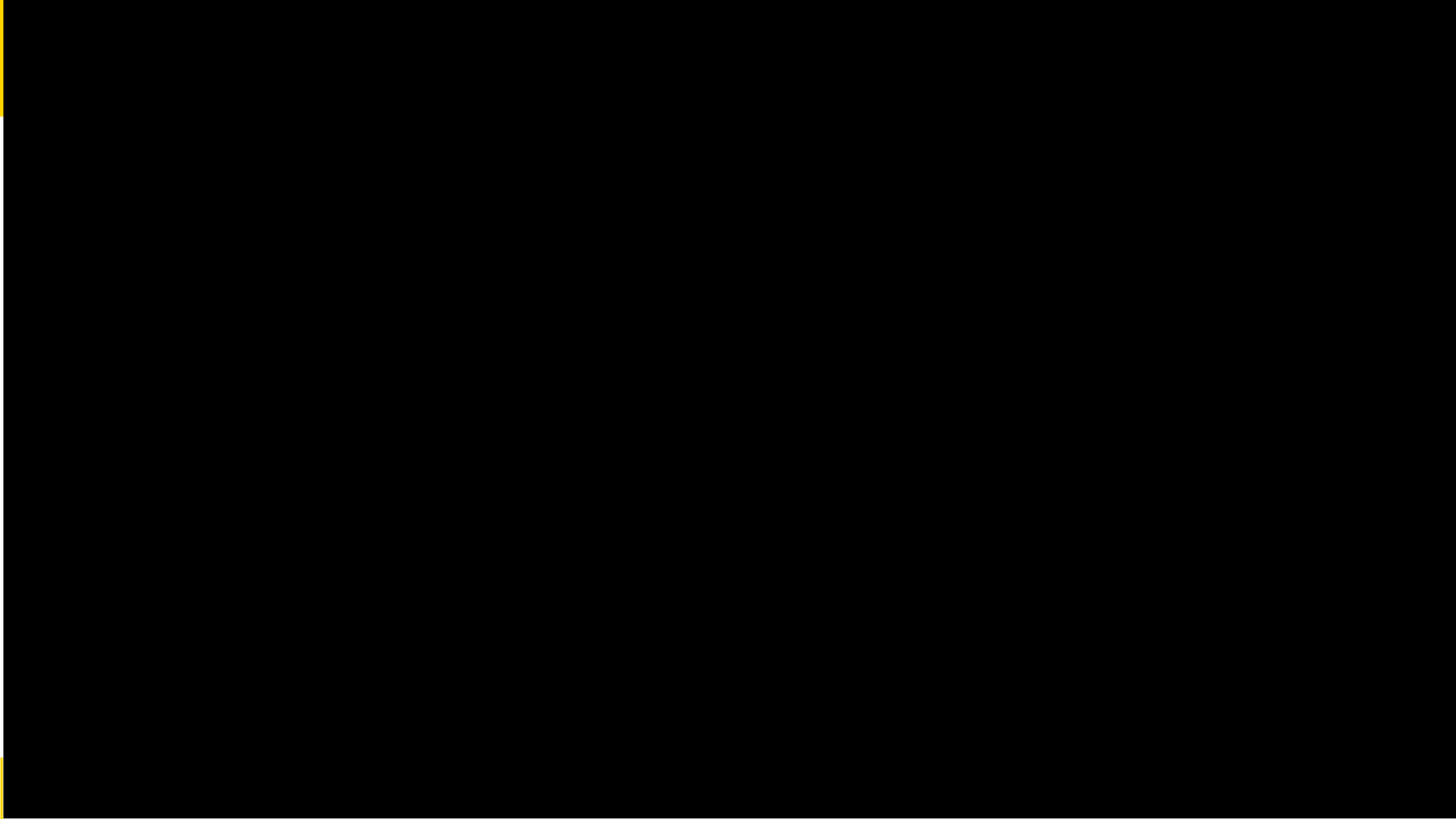


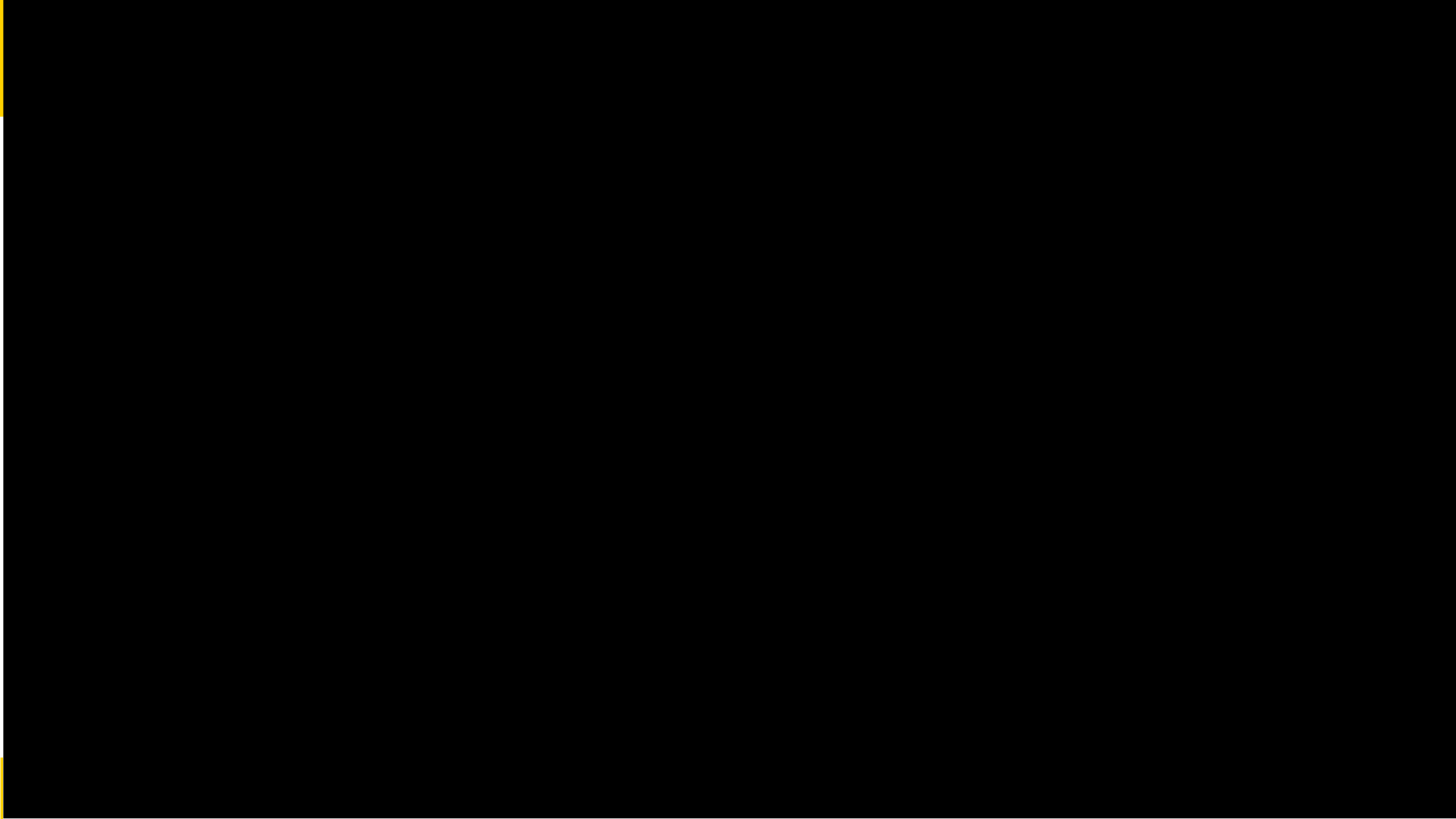


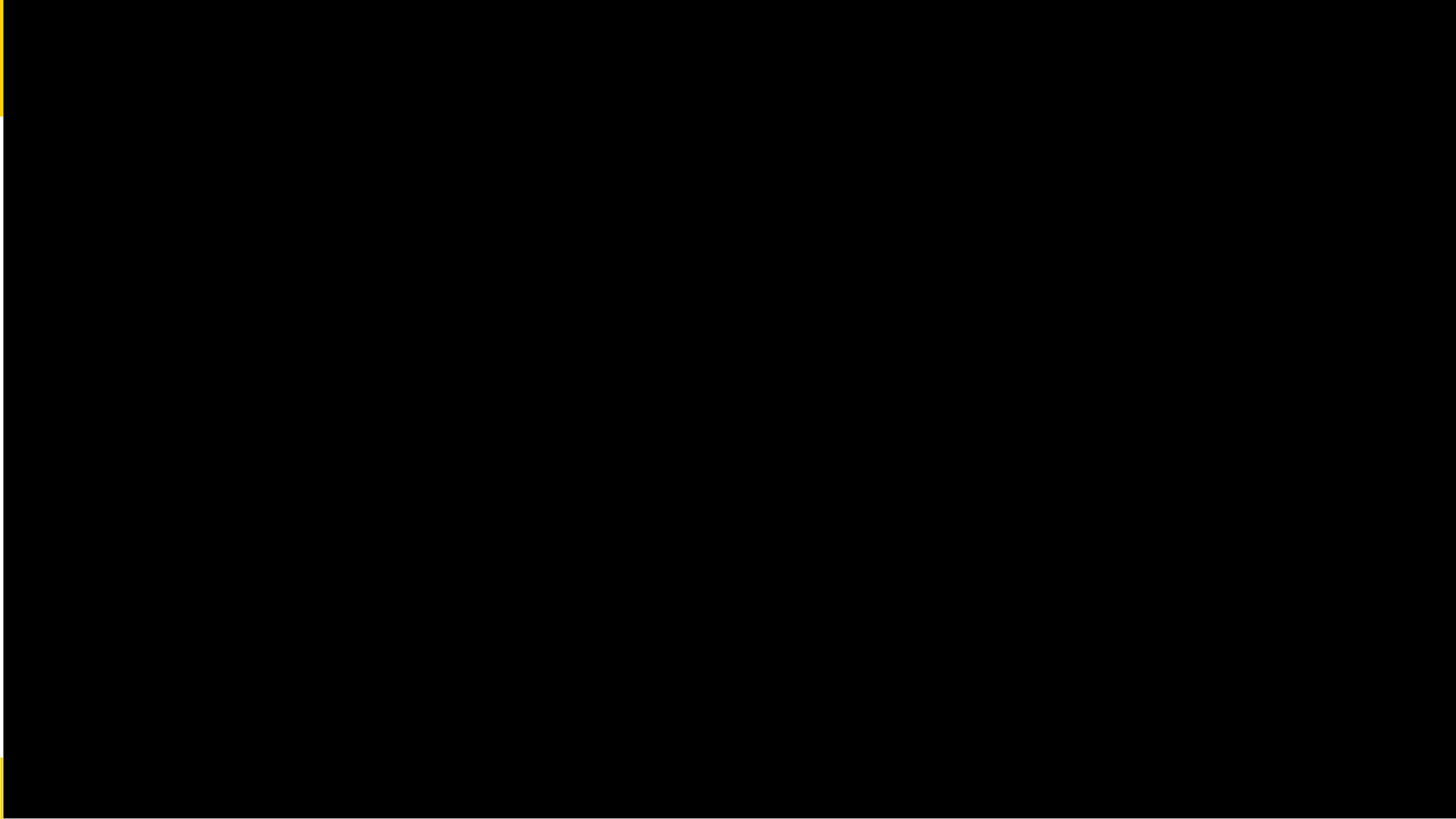


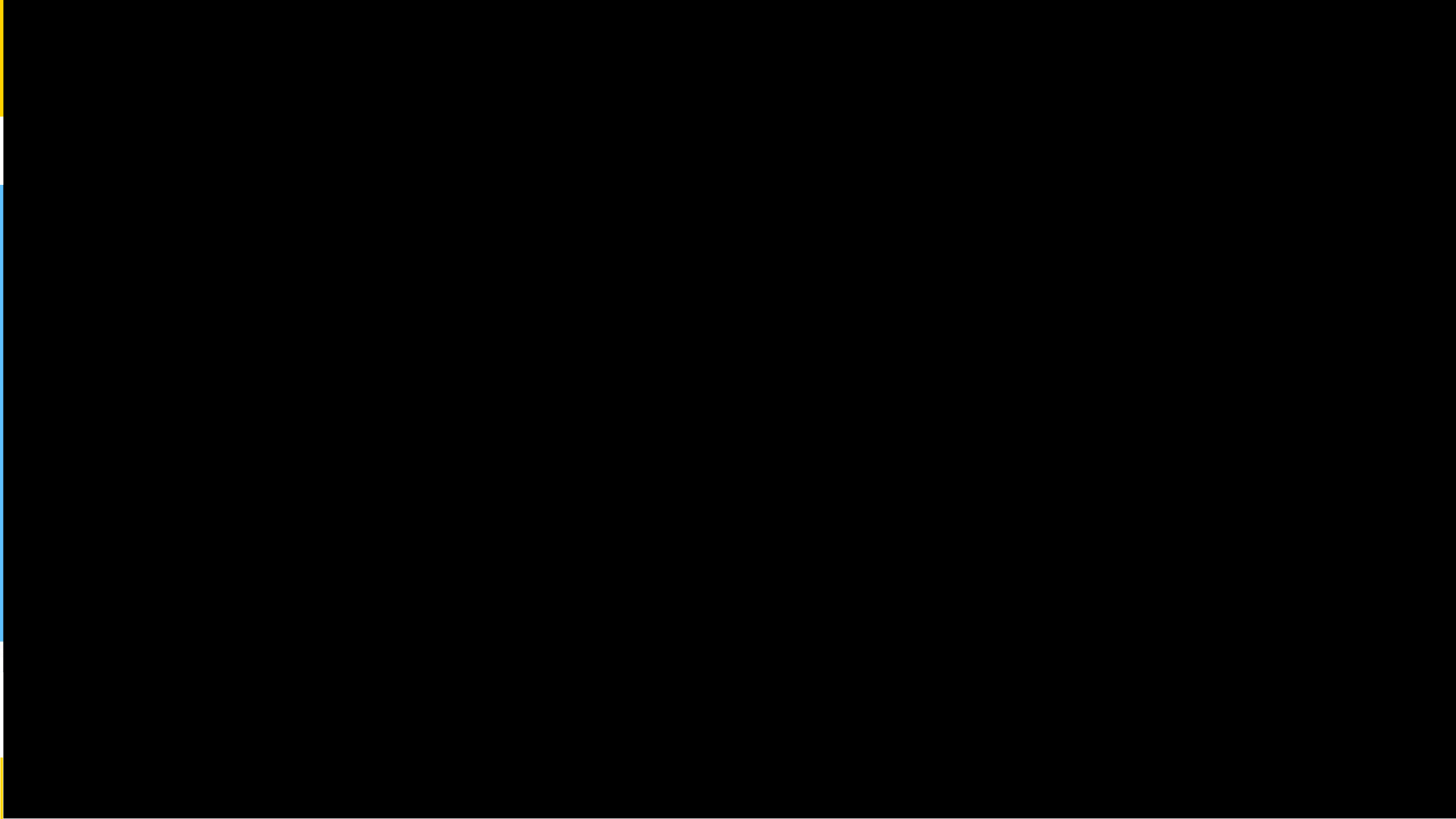


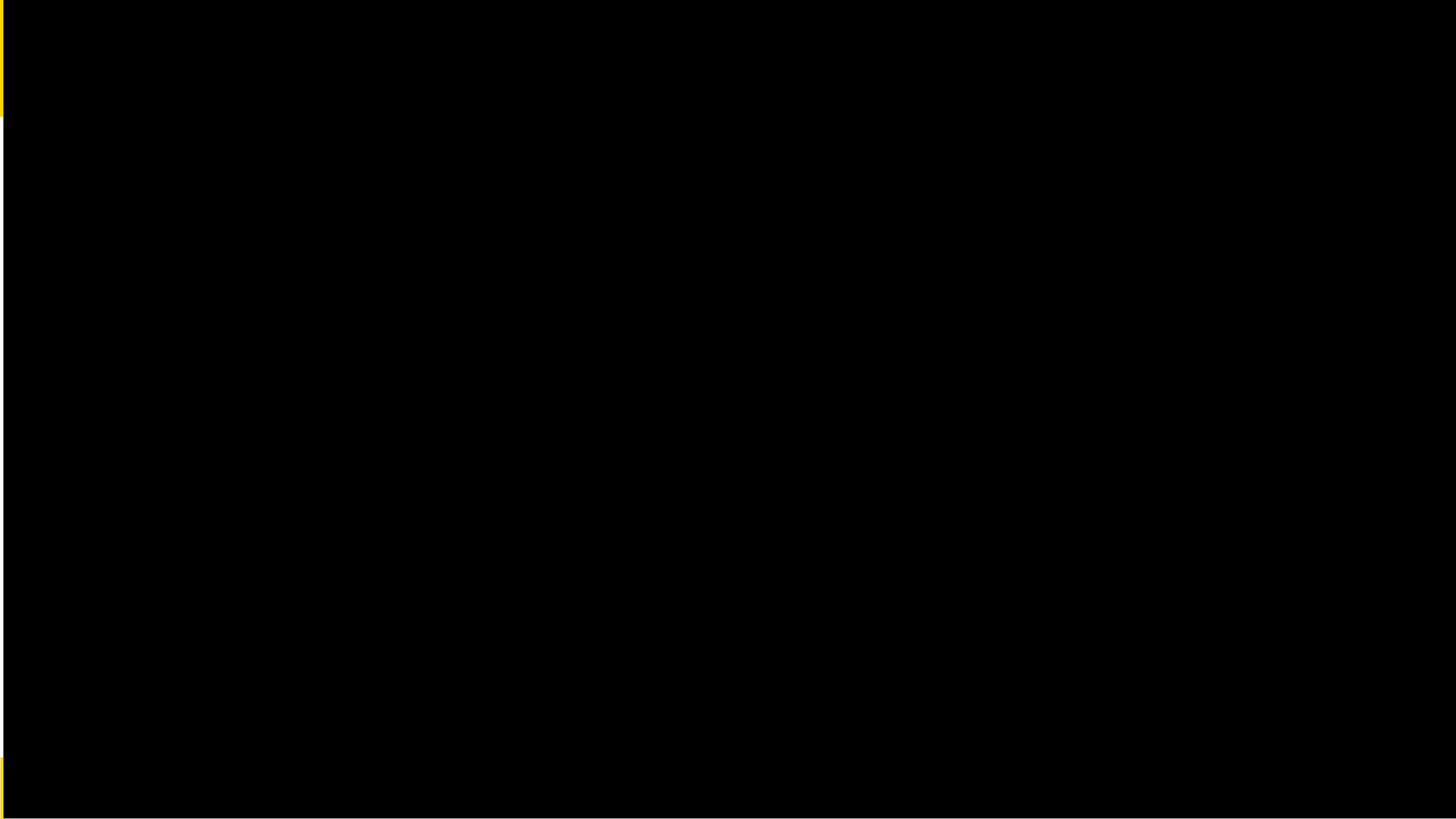












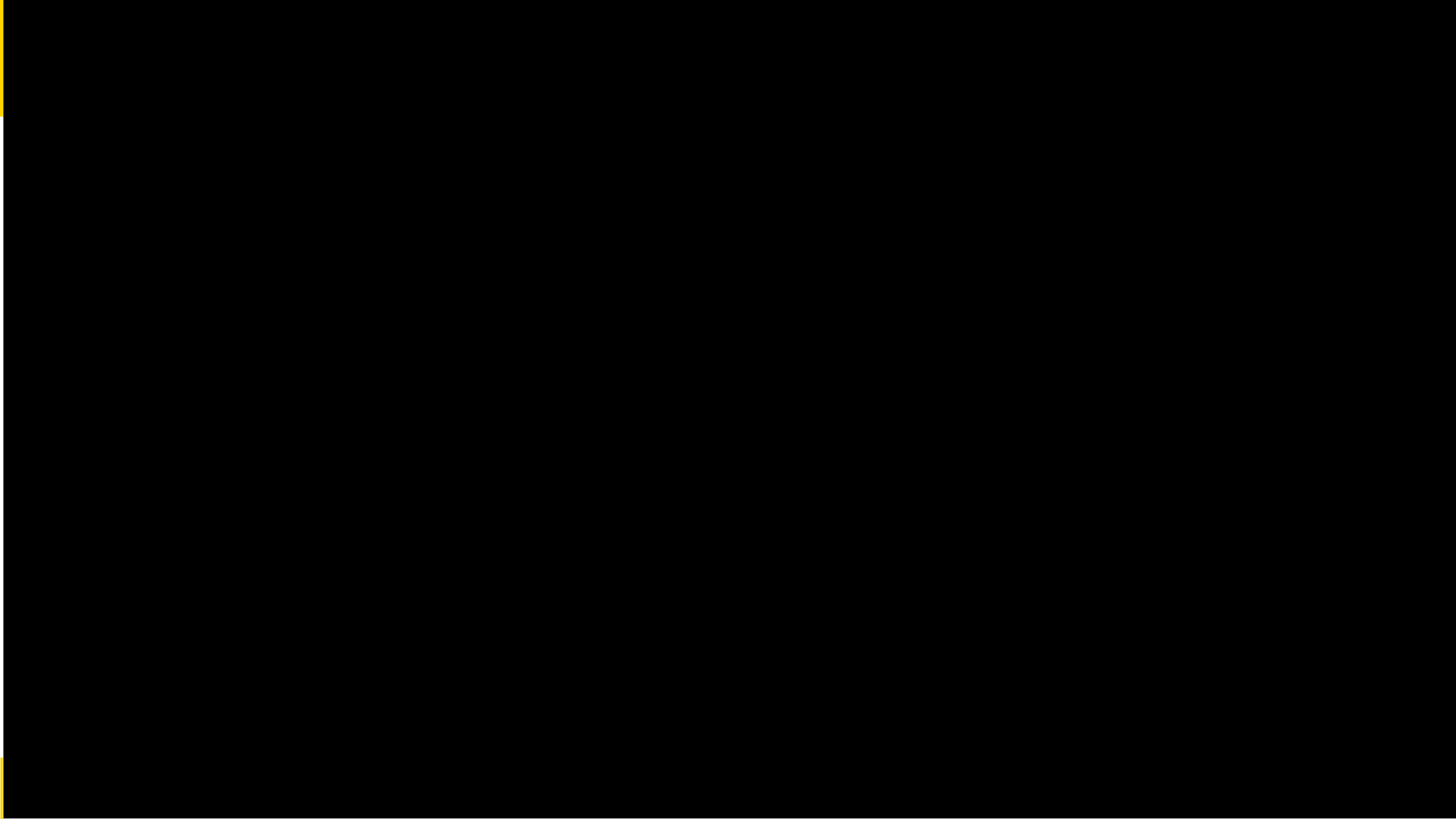


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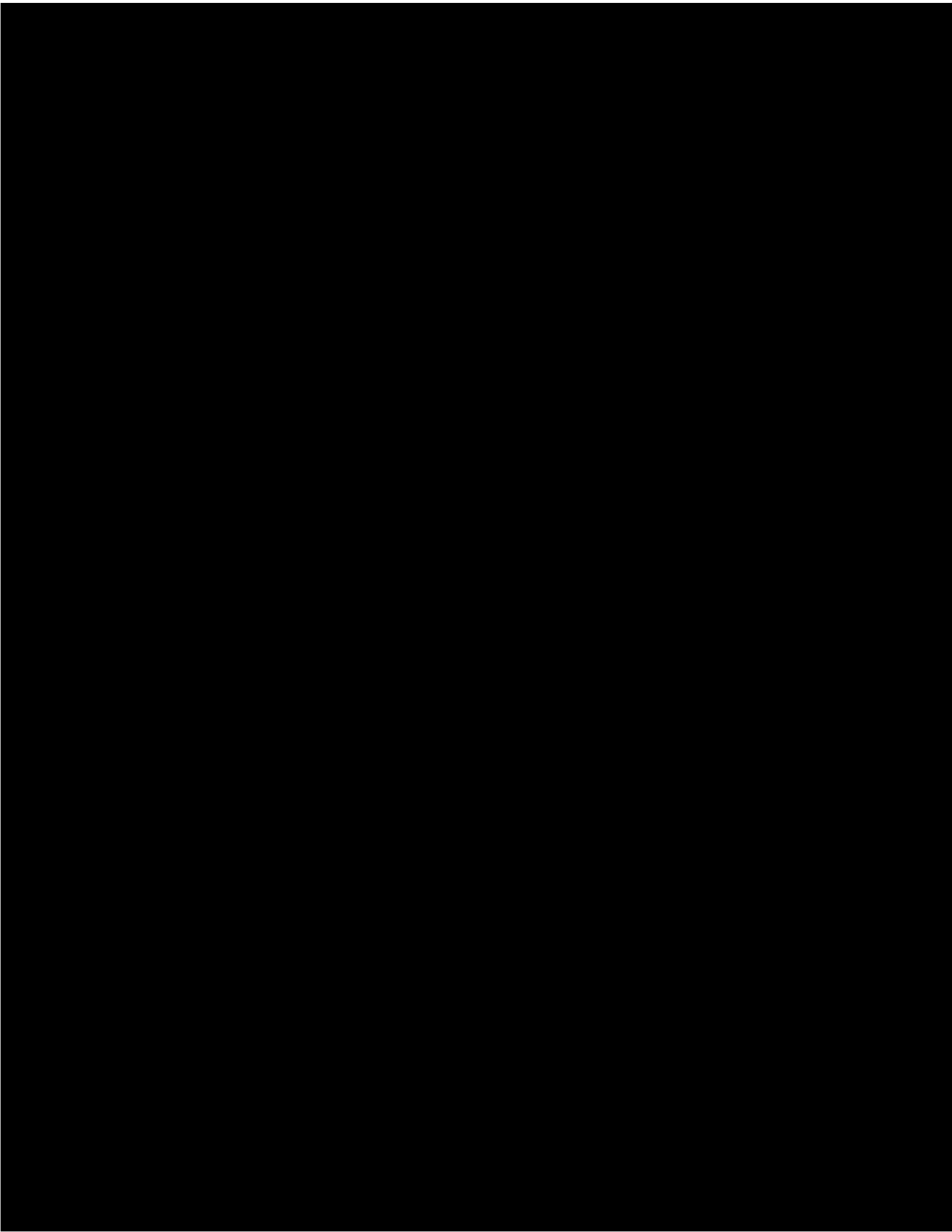
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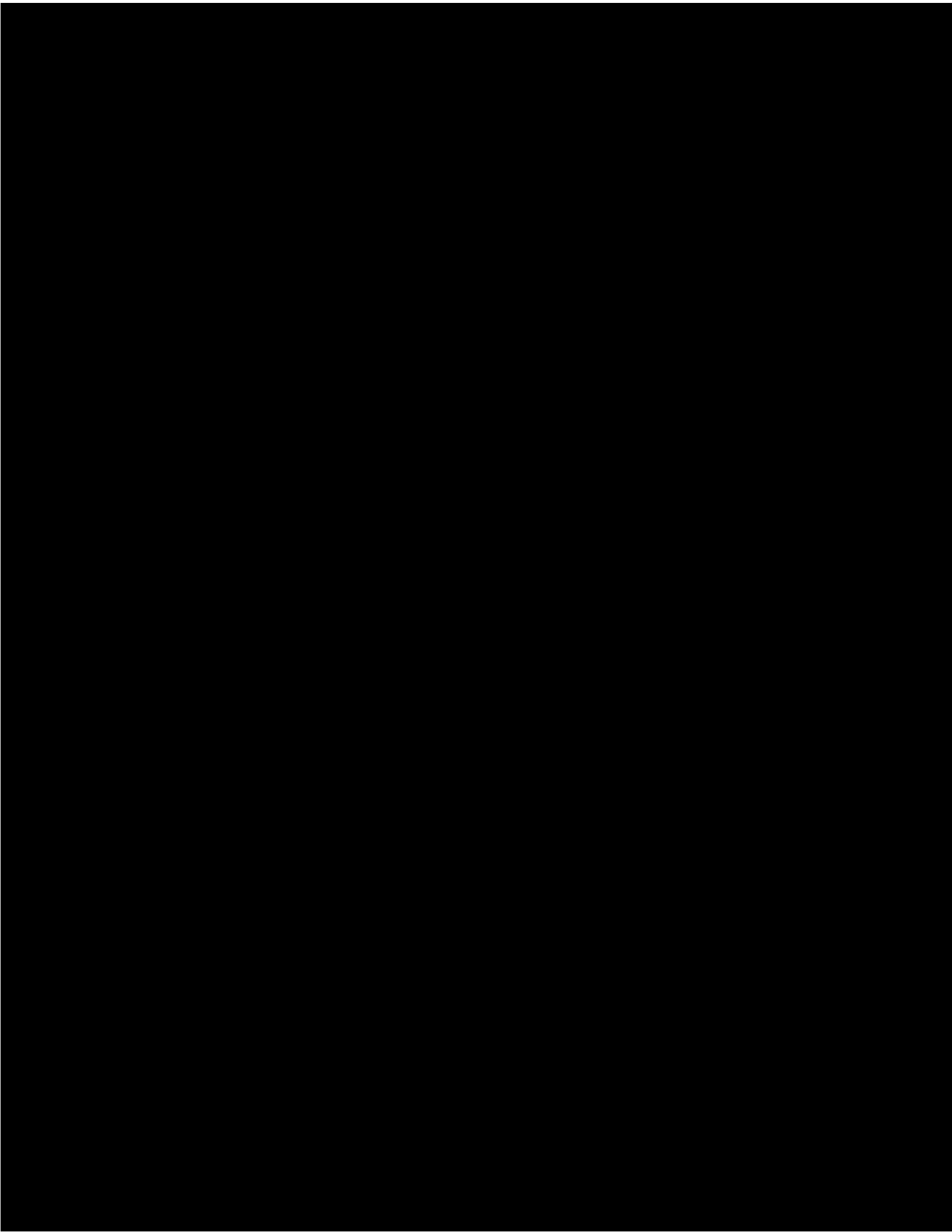
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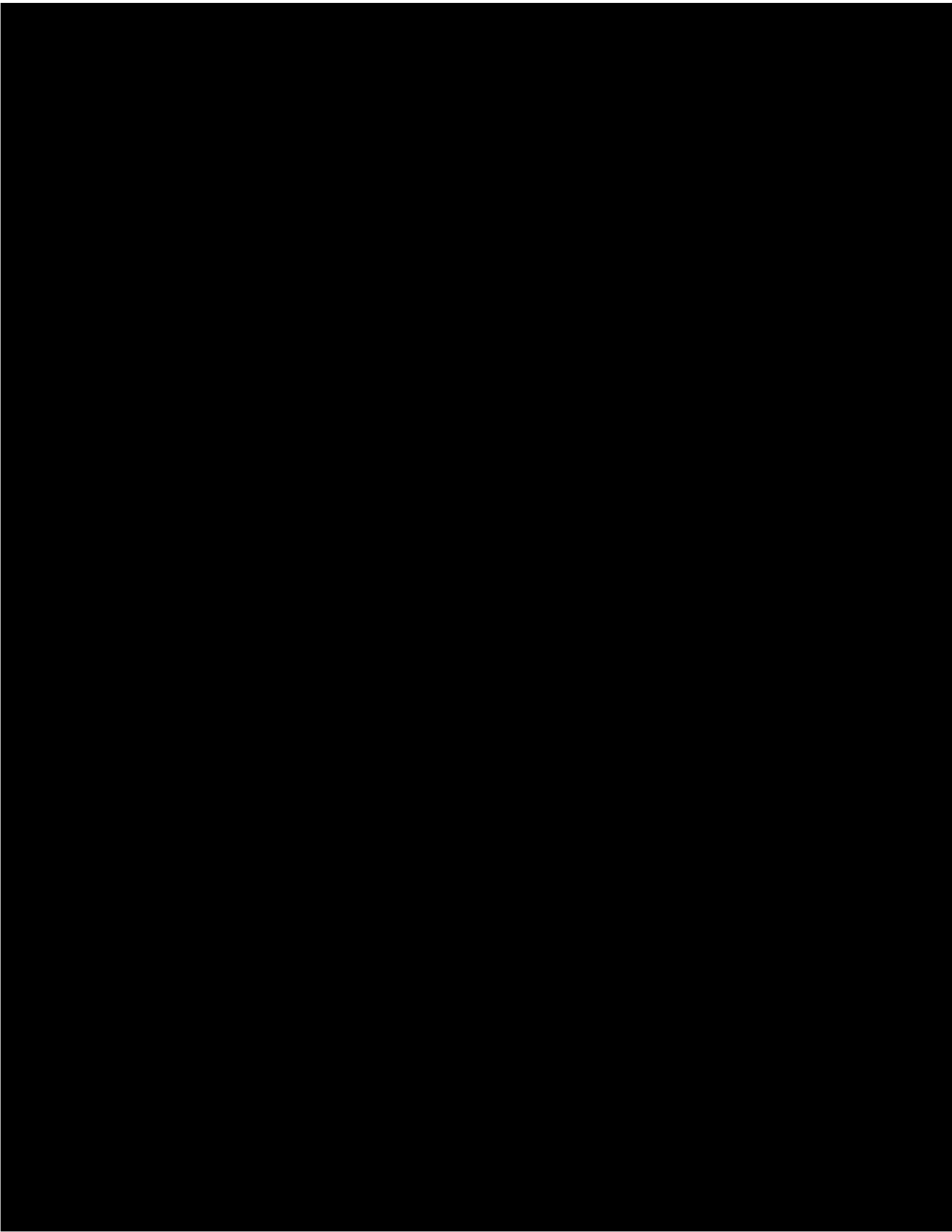
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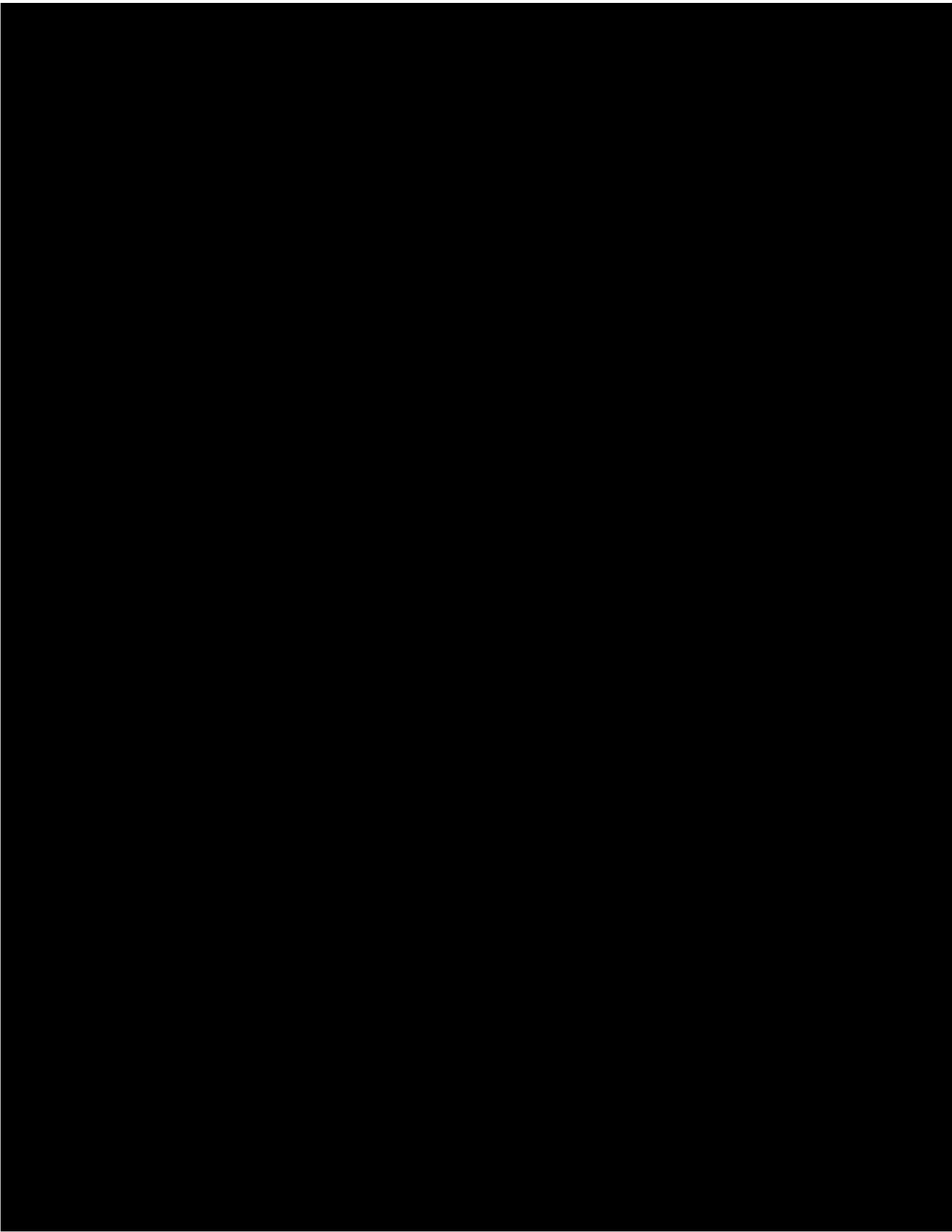


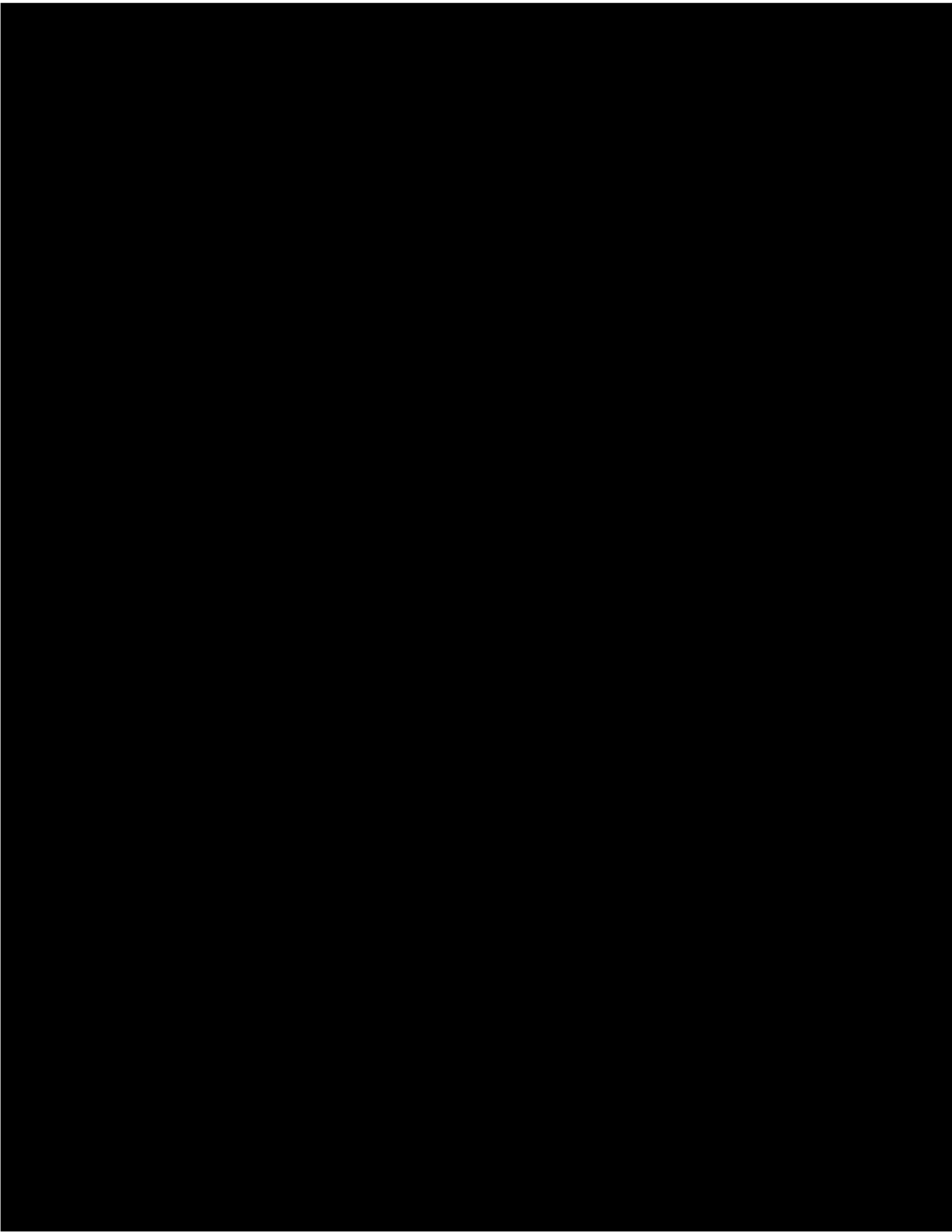
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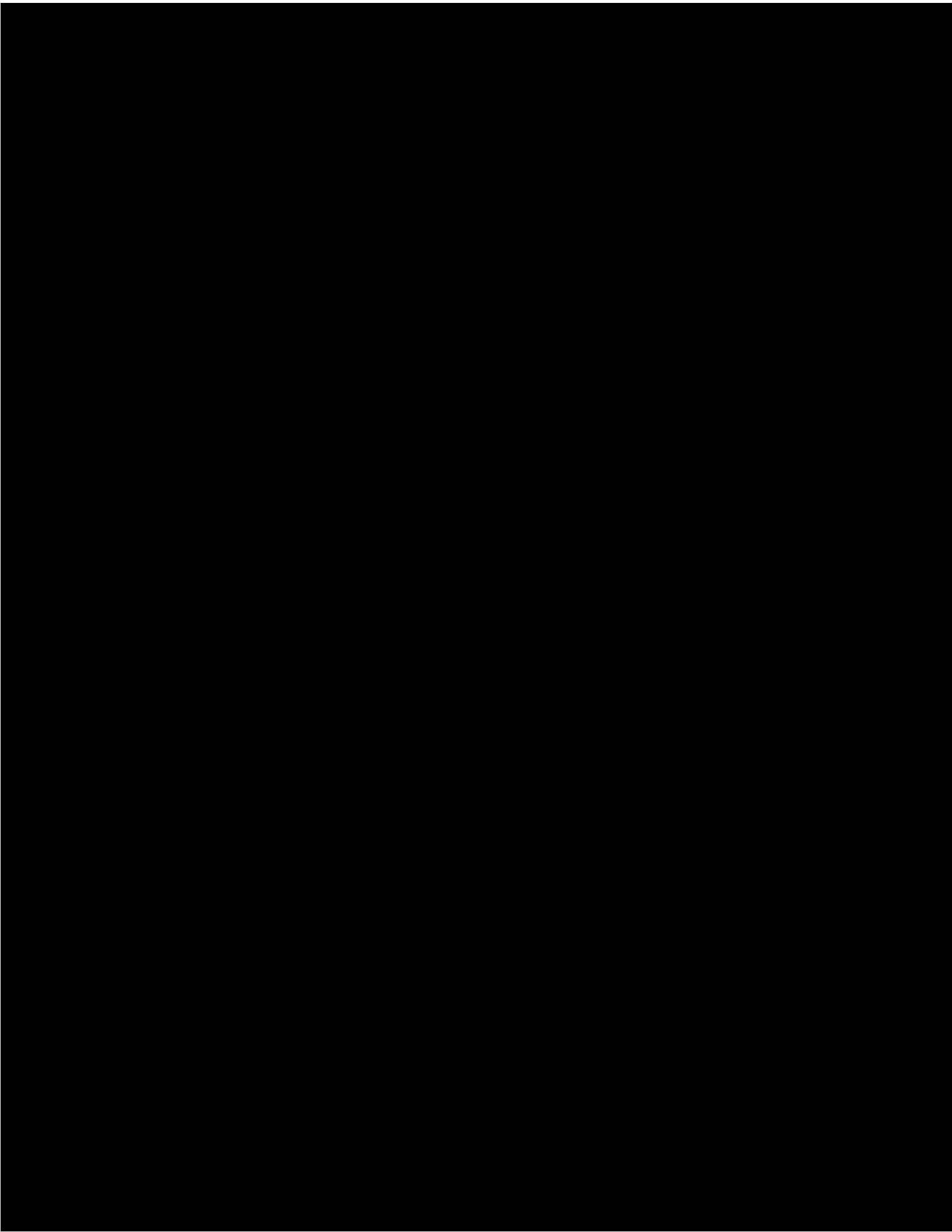


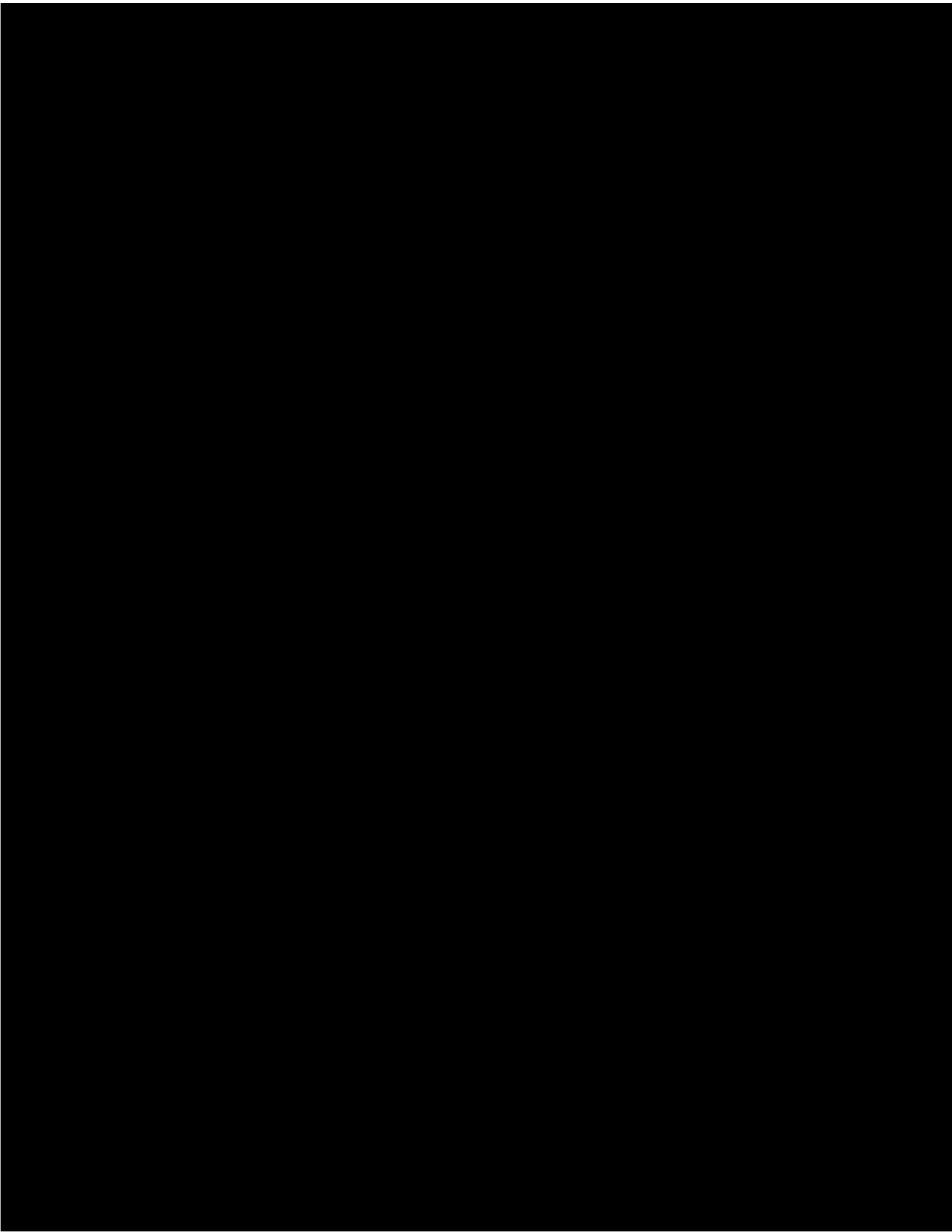


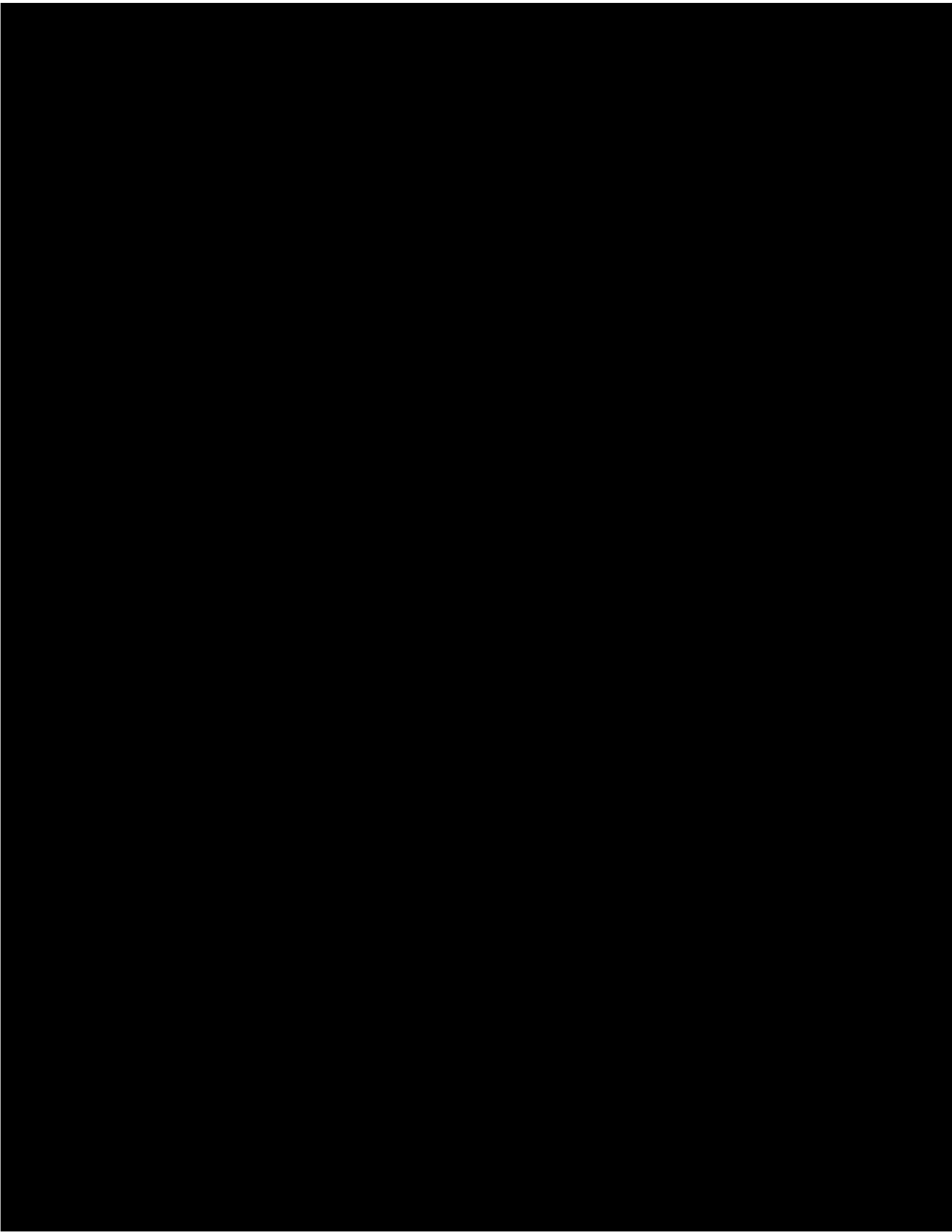


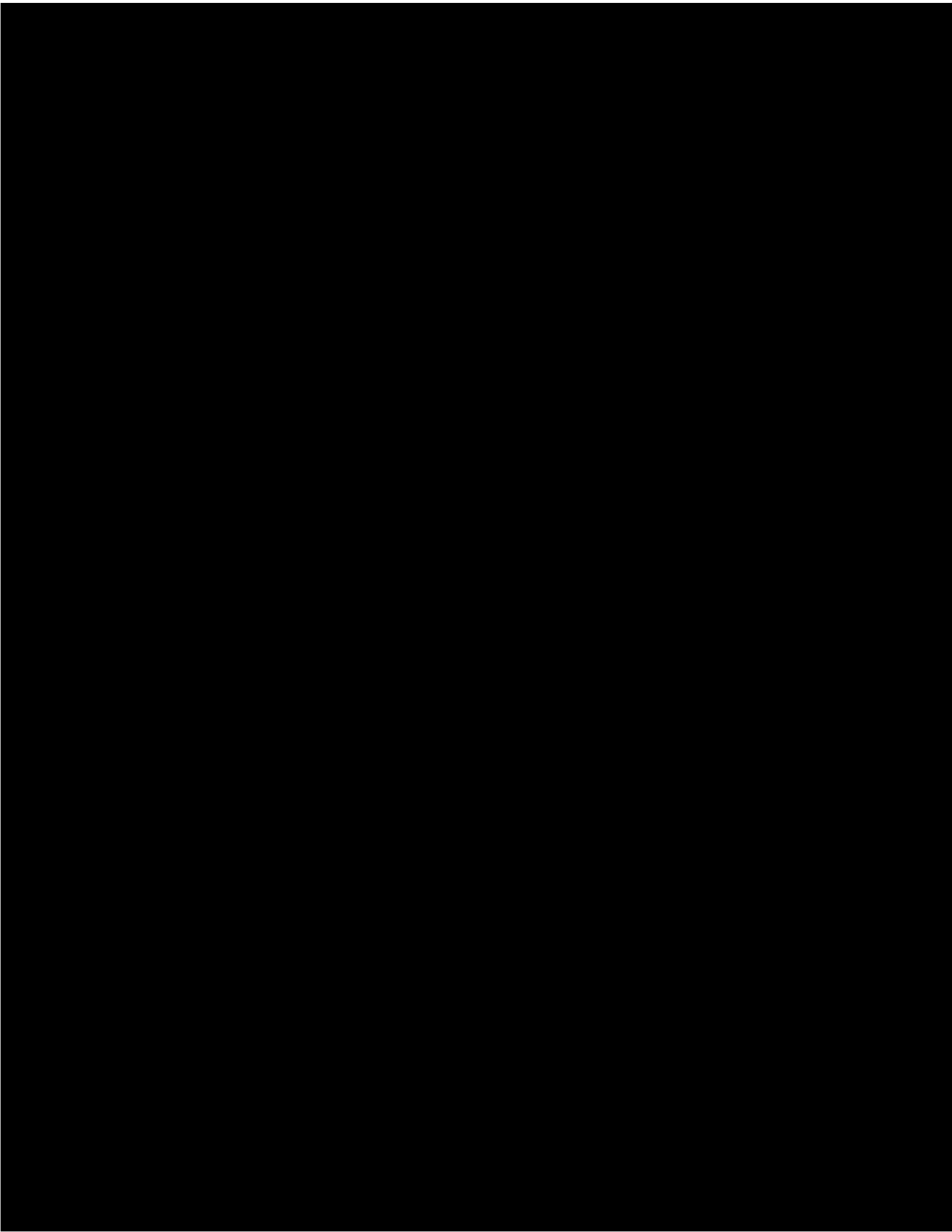


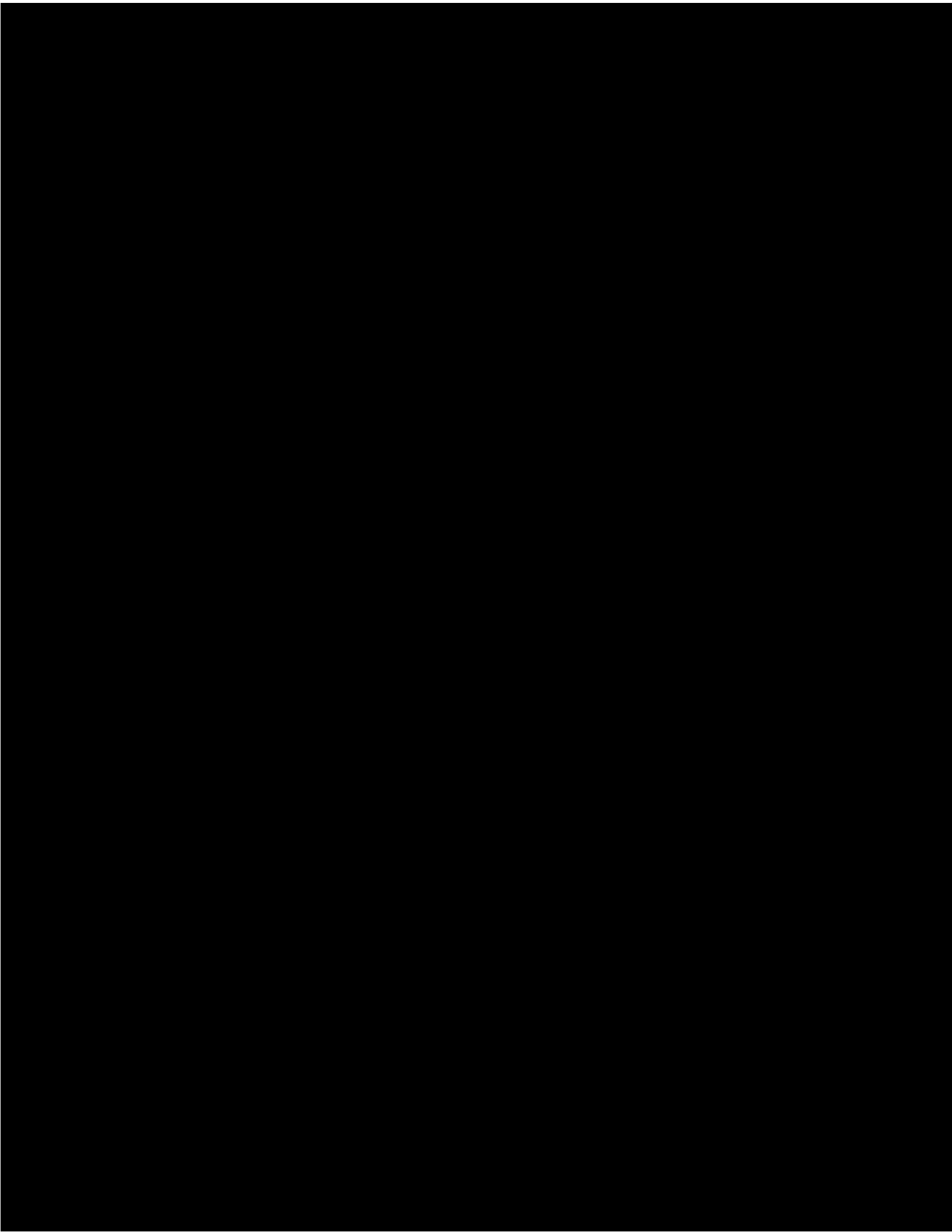


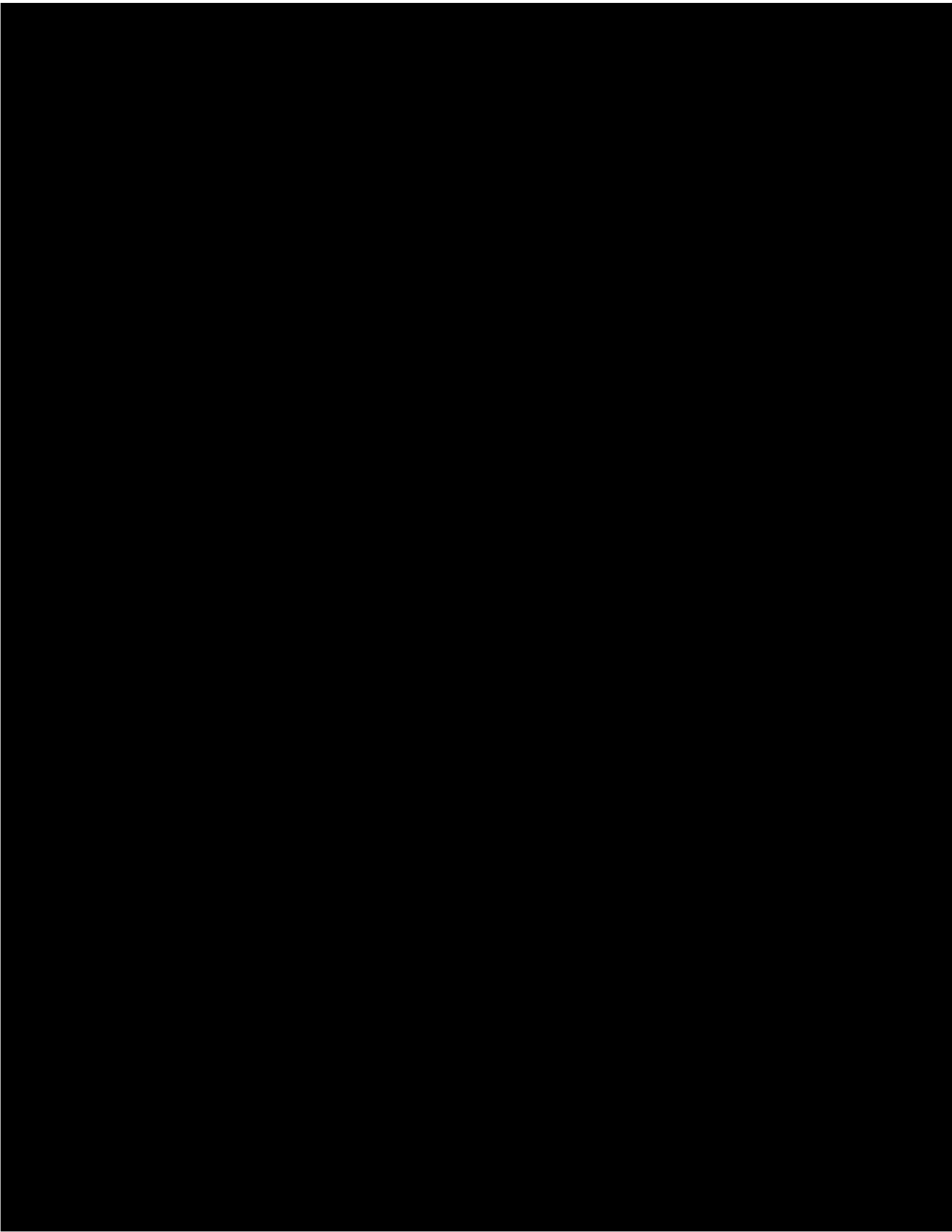


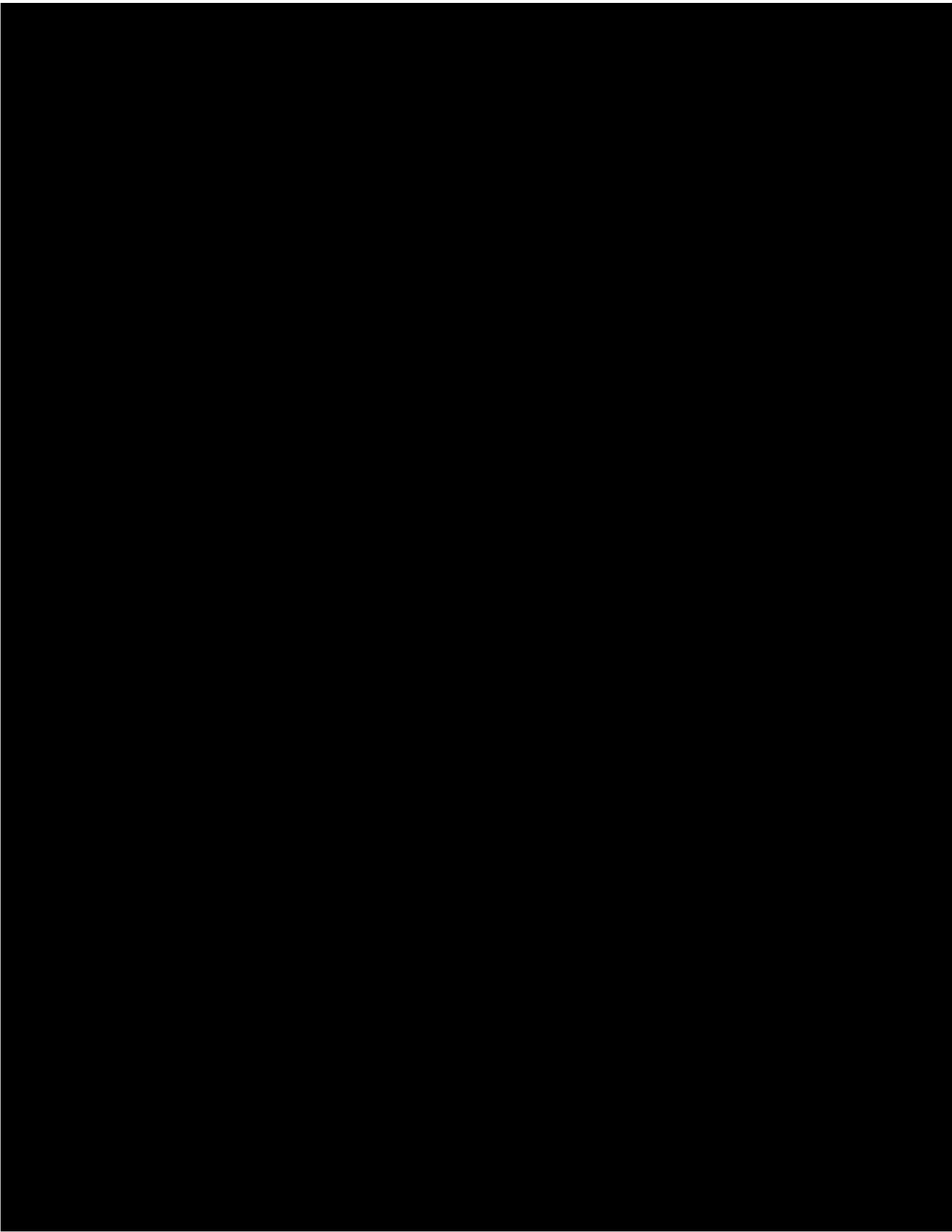


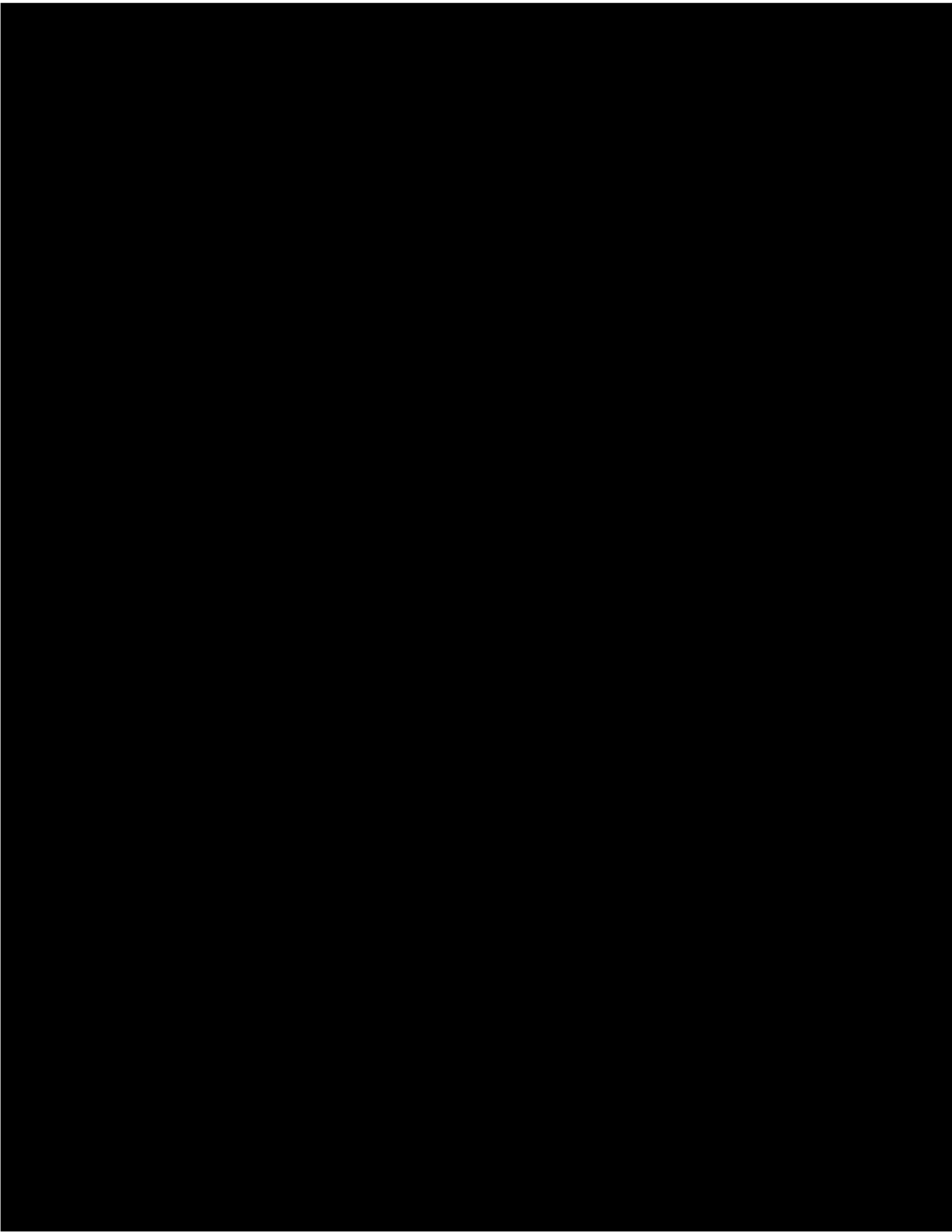


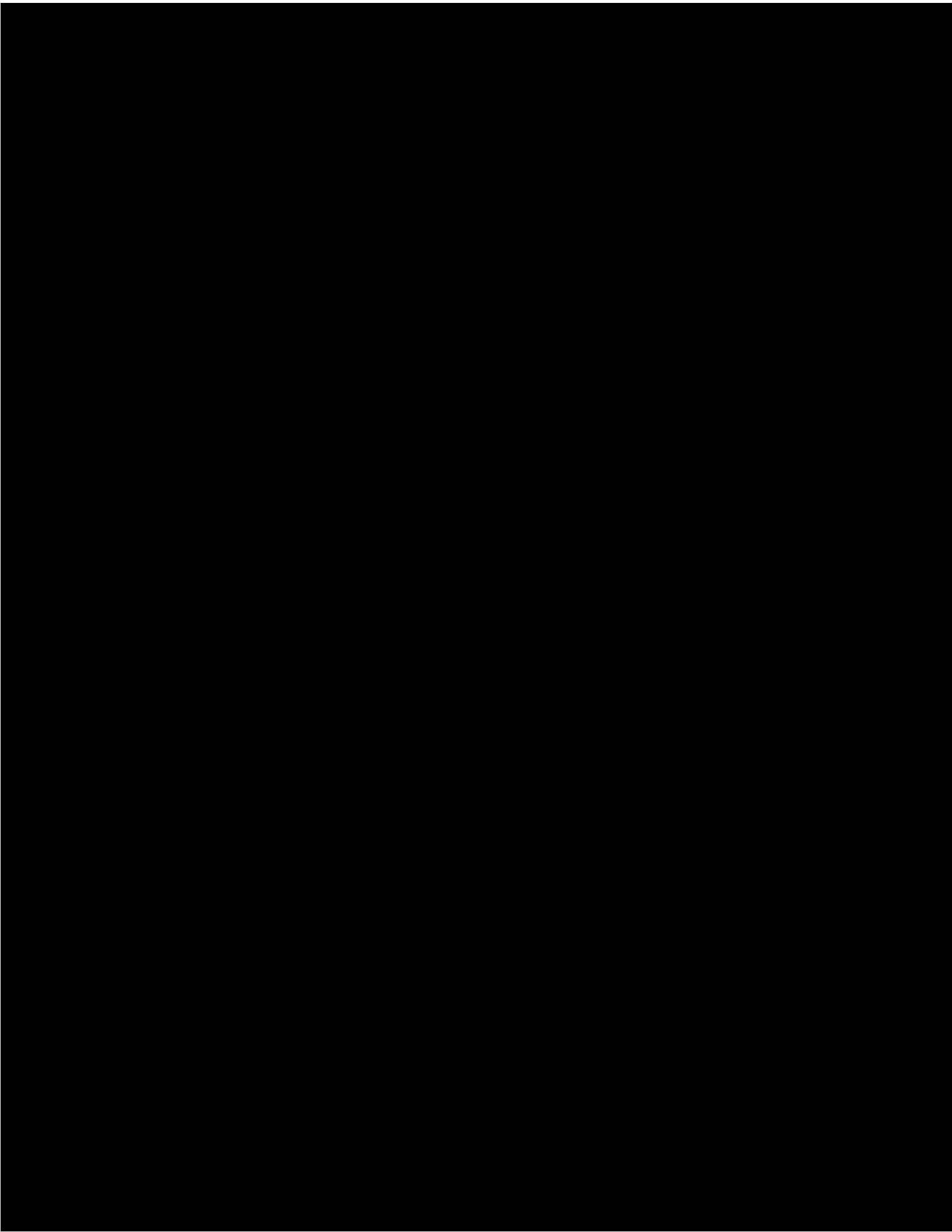


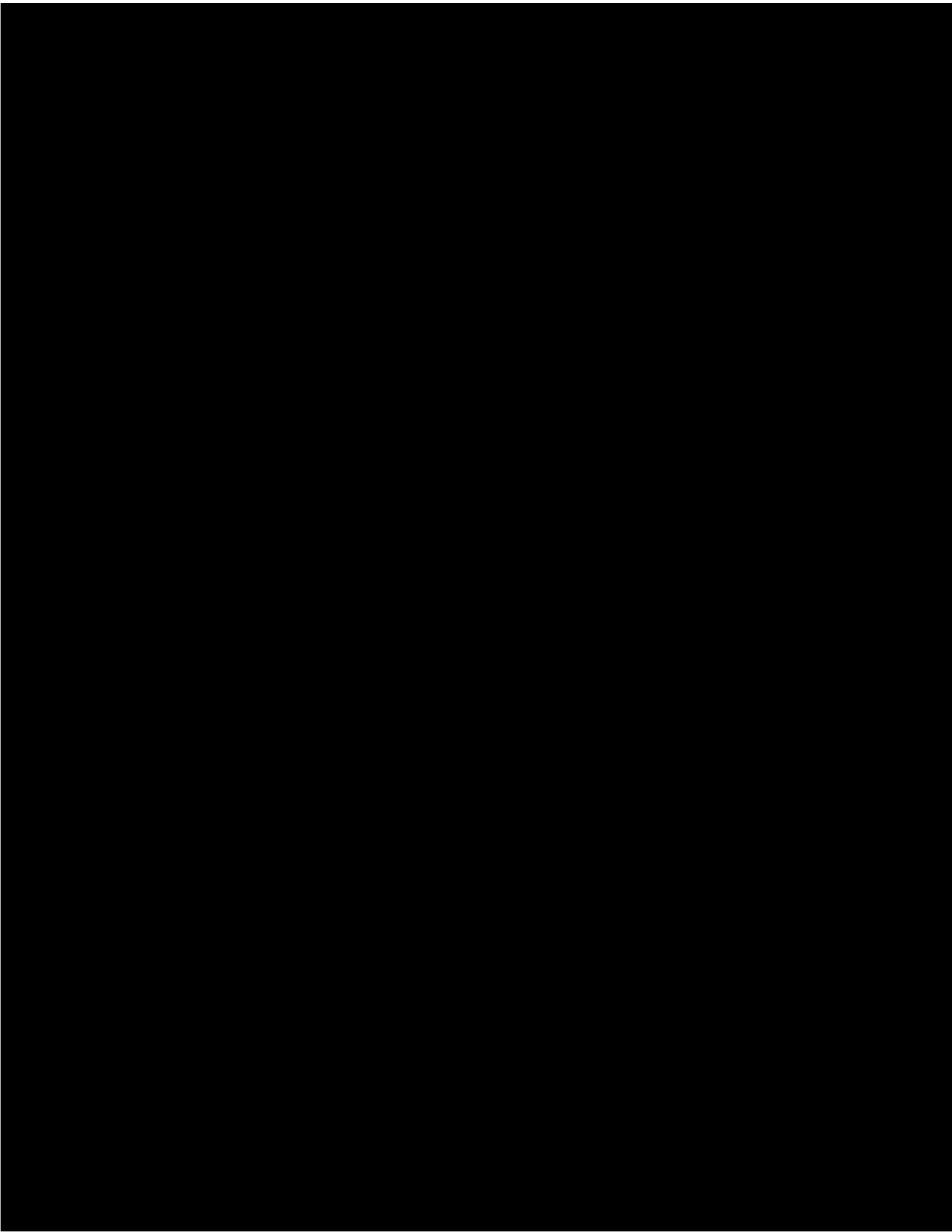


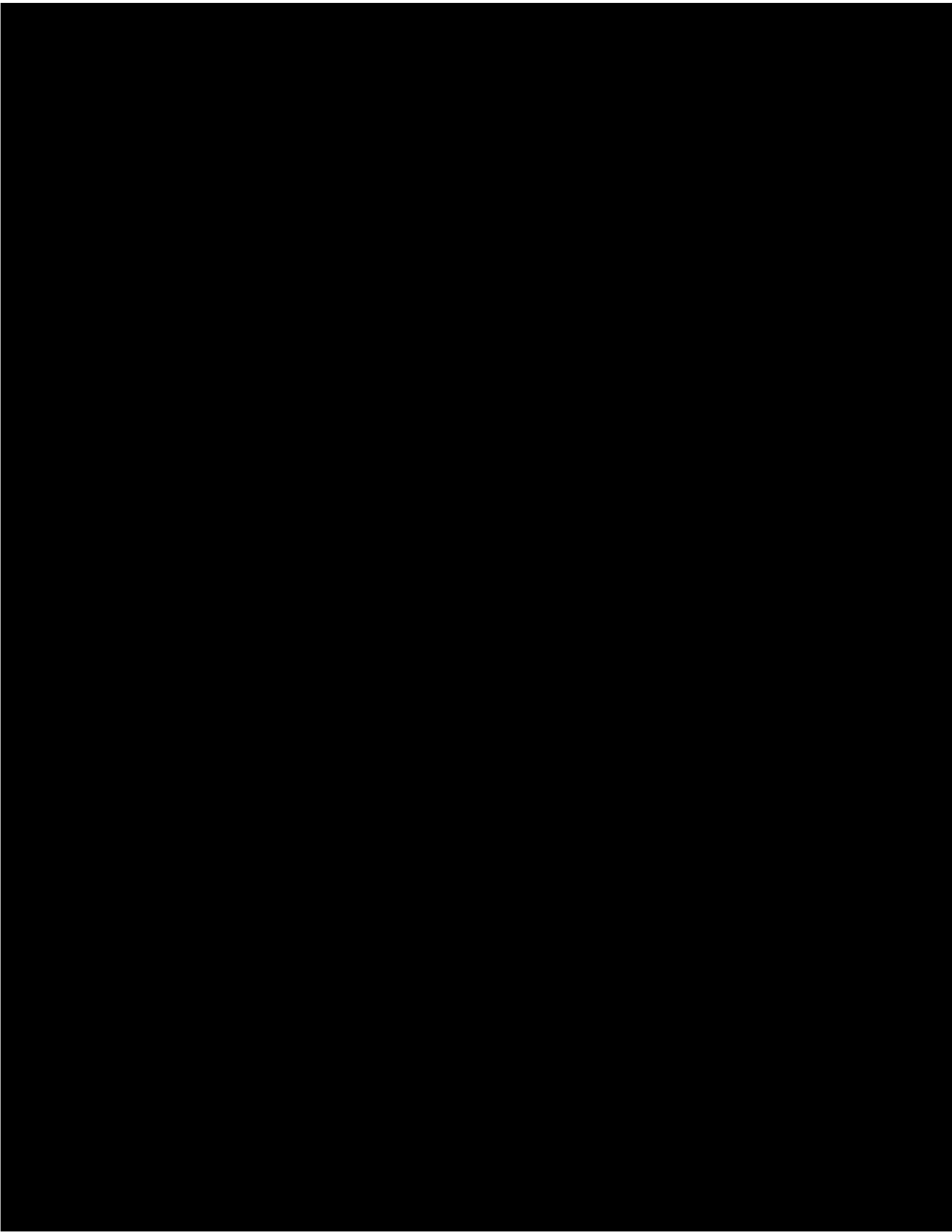


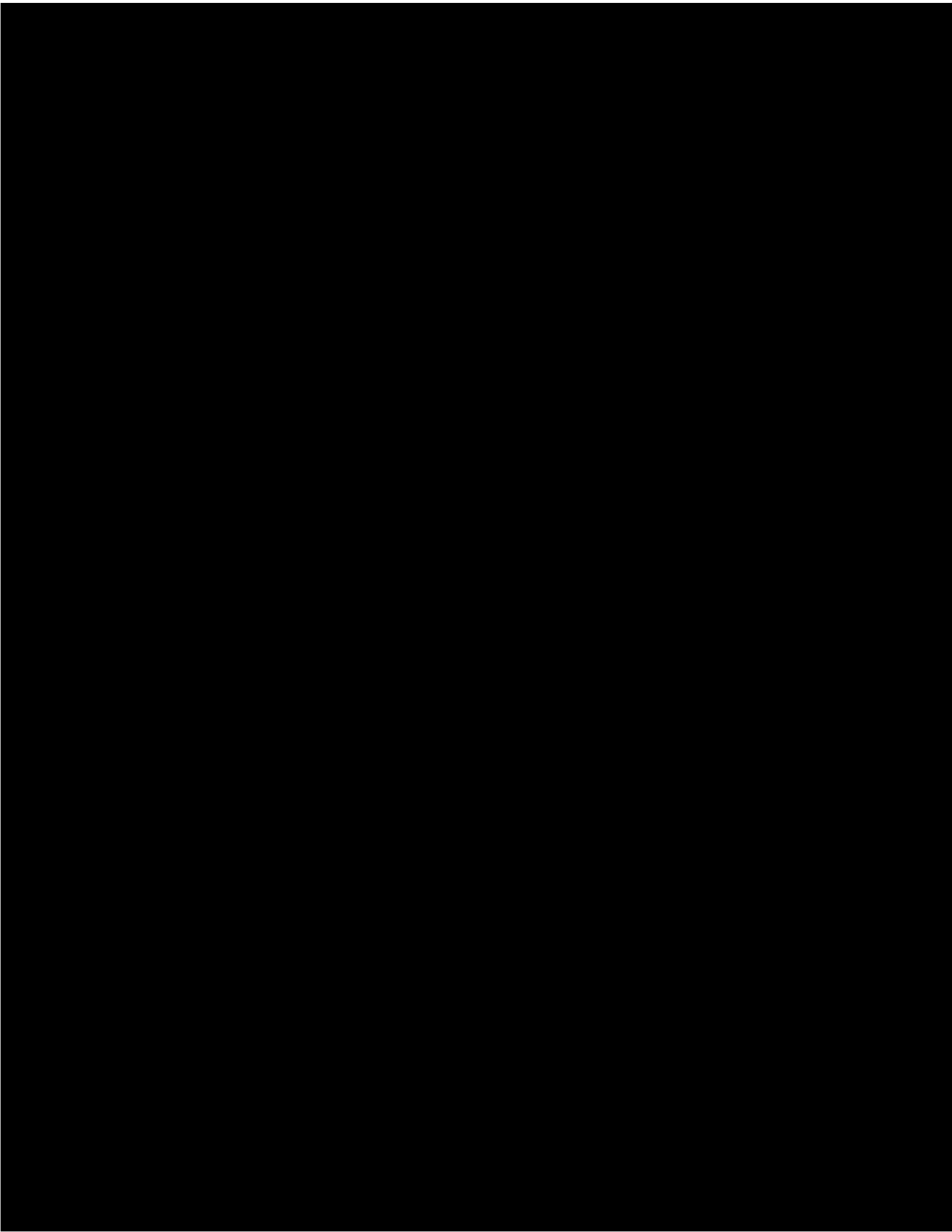


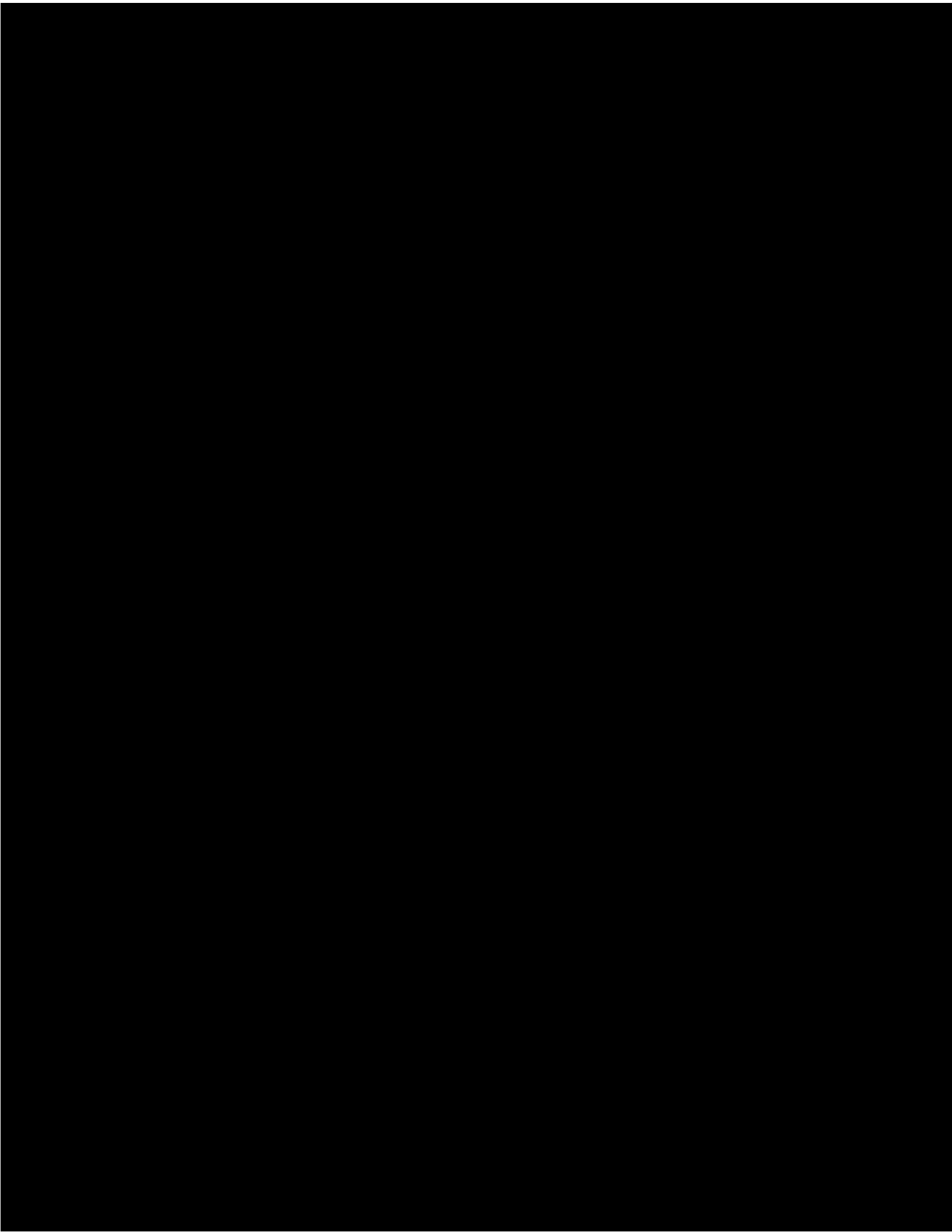


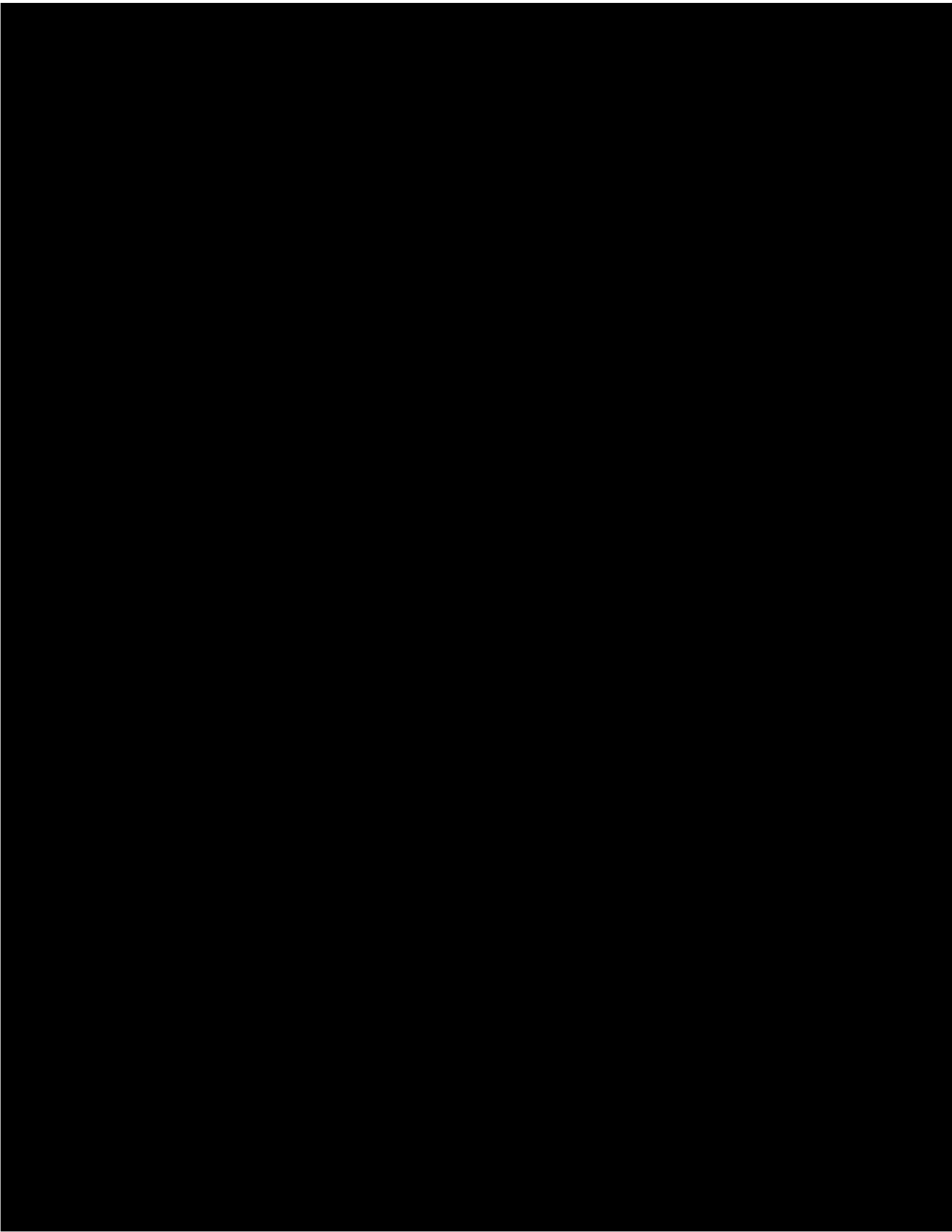


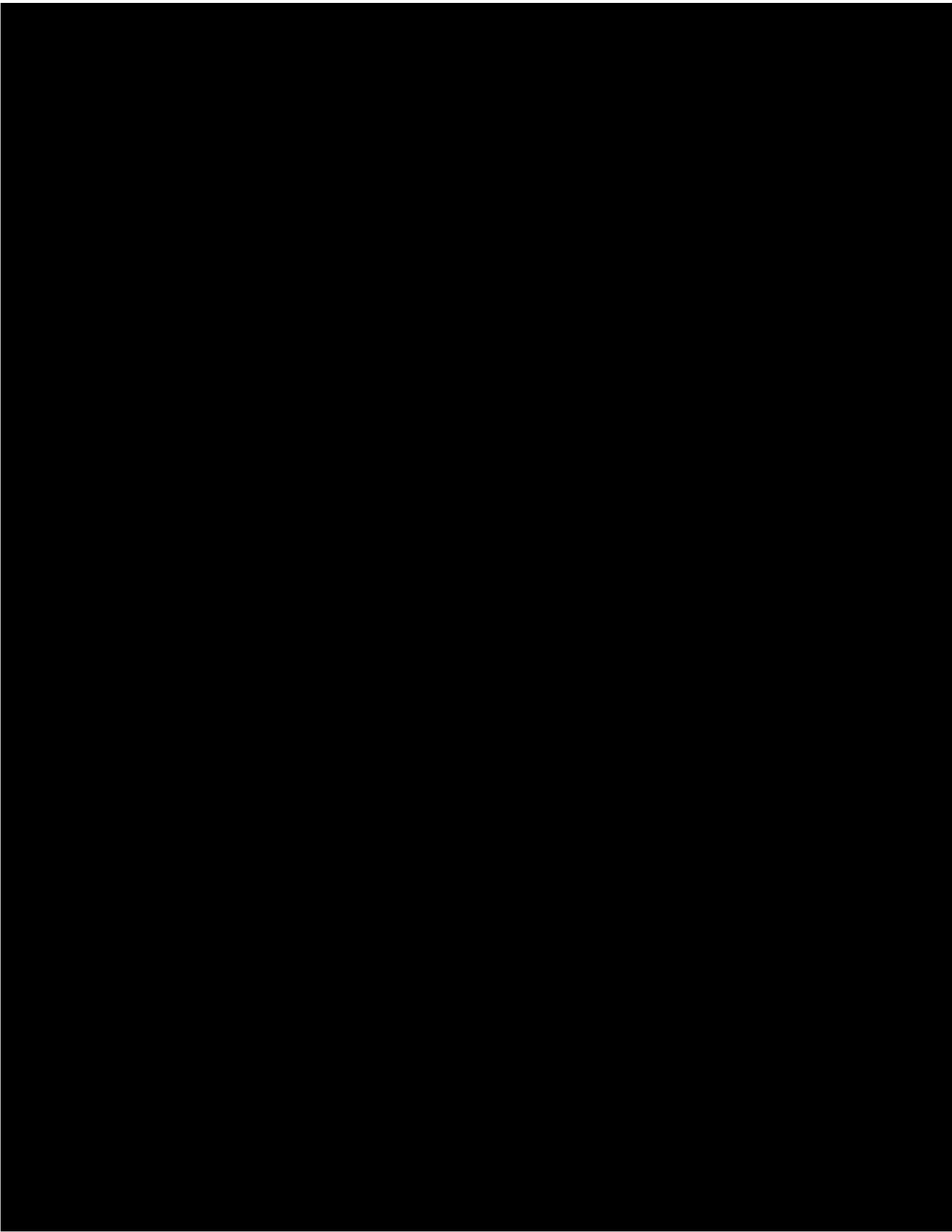


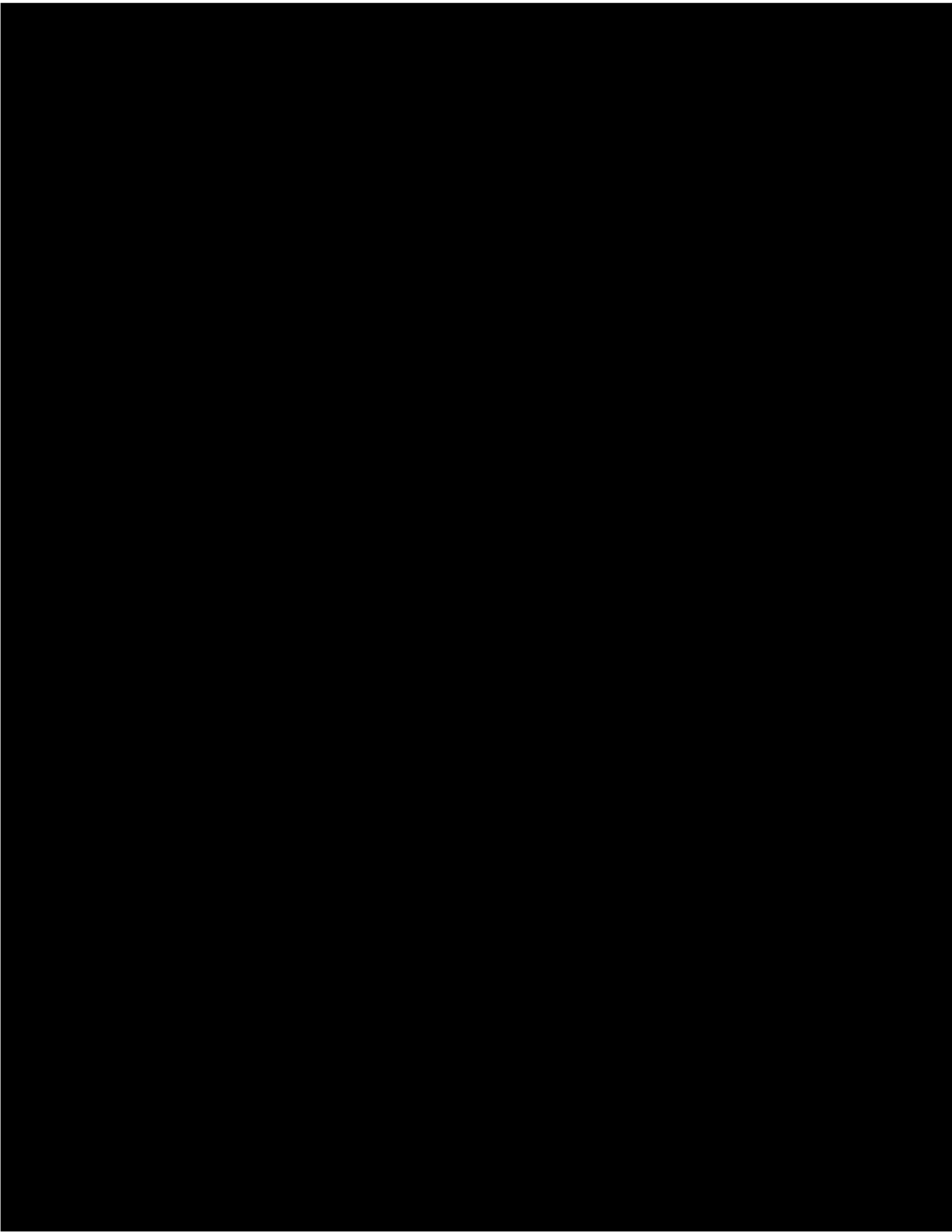


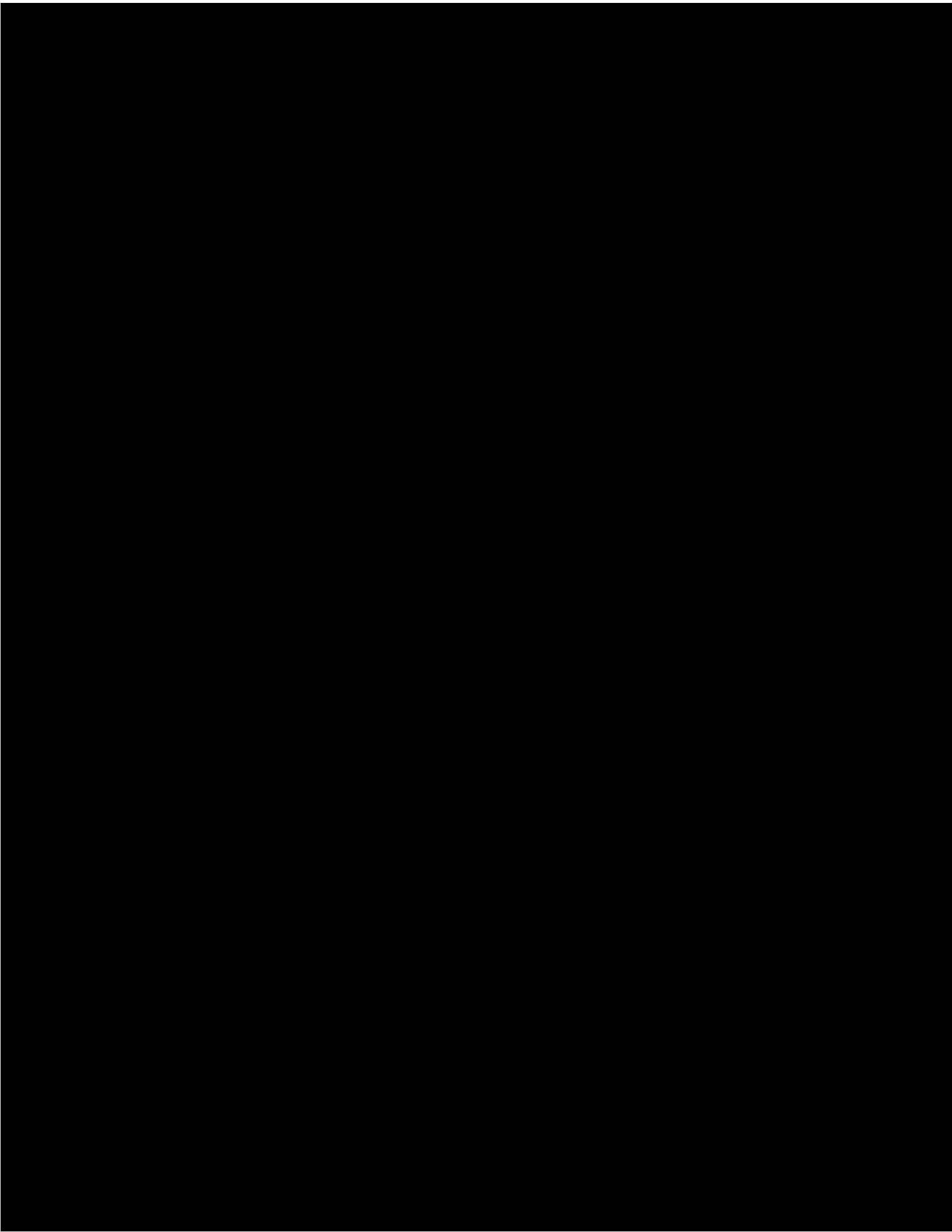


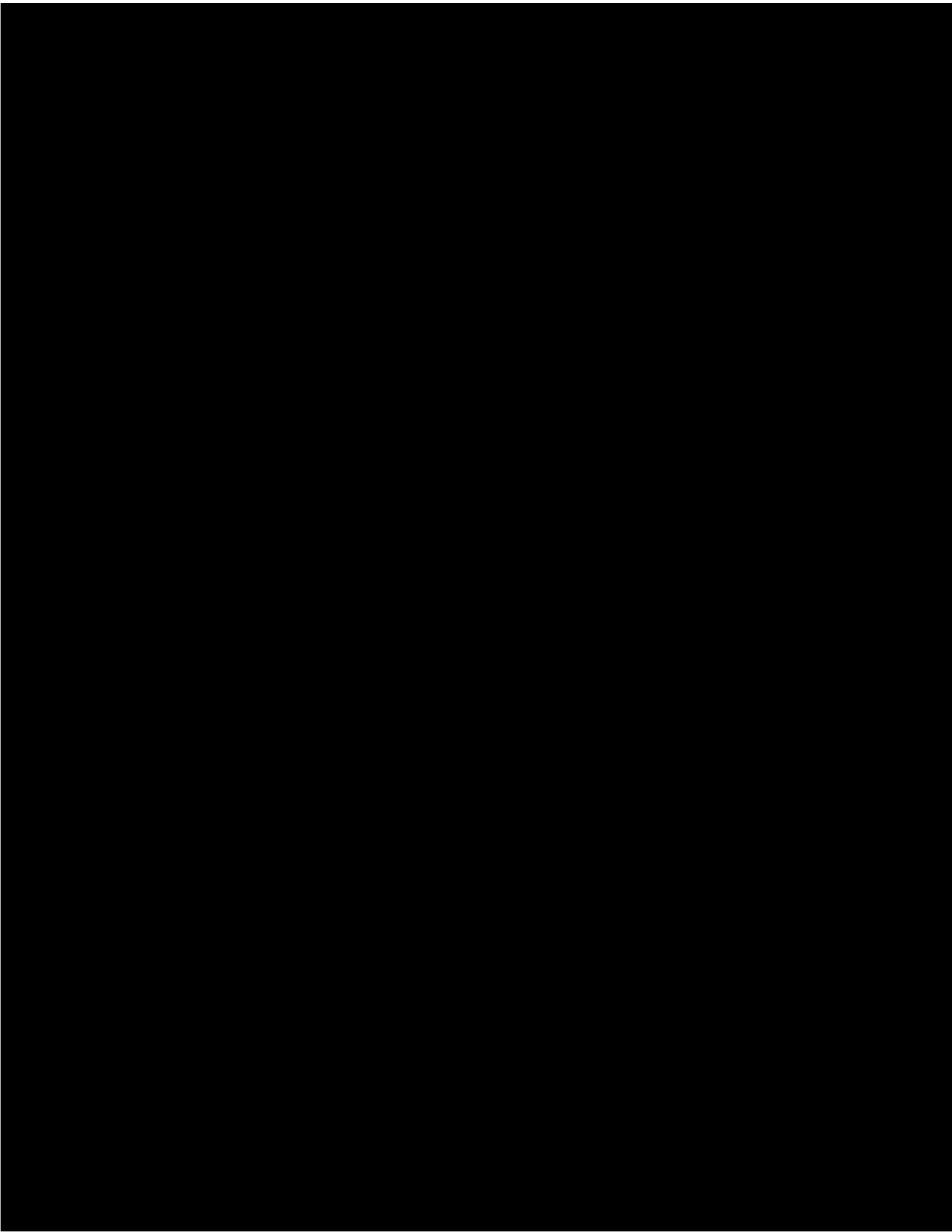


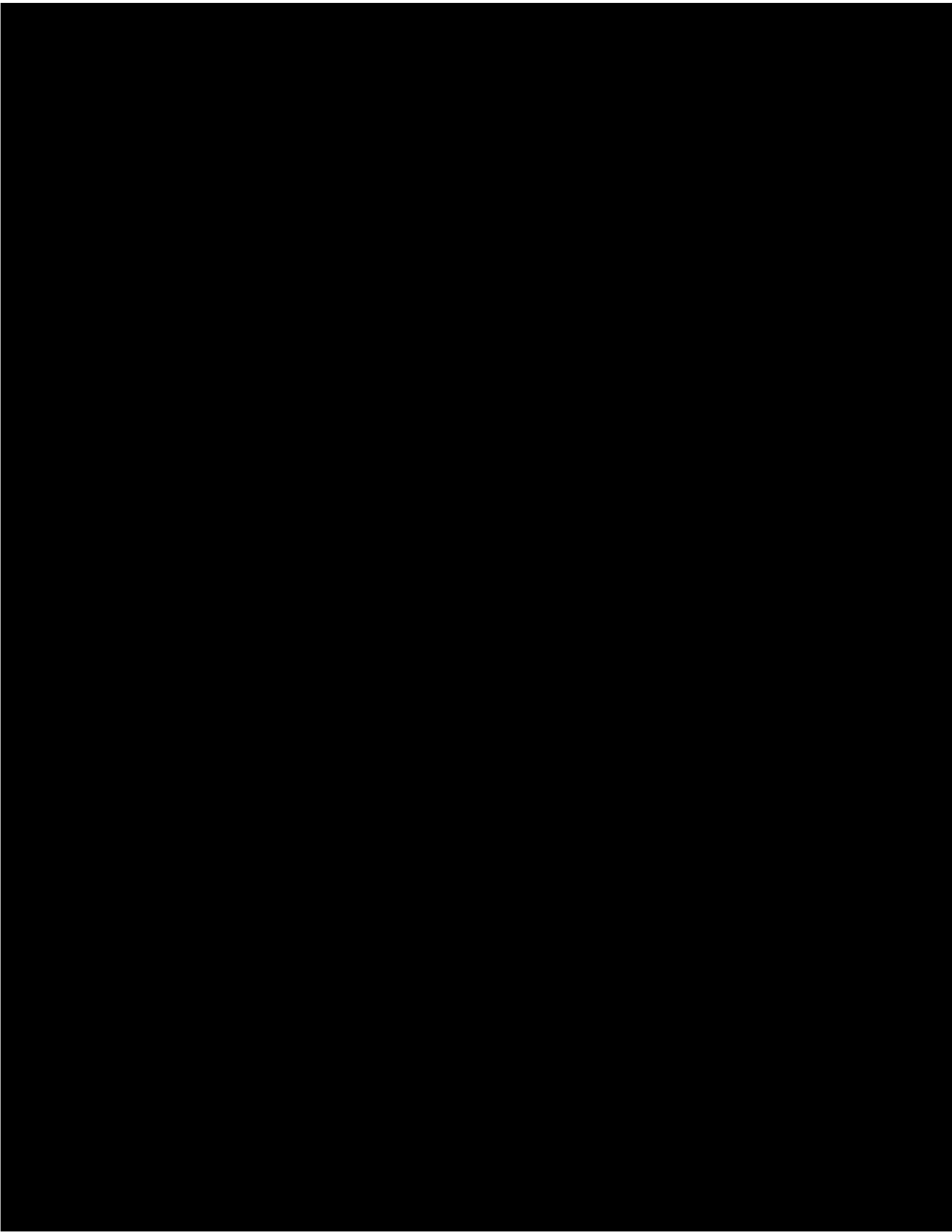












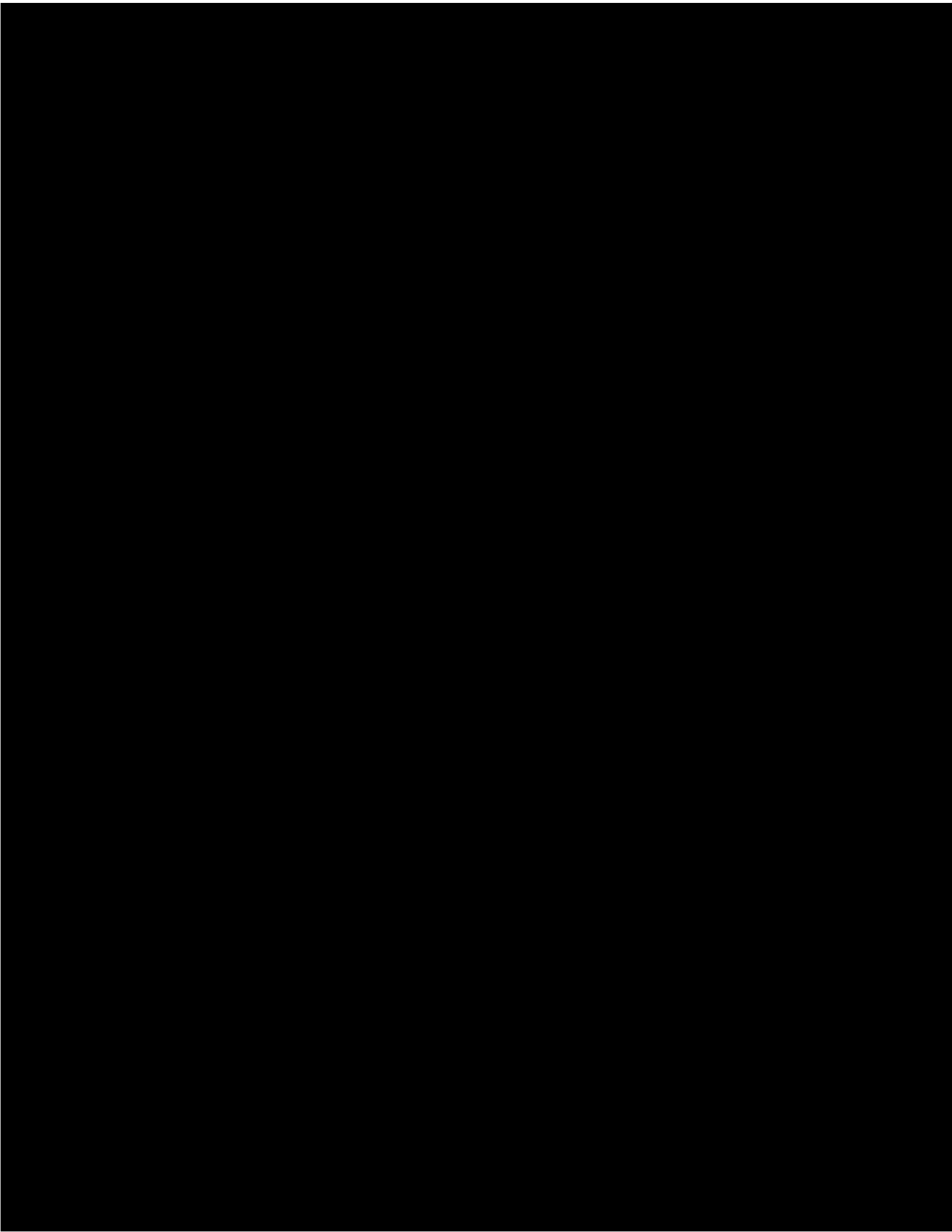


EXHIBIT 30

EXHIBIT 31

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EXHIBIT 34

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EXHIBIT 37

Rogers has begun talks with prospective buyers of Shaw's Freedom Mobile

ALEXANDRA POSADZKI > TELECOM REPORTER

ANDREW WILLIS >

PUBLISHED MARCH 13, 2022

FOR SUBSCRIBERS

This article was published more than 6 months ago. Some information may no longer be current.



[SJR-B-T \(/investing/markets/stocks/SJR-B-T/\)](/investing/markets/stocks/SJR-B-T/) +0.12% ▲ the effort to sell Shaw's wireless business, Freedom Mobile, is finally under way.

But in order to close the deal, which would combine two of the country's largest cable systems, Rogers will need to convince Ottawa that Freedom Mobile's new owner will be able to compete effectively against Canada's three big wireless carriers.

Toronto-based Rogers has initiated talks with a number of prospective buyers interested in Freedom, according to two people familiar with the discussions. The Globe and Mail is not identifying the individuals because they are not authorized to discuss the matter publicly.

Shaw's Freedom Mobile faces tough national competition if sold in Rogers deal, BCE executive says

Rogers will work with regulators to ensure Shaw takeover doesn't eliminate fourth player, CEO says

It is unclear how serious the potential buyers are at this stage of the discussions, which are continuing, but there is at least one player who isn't at the table. Quebecor Inc.'s Videotron Ltd., which has made no secret of its interest in Freedom, is absent from the talks, according to another source whom The Globe is not identifying.

Representatives of Rogers and Quebecor declined to comment.

Earlier this month, Innovation, Science and Industry Minister François-Philippe Champagne made it clear that he won't allow Rogers to acquire all of Shaw's wireless licences, as doing so would be incompatible with Ottawa's desire for competition in the sector. The federal ministry is one of three federal bodies reviewing the takeover; Rogers also requires approvals from the Competition Bureau and the Canadian Radio-television and Telecommunications Commission. Rogers has said it expects the takeover to close by the end of June.

Shaw's Freedom Mobile, which operates in Alberta, British Columbia and Ontario, has close to two

gonna look?”

Quebecor president and chief executive officer Pierre Karl Péladeau previously said that Videotron is looking to expand outside of its home province of Quebec, either by acquiring Shaw’s wireless business or by becoming a mobile virtual network operator, or MVNO. (The CRTC issued a ruling last year forcing the national wireless carriers and SaskTel to open up their networks to eligible regional players who wish to become MVNOs.)

Last year, Quebecor spent \$830-million on licences to use wireless airwaves, with more than half of that investment going into four Canadian provinces outside of its home market: Ontario, Manitoba, Alberta and B.C.

However, Bank of Nova Scotia analyst Jeff Fan recently questioned whether Quebecor has resigned itself to expanding nationally through an MVNO rather than by acquiring Freedom. “That was our impression based on the continued shareholder return, plus the shift in tone in the earnings release and on the call related to national wireless that seemed to focus more on MVNO,” Mr. Fan said in a research note. “However, when asked, [Mr. Péladeau] on the call noted that acquiring Freedom from the Rogers-Shaw (as part of the potential remedy divestiture) is still a consideration,” he added.

One option, according to Mr. Lawford, would be to split up the assets – which include customer accounts, wireless licences, cellphone towers and stores – between regional telecoms such as Quebecor, rural internet provider Xplornet Communications Inc., which is owned by New York-based infrastructure investment firm Stonepeak Infrastructure Partners, Cogeco Communications Inc. and Bragg Communications Inc.’s Eastlink.

“You can try to do the four-players-in-each-market thing for a while,” Mr. Lawford said in an interview. “They could kind of stumble along for two, three, four years, and then I presume they would just all get bought out again.”

Cogeco has long said it would like to be able to offer wireless services to its existing customers, and CEO Philippe Ietté has left the door open to picking up Shaw’s wireless assets in Ontario. However, Mr.

THE FEDERAL GOVERNMENT'S QUEST FOR a fourth national wireless carrier began more than a decade ago, when Stephen Harper's Conservative government set aside wireless airwaves for new entrants during a 2008 auction. Three wireless startups emerged from the auction: Wind Mobile, which was later renamed Freedom; Public Mobile, which was acquired by Telus Corp.; and Mobilicity, which Rogers later bought.

Shaw, which for years had gone back and forth on whether to get into the wireless sector, bought Freedom in 2016 for \$1.6-billion. Since then, Calgary-based Shaw has poured more than \$1-billion into buying wireless airwaves and upgrading the network, Chima Nkemdirim, vice-president of government relations, told members of Parliament last year during a public hearing into the takeover.

Despite the investments, Freedom is still not producing free cash flow, Mr. Nkemdirim said – demonstrating how difficult it is to compete as the fourth wireless carrier.

The buyer of Freedom Mobile will also need to pour significant funds into deploying 5G. Mr. Fan has previously said that the buyer of Freedom may have to shell out up between \$300-million and \$1.5-billion by 2025 to roll out fifth-generation wireless services and compete with Canada's big telecoms.

Executives at rival Bell have spoken publicly about the challenges that a divested Freedom Mobile would likely face. "I don't see how that fourth player could be as strong a competitor as Freedom Mobile has been in the past," BCE CEO Mirko Bibic said last week during Morgan Stanley's technology, media and telecom conference.

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EXHIBIT 38

OPINION

The time is now to renew and reinforce Ottawa's four-player wireless policy

PIERRE KARL PÉLADEAU

CONTRIBUTED TO THE GLOBE AND MAIL

PUBLISHED MAY 20, 2021

This article was published more than 1 year ago. Some information may no longer be current.

On March 15, [Rogers Communications Inc.](#)

[RCI-B-T \(/investing/markets/stocks/RCI-B-T/\)](#) -0.88% ▼ and Shaw Communications Inc. [SJR-B-T \(/investing/markets/stocks/SJR-B-T/\)](#) -1.47% ▼ announced they had reached an agreement for Rogers to acquire Shaw. This blockbuster transaction has understandably generated a considerable amount of media attention and commentary. Much of this commentary has focused on the potential impact of the deal on the Canadian [telecommunications](#) landscape and has been very much to the point.

[Certain commentators](#), however, have seized upon this transaction as evidence that Canadian telecommunications policy has failed. In their view, if Shaw cannot make a play as an independent competitor, particularly in wireless, then all hope is lost. We may as well throw in the towel to the Big Three national wireless carriers ([BCE Inc.'s](#) [BCE-T \(/investing/markets/stocks/BCE-T/\)](#) -0.72% ▼ Bell Canada, Telus Corp. [T-T \(/investing/markets/stocks/T-T/\)](#) -1.21% ▼ and Rogers).

I refuse to endorse this pessimism.

Clearly, Shaw's readiness to combine with Rogers is motivated by a series of factors. There are important synergies to be had in merging cable operations, and Shaw's fibre footprint has evident value for Rogers in wireless. Rogers is willing to pay a substantial premium for these assets and the Shaw family has made the strategic decision that now is the right time

to sell. To suggest, however, that this transaction was motivated by a lack of faith at Shaw in the four-player wireless model simply does not stand up to scrutiny.

What is Bill C-10 and why are the Liberals planning to regulate the internet?

Bill C-10 will not save Canada's dying private broadcasters

As recently as November, 2020, in a submission regarding an eventual auction of spectrum in the 3,800 MHz band, Shaw made the case that investments by facilities-based disruptors such as itself are “driving unprecedented progress toward sustainable competition in the Canadian wireless market.”

Including a new entrant set aside as part of the auction, Shaw argued, “will provide significant benefits for Canadians in the form of lower prices and more valuable services. In contrast, the Big Three argue for policies that would enable them to capitalize upon 5G to preserve and extend their joint dominance.”

This view, by the way, is far from an isolated one. In a 2019 study published as part of the Canadian Radio-television and Telecommunications Commission's review of wireless services, the Competition Bureau concluded that where the Big Three face an effective facilities-based wireless disruptor, prices are generally 35 per cent to 40 per cent lower than in other parts of Canada.

Quebeckers, of course, have known this effect for years. Ever since launching its own wireless network in 2010, Quebecor Inc.'s

[QBR-B-T \(/investing/markets/stocks/QBR-B-T/\)](#) -1.97% ▼ Videotron Ltd. has forced the Big Three to be much more responsive to Quebec consumers. The result has been a virtuous cycle of consumer benefits, with Quebec being the first and only province to meet the federal government's targeted 25-per-cent price reduction for most of the specified wireless plans.

In recent months, thanks to substantial investments by Shaw in its Freedom Mobile subsidiary, consumers in Ontario, Alberta and British Columbia have also begun to reap similar benefits.

What the naysayers seem to have missed is that none of this happened by accident. Since 2007, successive federal governments have maintained a coherent, three-pronged wireless policy framework consisting of spectrum set-asides, mandatory roaming and mandatory

tower-sharing. It is precisely these conditions that have enabled Quebecor, through Videotron, to purchase spectrum at auction, to add \$2.7-billion in incremental infrastructure investments and, ultimately, to break the wireless cartel.

In short, Canada's four-player wireless policy has produced undeniable benefits for Canadian consumers, first in Quebec and increasingly across the country. Shaw may have decided for its own commercial and family reasons that it no longer wants to be a driver of this policy. That is Shaw's prerogative. But it is absolutely no reason to reject the policy itself.

Innovation, Science and Economic Development Canada and the Competition Bureau now face their most important wireless policy decision since 2007. To allow Freedom Mobile to be absorbed into Rogers would be the death knell of facilities-based competition in much of Canada. A substantial majority of the country's population would be left to the whim of a three-player oligopoly that has shown itself to be willing and able to use its market power to harm consumers.

There is, however, a way forward. As a condition for concluding its acquisition of Shaw, Rogers must be directed to fully divest itself of the wireless assets of Freedom Mobile. This divestiture must be accompanied by renewed and reinforced commitments related to pro-competitive auction rules, mandatory roaming, mandatory tower sharing and competitive access to wireline backhaul facilities.

Quebecor, for one, will be taking a serious look at the opportunities that emerge from such a divestiture. We know that the next great wave of wireless investment and innovation is happening now. With the right conditions in place, we can make it work for all Canadian consumers.

Pierre Karl Péladeau is president and CEO of Quebecor Inc.

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Quebecor and Videotron take another step towards expansion outside Quebec

July 30, 2021 - Press Release

Conclusion of 3500 MHz spectrum auction

Montréal, July 29, 2021 – True to its tradition as a Canadian telecom innovation leader, Quebecor today announced an investment of nearly \$830 million in the acquisition of 294 blocks of spectrum in the 3500 MHz band across the country. More than half of the investment is concentrated in four Canadian provinces outside Québec: southern and eastern Ontario, Manitoba, Alberta and British Columbia. The strategic investment positions Québec's flagship carrier to realize its ambition of boosting healthy competition in telecom beyond the borders of Québec.

"This major investment paves the way for large-scale projects in Québec and other Canadian provinces in the coming years," says Pierre Karl Péladeau, President and CEO of Quebecor. "Our success in Québec has served Quebecers well. Today, we are taking another step towards bringing leading-edge technology and healthy competition to more Canadian consumers."

Strong presence since 1964

Videotron has long been a forerunner in the industry. The Quebecor subsidiary was the first to offer pick-and-pay television plans, the first to launch a video streaming service with Club illico, and most recently the first in Canada to create an all-digital telecom brand with **Fizz**. Videotron has invested billions over decades to create distinctive offerings and services, and to build out a reliable, powerful, robust telecommunications network.

"In 2006, we ended the Big 3 oligopoly by offering Quebecers the services of a new wireless carrier," notes Mr. Péladeau. "With more than 1.5 million customers for our high-quality wireless services, we can say this move has been a resounding success! Now we want to offer other Canadians the opportunity to enjoy the same quality, price and customer service."

Equipped to succeed

Now that it holds 175 blocks of spectrum (for an average depth of 32 MHz) in the 3500 MHz band in four Canadian provinces outside Québec, Quebecor plans to roll out its mobile telephone service in some urban and rural areas in the rest of Canada.

Over the past 10 years, Quebecor's Videotron subsidiary has made its mark in Québec with its expanding mobility offering. As a result, Quebecers were able to pay 35% to 40% less for wireless services well before other Canadians. The acquisition of a significant number of blocks of 3500 MHz spectrum (for an average depth of 43 MHz) across the province reaffirms Quebecor's commitment to long-term investment in Québec.

5G roll-out well underway

The acquisition of 3500 MHz spectrum is crucial for the continued roll-out of 5th generation mobile technology in Québec and across the country. The 3500 MHz band will facilitate the introduction of premium 5G mobile broadband services by significantly reducing latency and, combined with new radio access technologies, will significantly increase signal quality. It is another step towards delivering the full 5G experience with all its benefits.

"5G isn't just the technology of the future, it's the technology of the present," says Pierre Karl Péladeau. "We must be as innovative in our investing strategies as we are on the technological front, and we have been just that in this auction."

Creating a conducive environment

Earlier this year, Quebecor indicated its interest in acquiring Shaw's wireless assets, should they be sold. While the outcome of the Rogers/Shaw deal will not be known for several months, Mr. Péladeau noted that federal authorities have a duty to act in the best interest of Canadian consumers:

"We are now counting on the government to create a favourable environment to foster and maintain healthy competition. We are confident that we are the right player, the one with a real ability to break the oligopoly and put consumers across Canada back in the driver's seat."

If conditions are favourable, Quebecor plans to exercise the rights arising from recent Canadian Radio-television and Telecommunications Commission decisions to offer millions of Canadians competitive services.

For more information, see the [fact sheet](#)

Conference call for investors and audio Webcast

A conference call (English only) on Quebecor's acquisition of blocks of spectrum in the 3500 MHz band in the auction¹⁰¹⁷ ended on July 23rd, 2021 will be held on July 30th, 2021 at 10:00 a.m. (EDT). There will be a question period reserved for financial analysts. Media will be able to participate in this conference call in listen-only mode.

To view the presentation to be discussed during the call, please visit Québecor's website at www.quebecor.com/en/investors

| | |
|--|---|
| Conference call: | Quebecor's acquisition of blocks of spectrum in the 3500 MHz band |
| | Friday, July 30th 10:00 a.m. (EDT) |
| Call-in number: | 1-833-952-1520 (Canada – É.-U.) |
| Participant code: | 3689992# |
| Webcast access link (audio only): | https://produceredition.webcasts.com/starthere.jsp?ei=1485416&tp_key=e0b0ff19a9 |

Anyone unable to attend the conference call will be able to listen to a recording, by calling 1-855-859-2056 (Canada - USA), access code: 3689992. The recording will be available until September 30th, 2021.

Forward-looking statements

The statements in this press release that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms "plans," "expects," "may," "anticipates," "intends," "estimates," "projects," "seeks," "believes," or similar terms, variations of such terms or the negative of such terms. Certain factors that may cause actual results to differ from current expectations include seasonality (including seasonal fluctuations in customer orders), operating risk (including fluctuations in demand for Quebecor's products and pricing actions by competitors), new competition and Quebecor's ability to retain its current customers and attract new ones, risks related to fragmentation of the advertising market, insurance risk, risks associated with capital investments (including risks related to technological development and equipment availability and breakdown), environmental risks, risks associated with cybersecurity and the protection of personal information, risks associated with service interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics or other public health crises, including the COVID-19 pandemic, political instability in some countries, risks associated with emergency measures implemented by various governments, risks associated with labour agreements, credit risk, financial risks, debt risks, risks related to interest rate fluctuations, foreign exchange risks, risks associated with government acts and regulations, risks related to changes in tax legislation, and changes in the general political and economic environment. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause Quebecor's actual results to differ from current expectations, please refer to Quebecor's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of Quebecor's Management Discussion and Analysis for the year ended December 31, 2020.

The forward-looking statements in this press release reflect Quebecor's expectations as of July 29th, 2021, and are subject to change after that date. Quebecor expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

About Quebecor

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs more than 10,000 people in Canada.

A family business founded in 1950, Quebecor is committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment and entrepreneurship.

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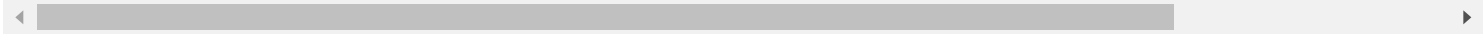
QUEBECOR AND VIDEOTRON TAKE ANOTHER STEP TOWARDS EXPANSION OUTSIDE QUEBEC

PRESS INQUIRIES



Véronique Mercier

Vice-president, Communications QMI
medias@videotron.com



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Local News / Business

Challenge to Canada's big three cellphone carriers may benefit Alberta, says Videotron boss

Chris Nelson • For The Calgary Herald
Oct 29, 2021 • October 29, 2021 • 3 minute read • 19 Comments



Quebecor CEO Pierre Karl Peladeau speaks during public hearings at the CRTC in Gatineau, Quebec, Wednesday April 17, 2019.
PHOTO BY ADRIAN WYLD /THE CANADIAN PRESS

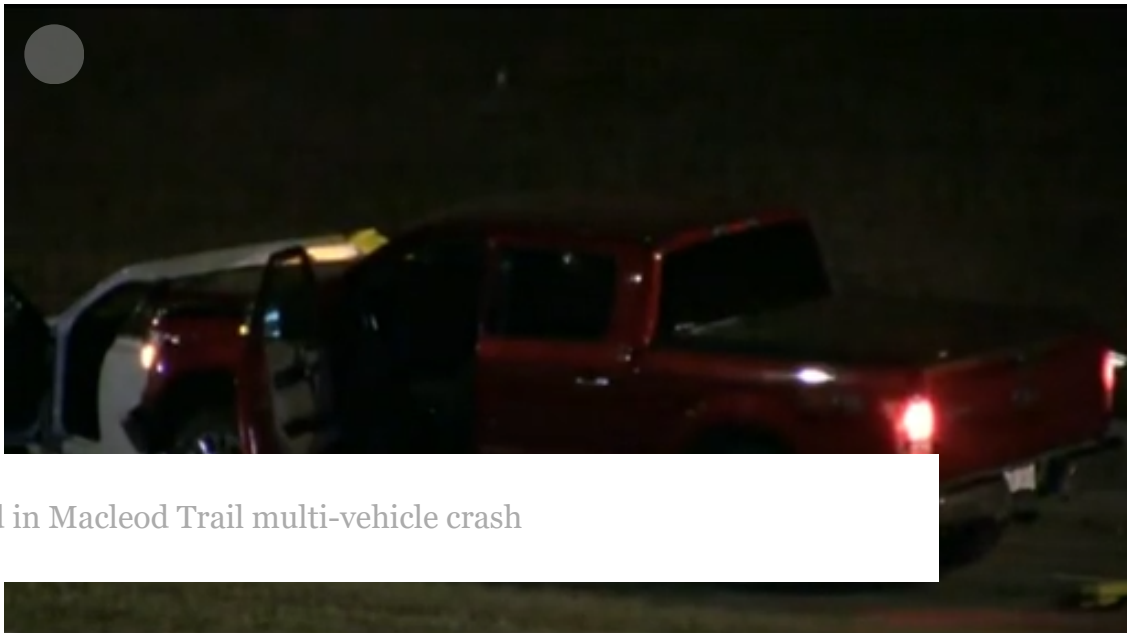
Albertans wanting lower cellphone bills and more innovative service should welcome a new player in the marketplace, says the head of Quebec's mobile company Videotron.

STORY CONTINUES BELOW





Successive Canadian governments and regulators have long pushed for a strong fourth entrant in the country's wireless industry to challenge the dominance of Bell, Telus and Rogers.



Two dead in Macleod Trail multi-vehicle crash

Pierre Karl Peladeau, CEO of Quebecor, the parent company of Montreal-based Videotron, intends to fill that role, which he believes would bring major savings to future customers across Western Canada. ^{PUBLIC 1022}

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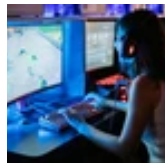
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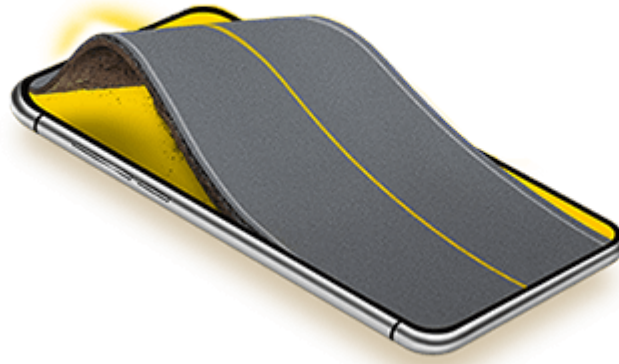
August 30, 2022



Videotron spent \$830 million during the summer buying suitable radio spectrum in a government-backed auction geared toward smaller players in the marketplace. The decision to spend the cash was taken to pave the way for a launch of wireless service across much of the West, including Alberta.

Peladeau said his company plans to build out its own network over the next seven years, saying it will not only increase competition with a corresponding reduction in pricing but also provide engineering, retail and marketing jobs in these new locations.

STORY CONTINUES BELOW



entrants to the market reasonable and timely fair access.

Telus recently sought an injunction in Federal Court to suspend Videotron's purchase of the radio spectrum, arguing it wasn't eligible to participate in the auction.

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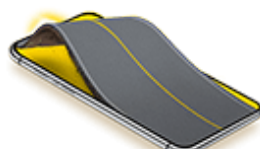
February 5, 2015

However, last week a judge dismissed the move. "The decisive factor is the public interest in fostering greater competition in the market for mobile phone services," the ruling said.

That decision came as a relief to Peladeau, describing the move by Telus as "quite aggressive."

"Telus suing the government, saying, 'You didn't have the right to issue the licence,' this is a first. But the judge understood very well what was the real motive in doing this.

STORY CONTINUES BELOW



 **VIDEOTRON**

“Making sure we will get a fourth operator and a more competitive environment will be the only way that is available to create competition and lower prices,” he said.

When Alberta-based Shaw Communications first entered the mobile marketplace many consumers hoped it would become that strong fourth player that resulted in increased competition and lower prices.

However, in March, Rogers launched a \$26-billion takeover bid for Shaw that is still progressing, although an ongoing internal family feud at Rogers is muddying the waters.

Peladeau pledged Videotron would not follow a similar path by agreeing to a future takeover from a competitor.

“Maybe the dynamic of the (Shaw) family is different. I’m able to talk for today and the years to come. I’m not looking to sell my company — we want to grow because I see some considerable opportunity.

STORY CONTINUES BELOW

Affordable Mobile plans for those who love to stay mobile.



 **VIDEOTRON**

“We are in this for the long haul.”

Industry analysts have speculated that if the Rogers deal is finalized then Shaw’s Freedom Mobile brand would have to be jettisoned to comply with federal competition rules. If that happens, Videotron would be keenly interested in acquiring it, said Peladeau.

“We made public our interest to buy Freedom. Because of the family feud it isn’t easy to understand where this will go, but they know very well our interest — we have made that loud and clear.

“We can build upon Freedom because it is known and we can build upon improving that capacity.” ^{PUBLIC 1025}

Peladeau would not say at what price point Videotron would enter the marketplace but points to the lower costs of mobile plans offered in Quebec compared to Alberta — some recent unlimited data packages offered by competitors are 20 per cent cheaper in Montreal compared to the same offering in Calgary and Edmonton.

He added Videotron is used to being the disrupter in the market, having done exactly that over the past 15 years in Quebec against the same competition now faced in Western Canada.

“We are not a brand-new wireless operator. We know what this business is all about and we know the Canadian landscape. We are also well known within the financial markets, because all this needs the capacity to raise money.”

“All the ingredients for a very successful recipe are there and we will move forward as quick as possible,” said Peladeau.



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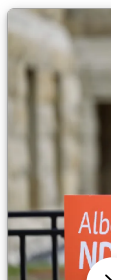
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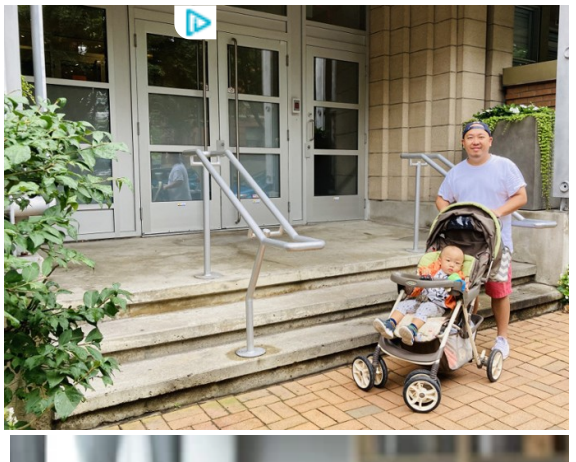


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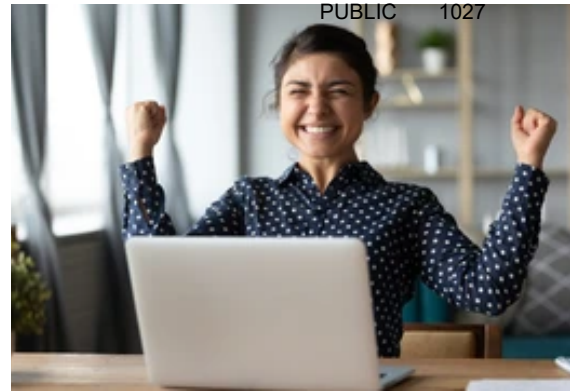
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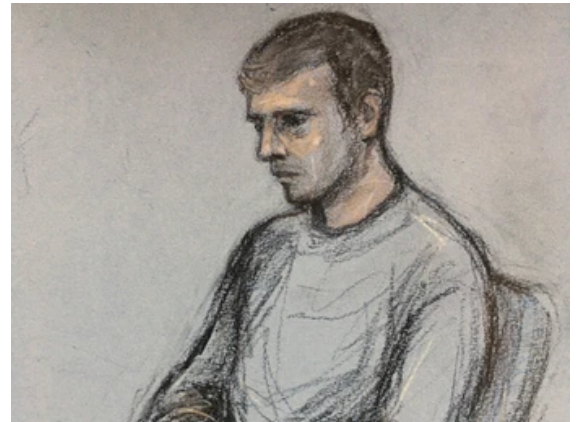


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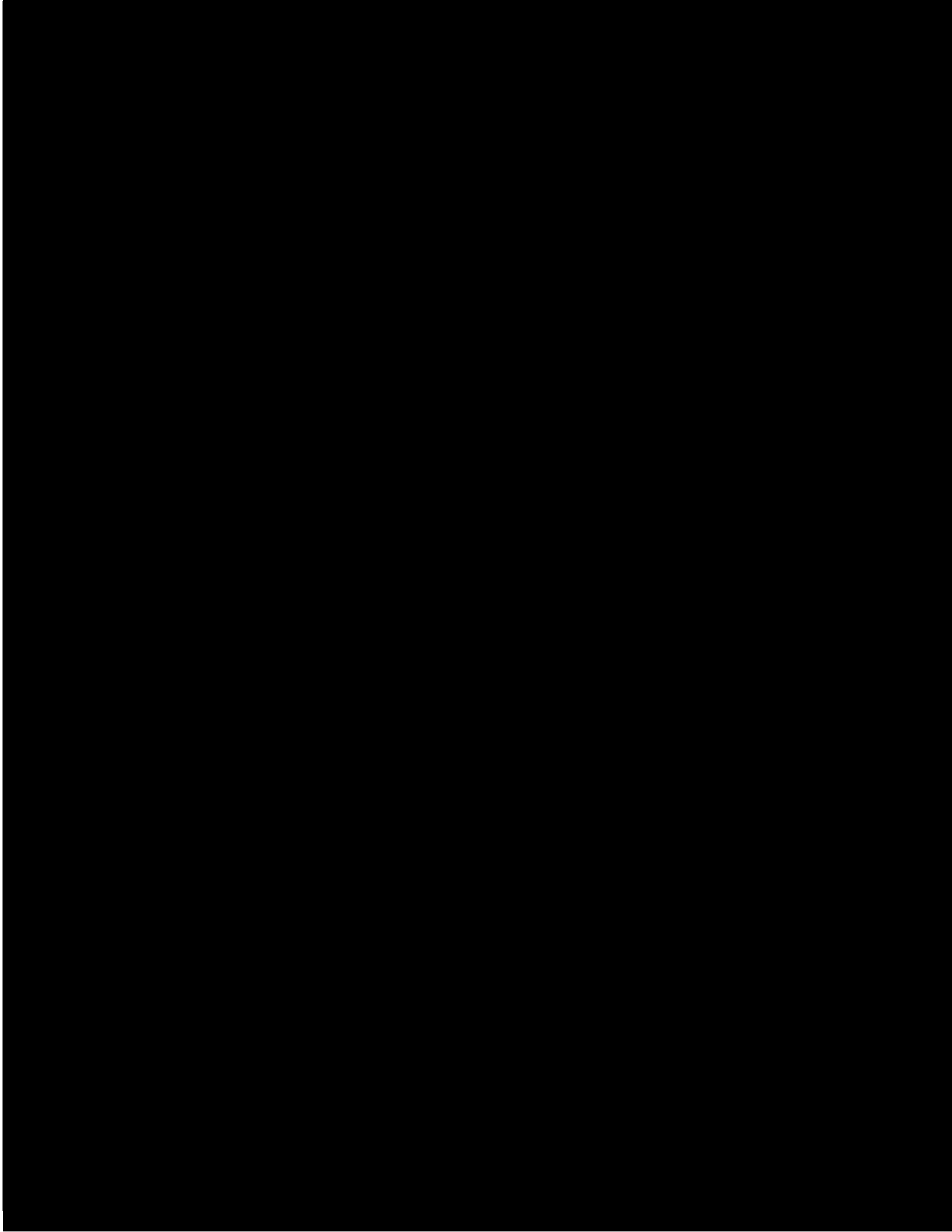


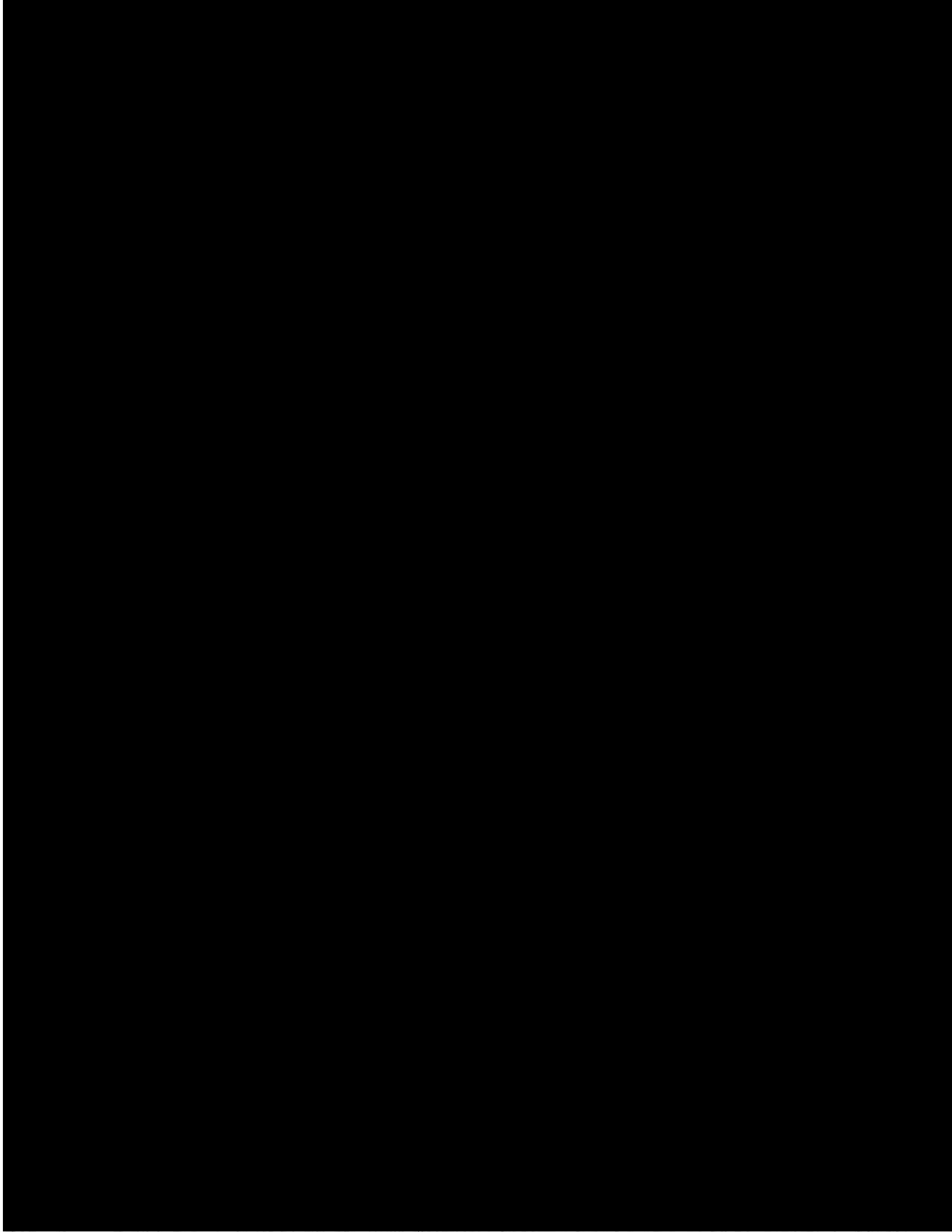


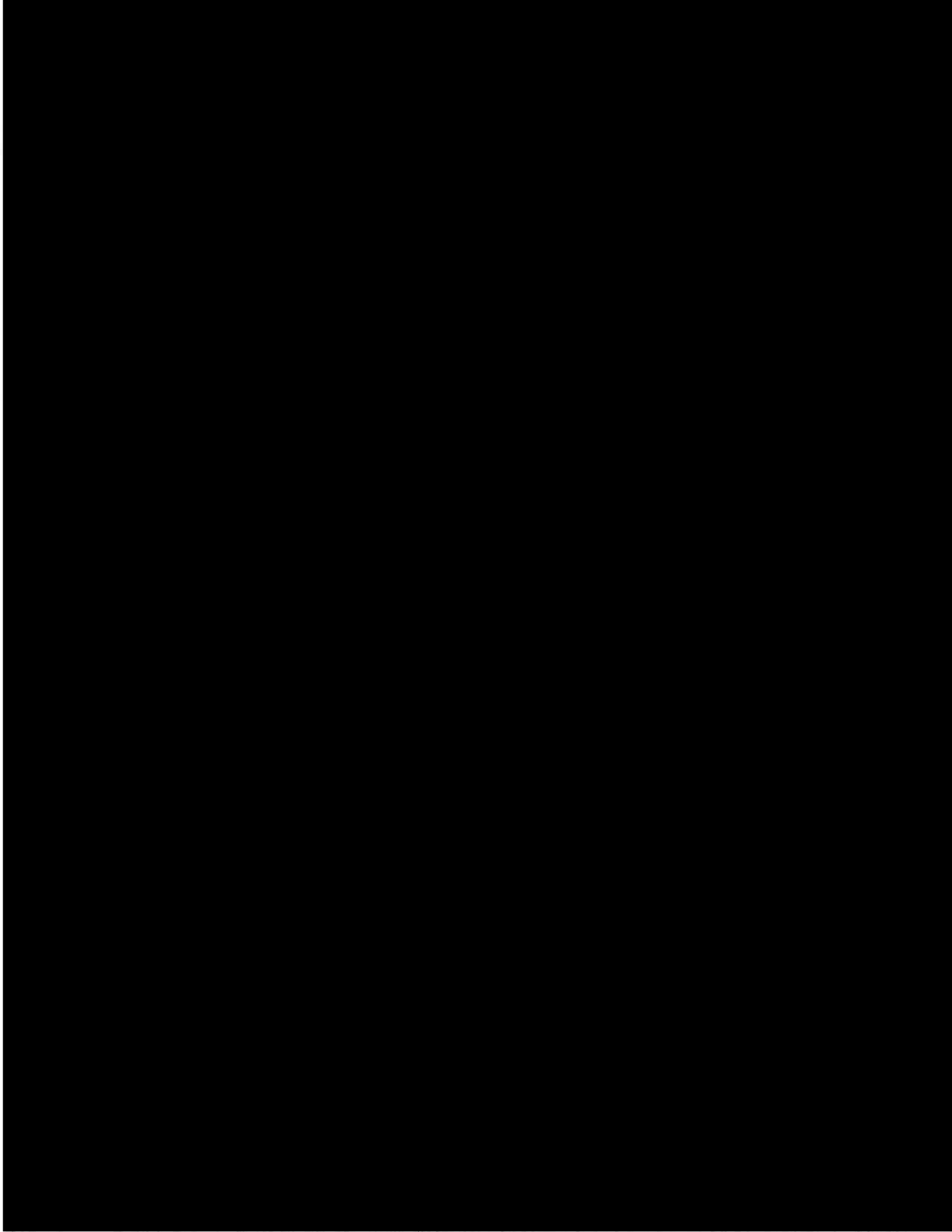


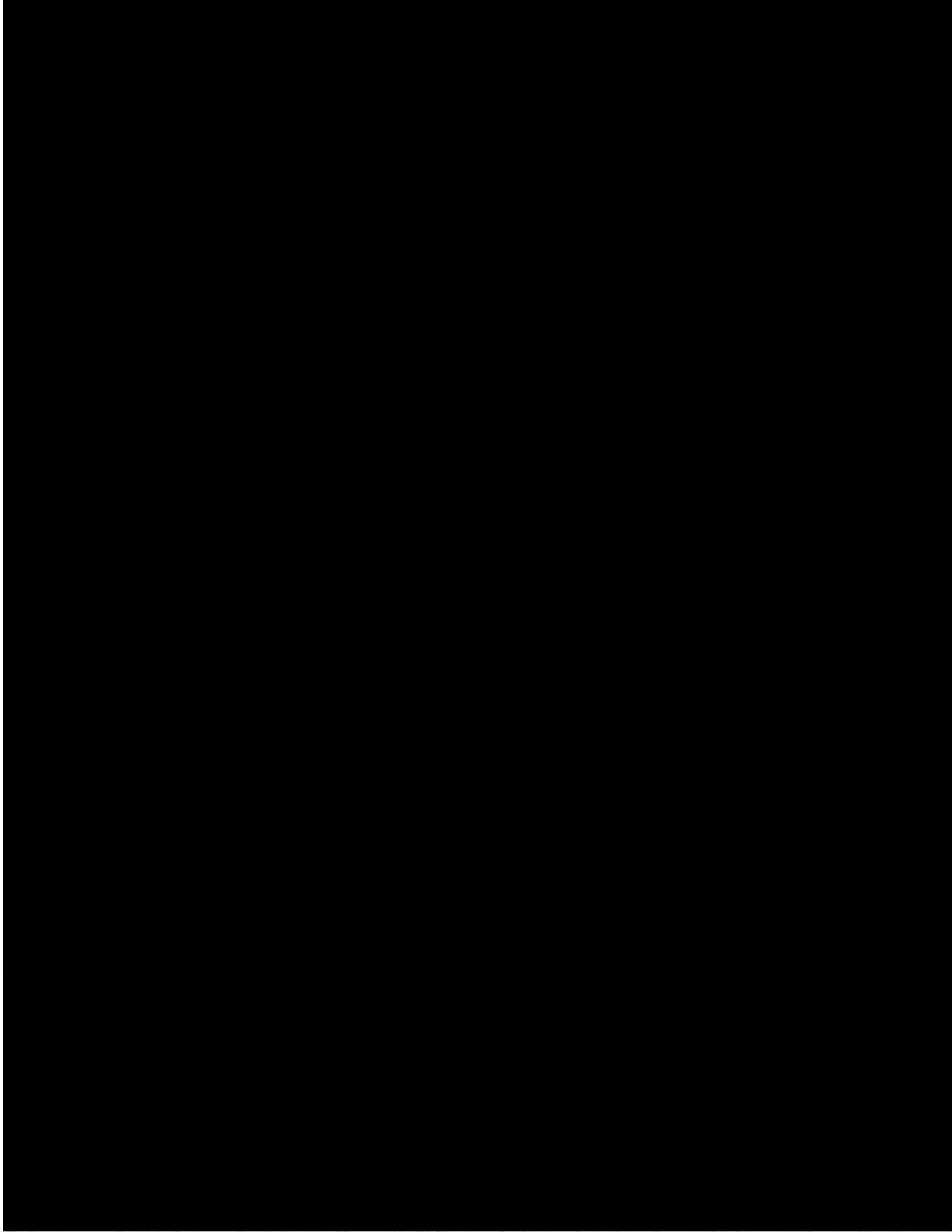


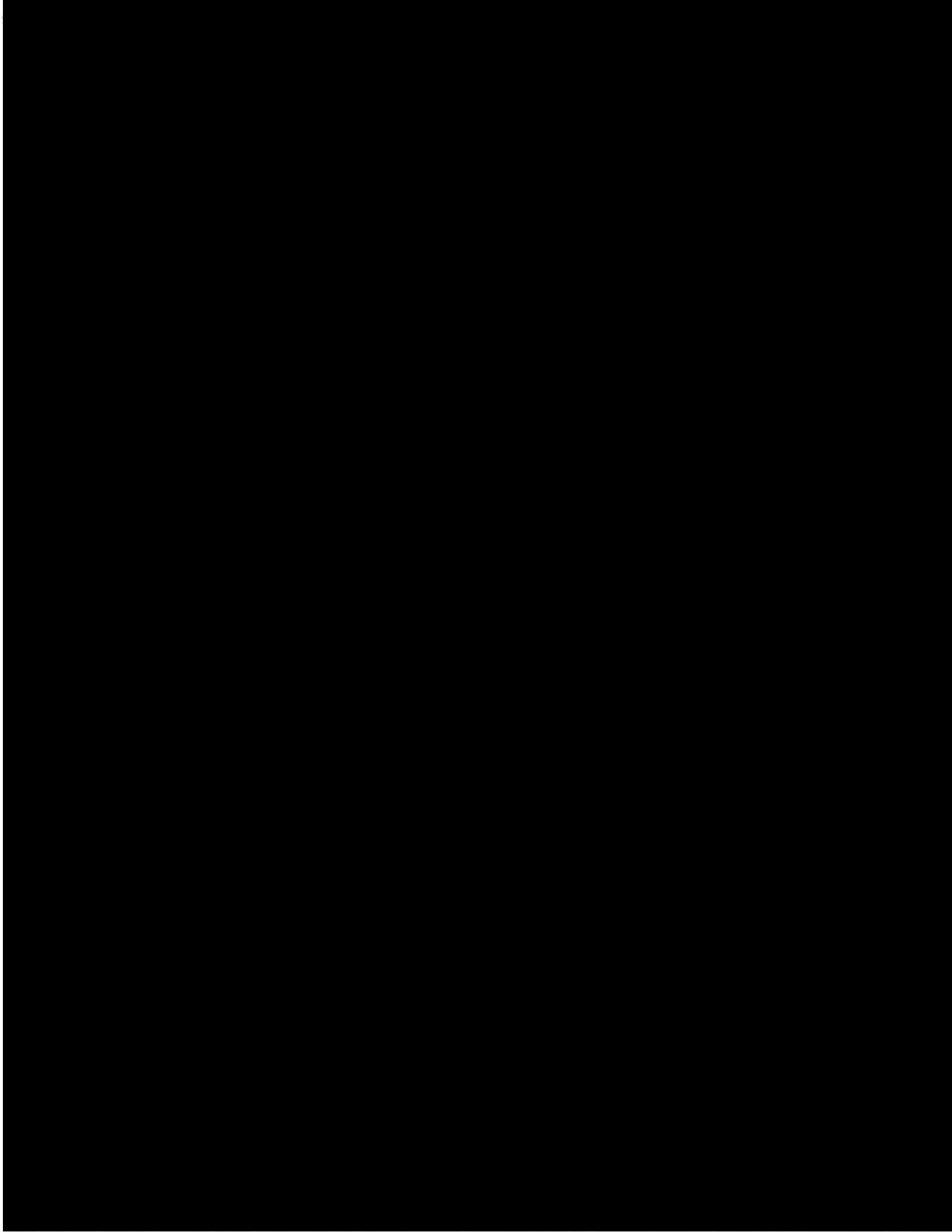
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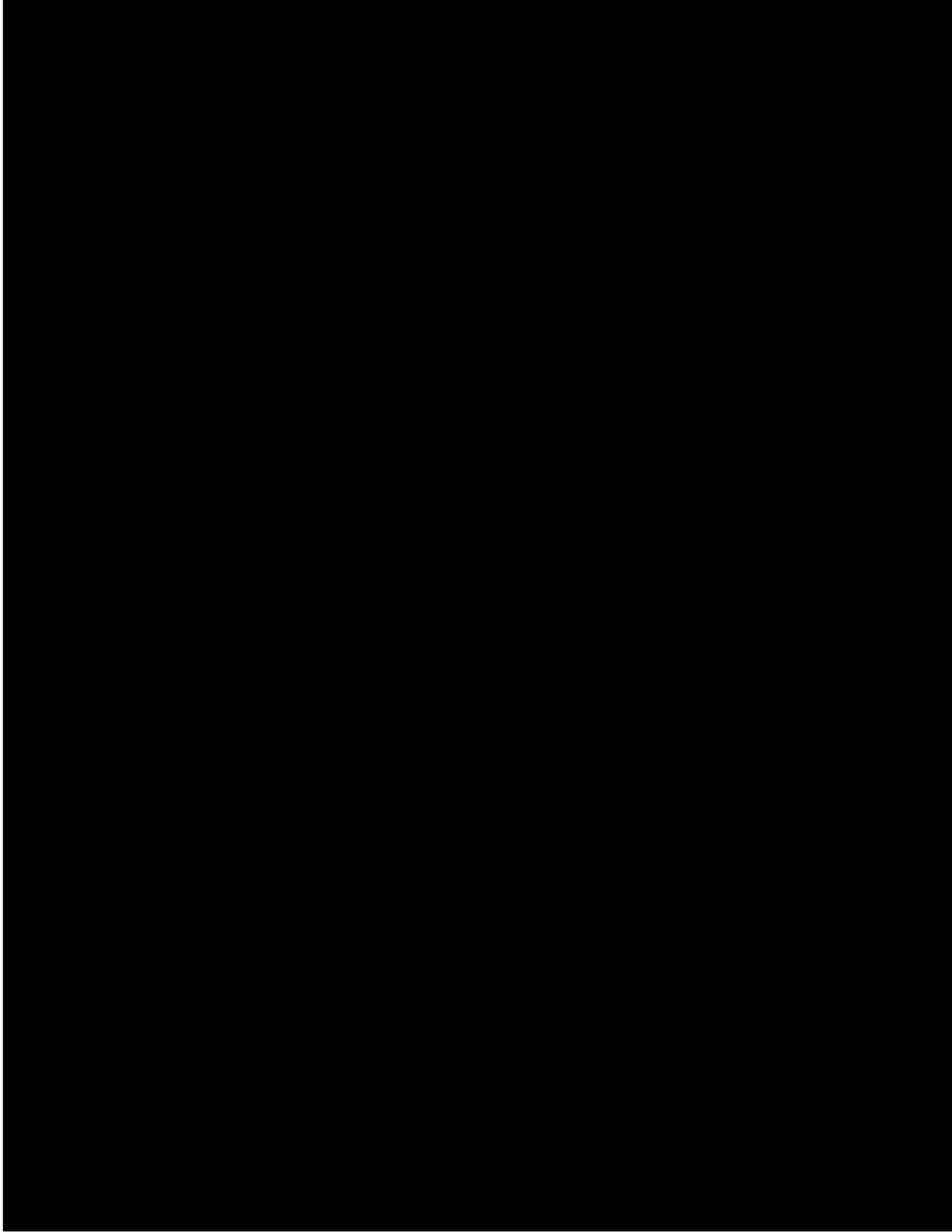


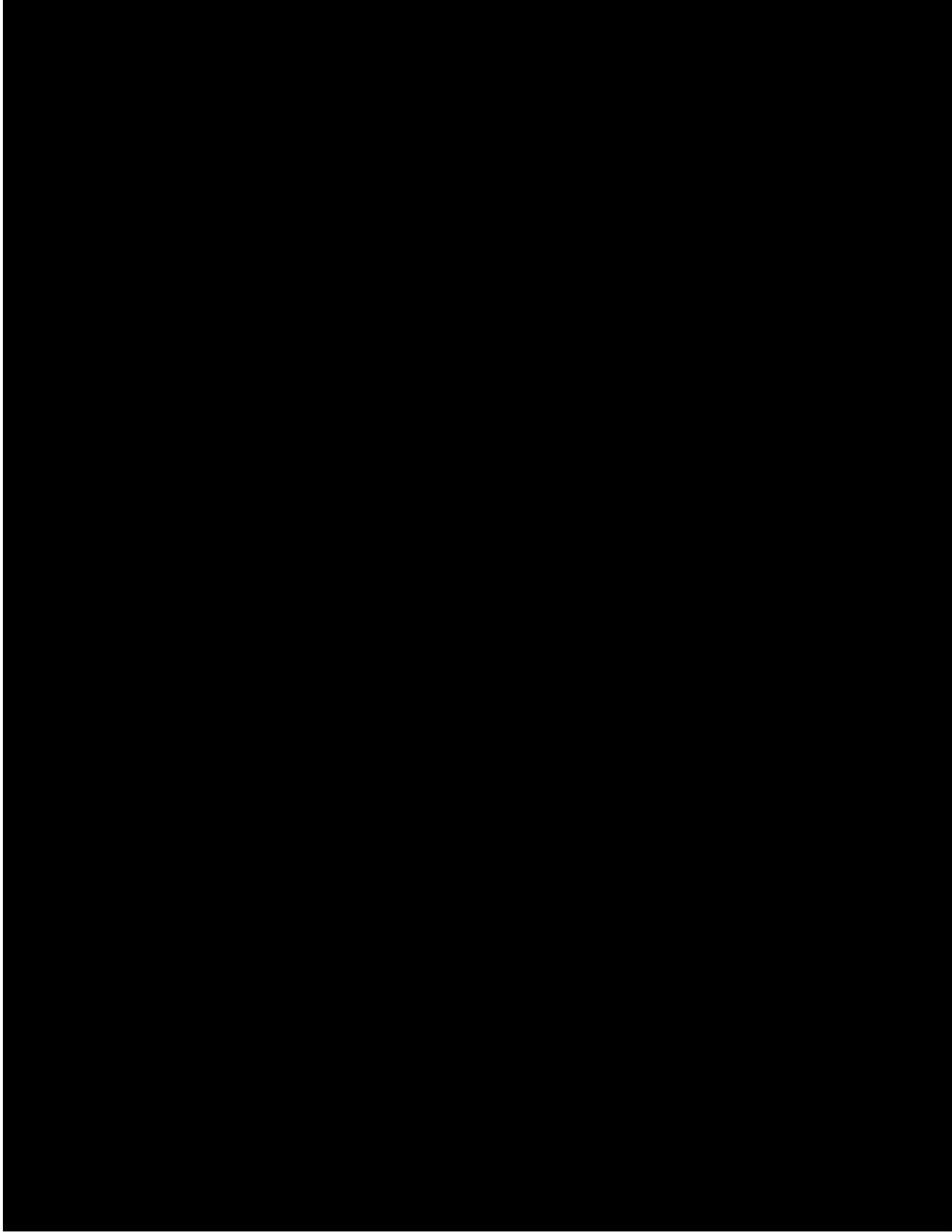


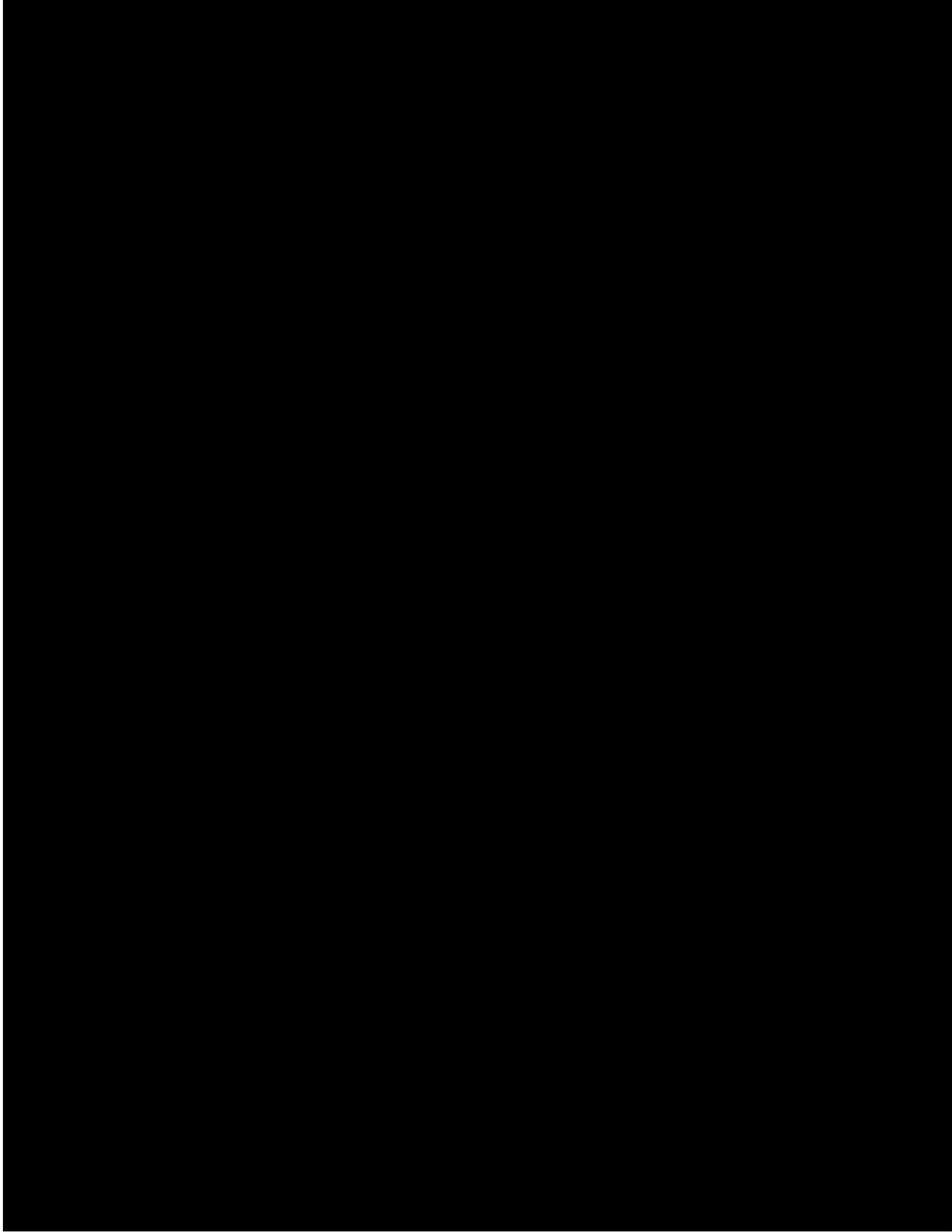


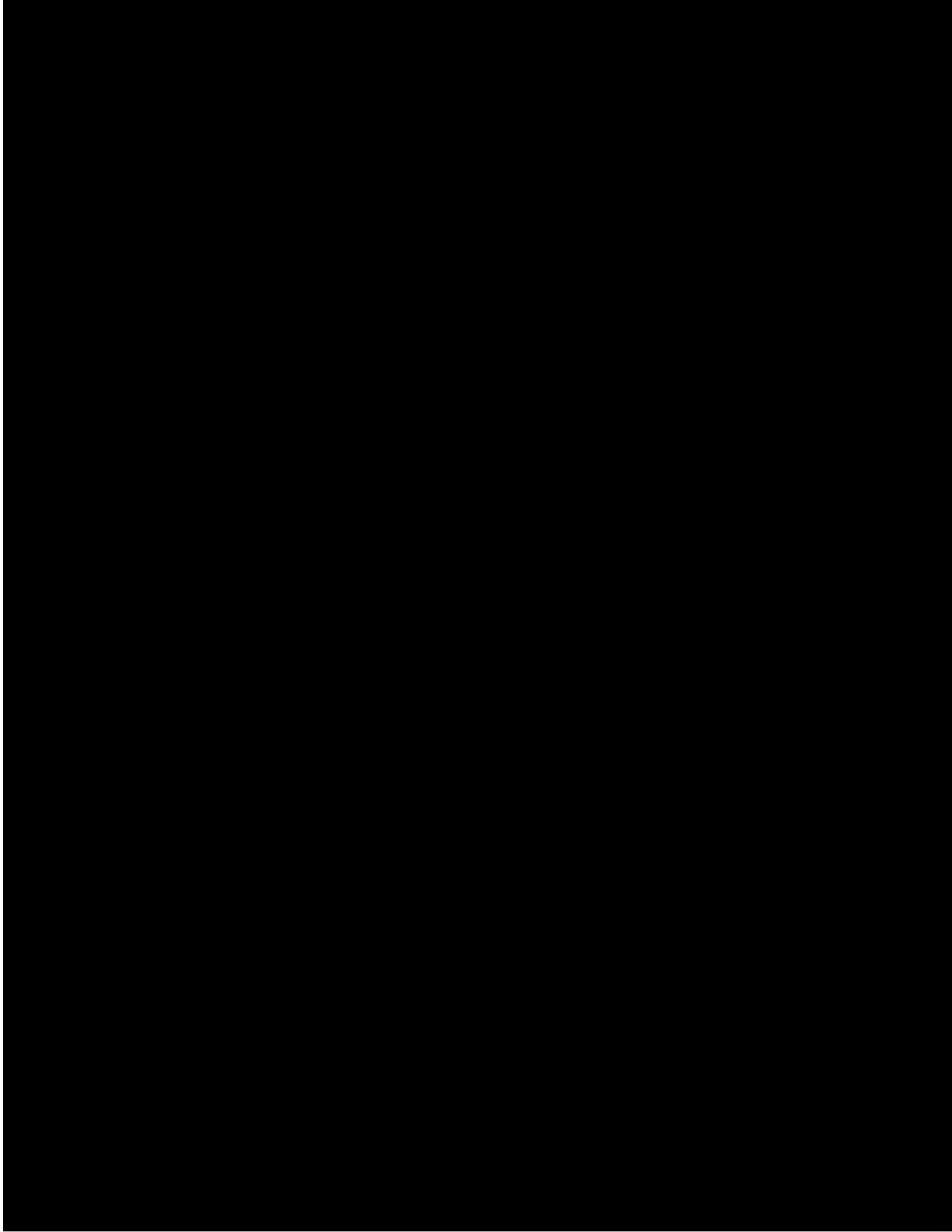


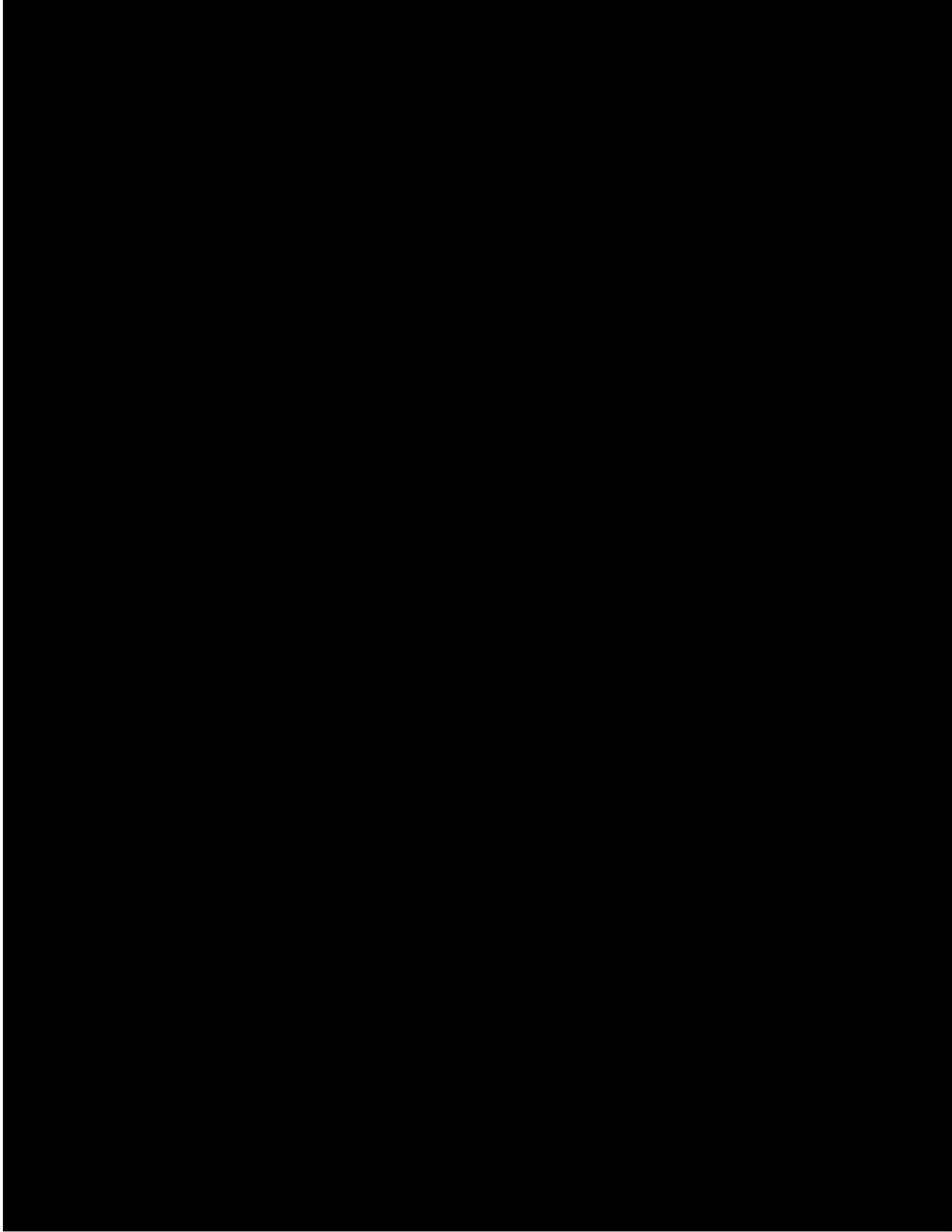


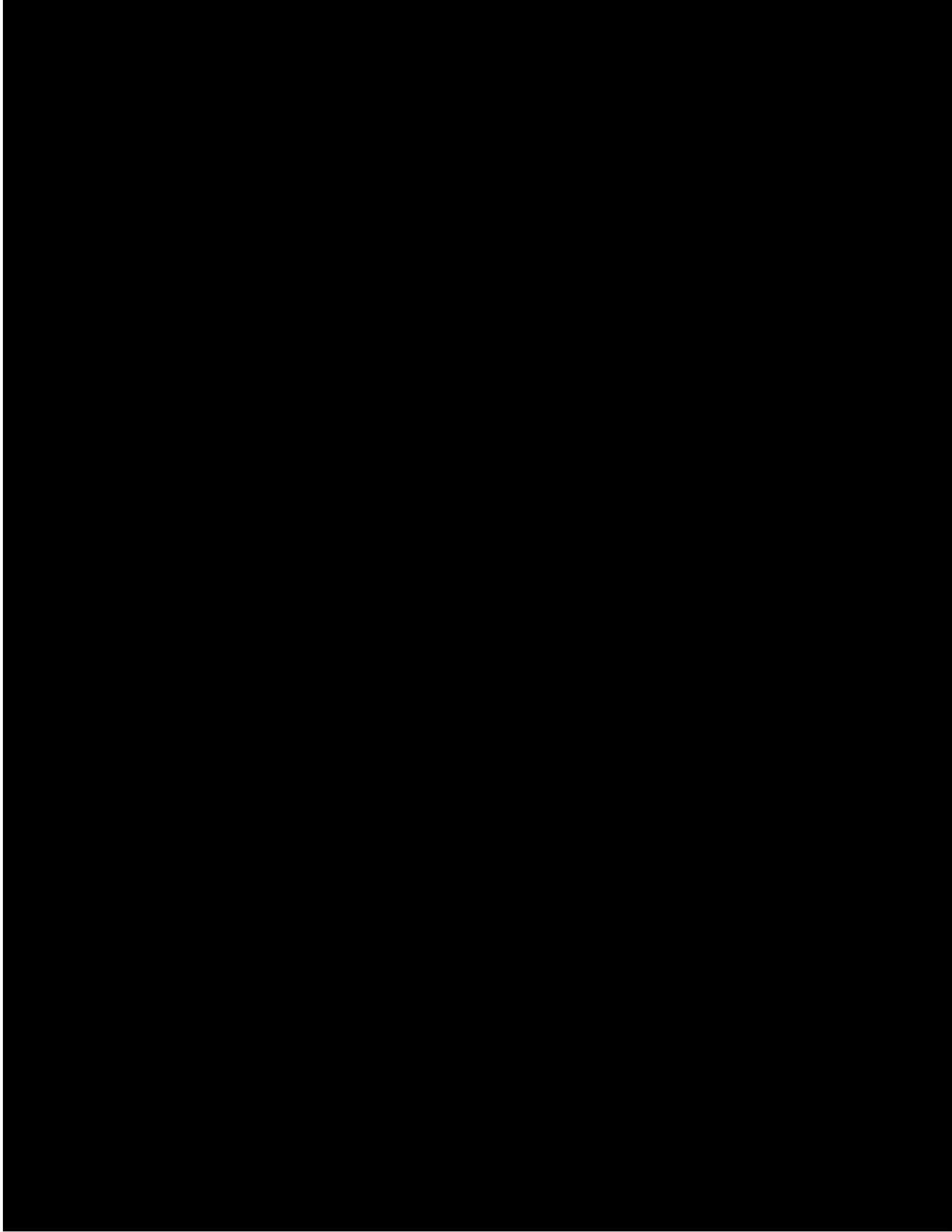












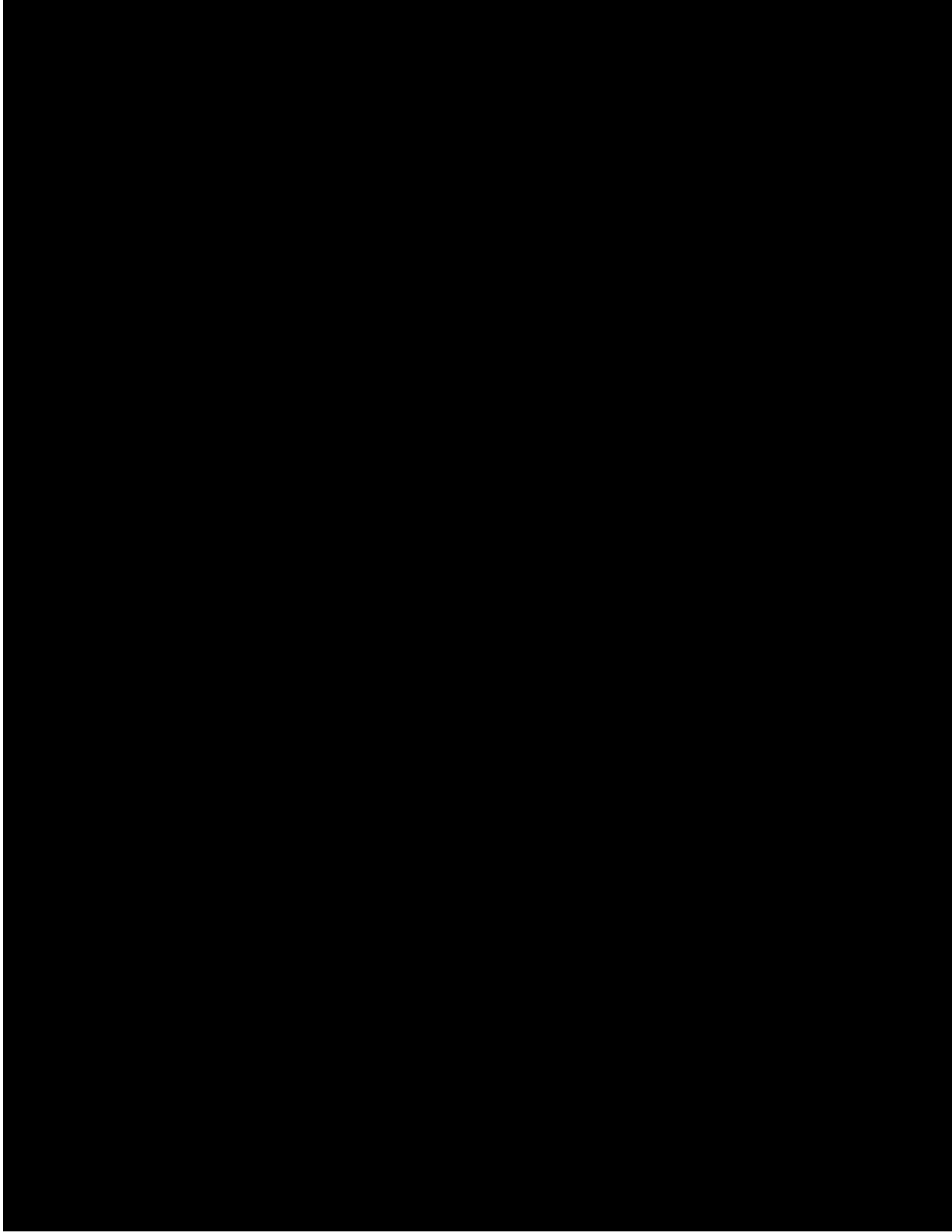


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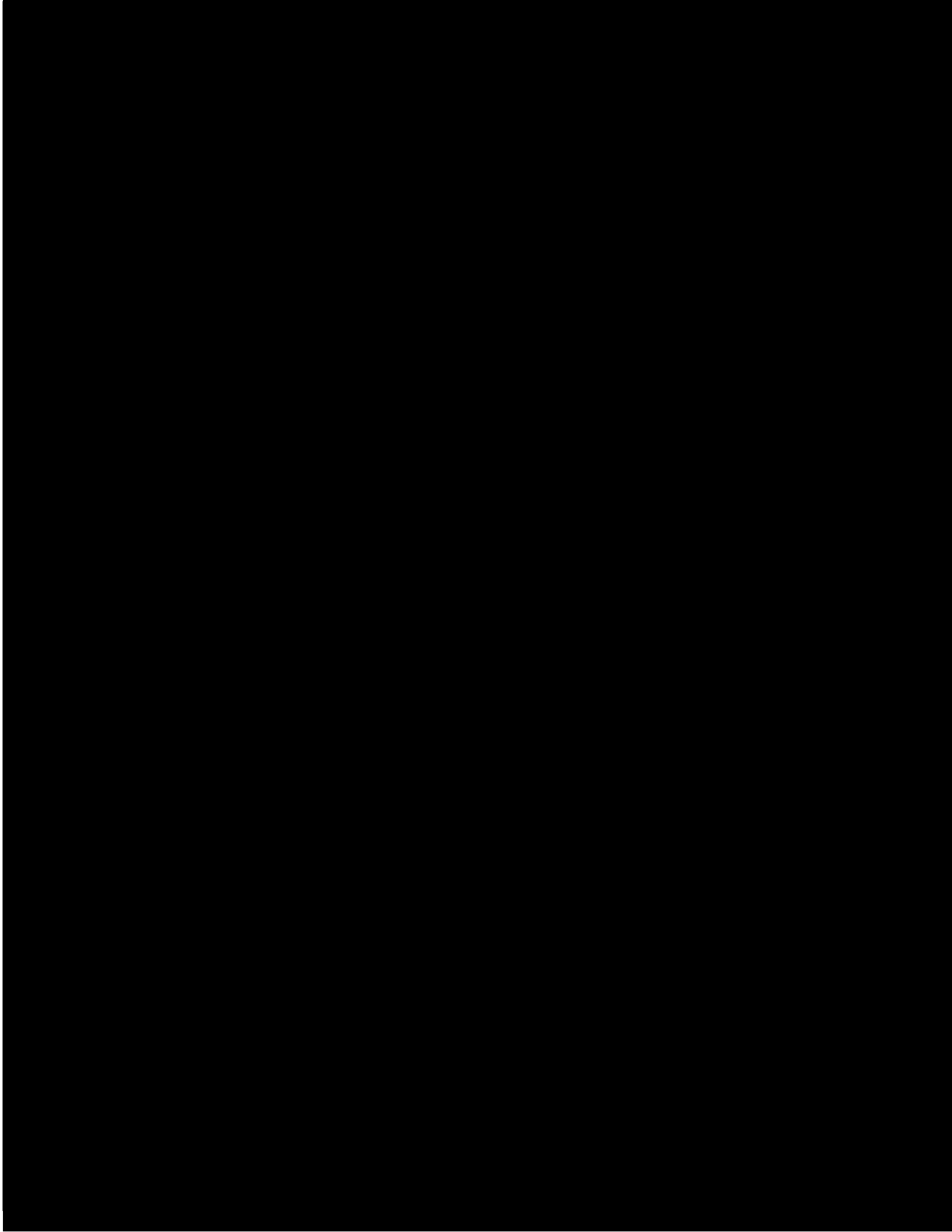
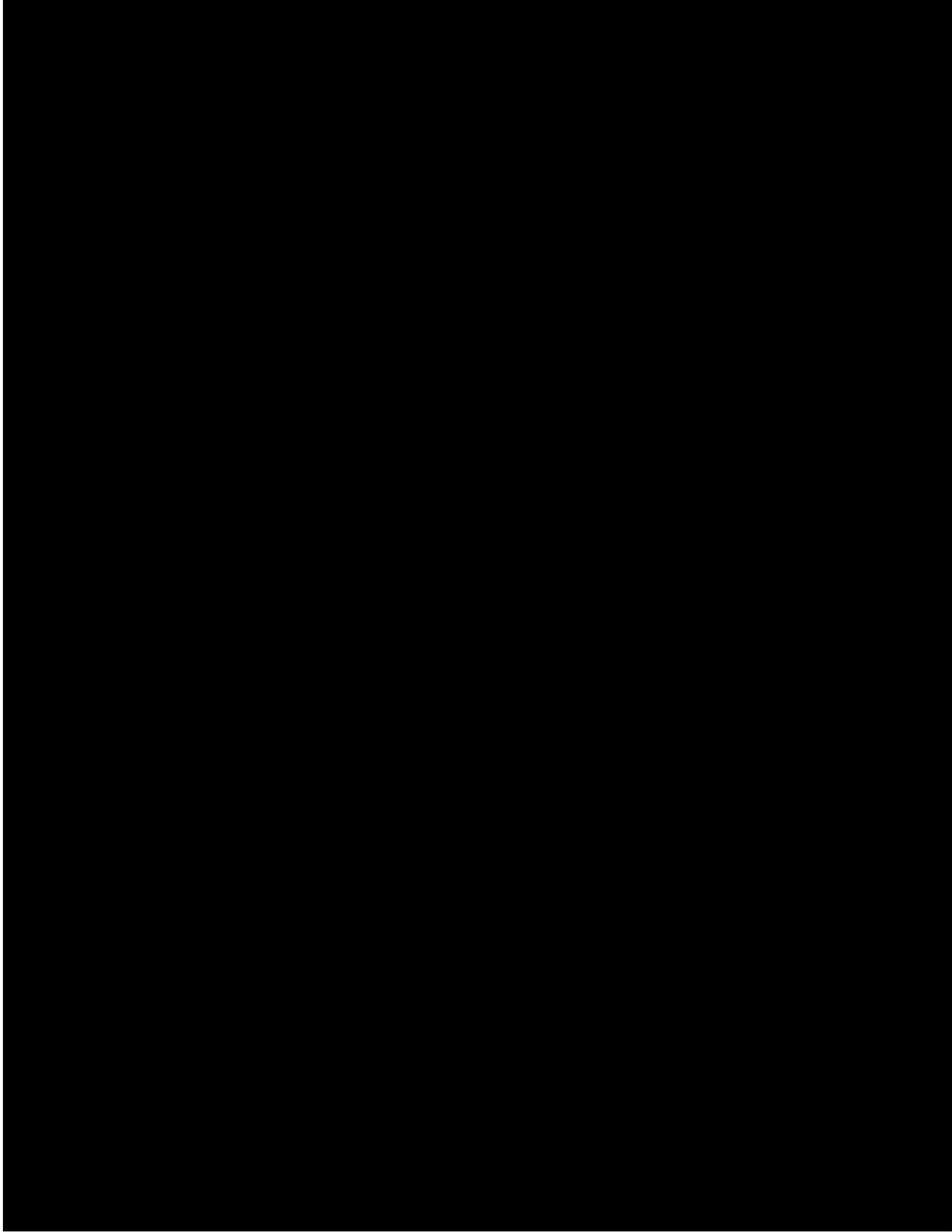
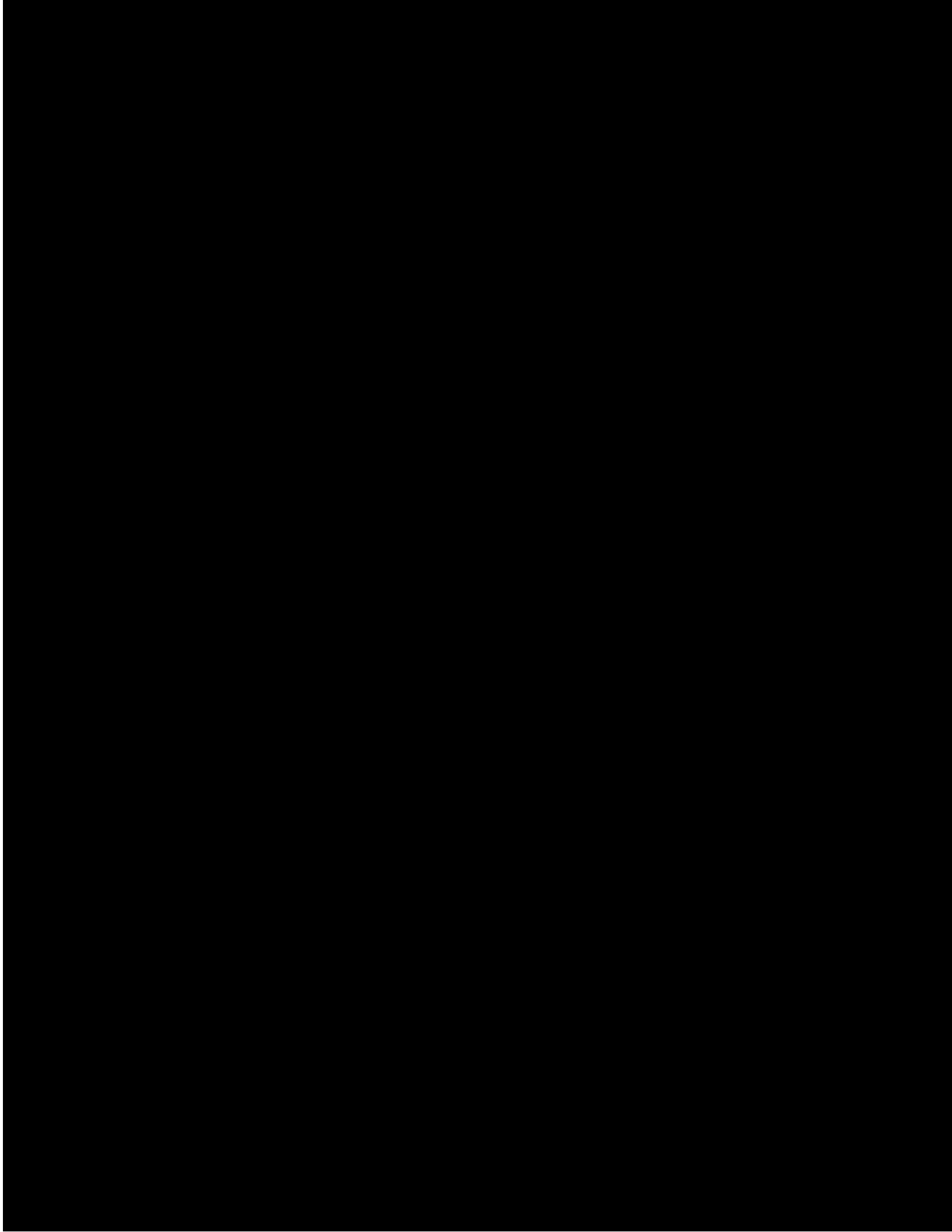
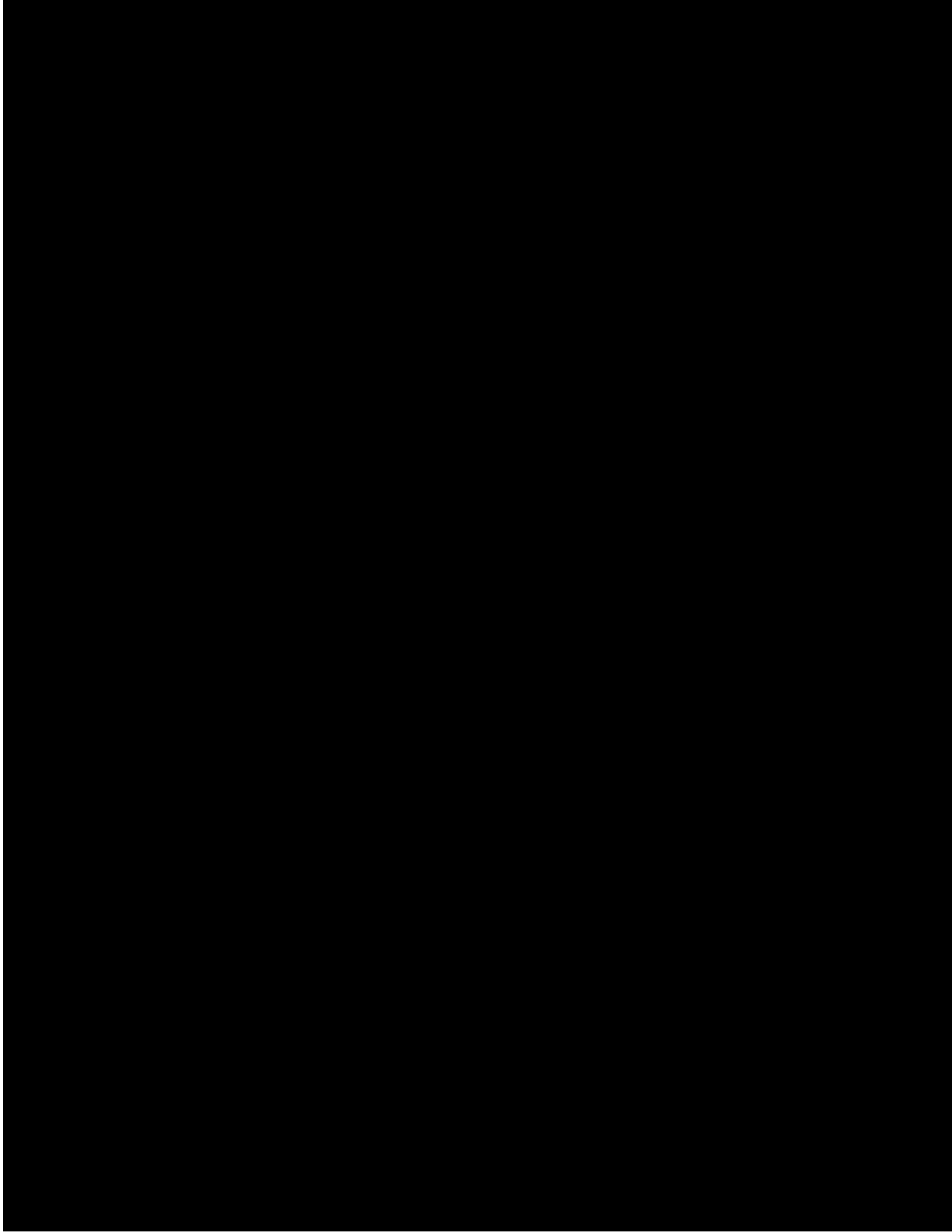
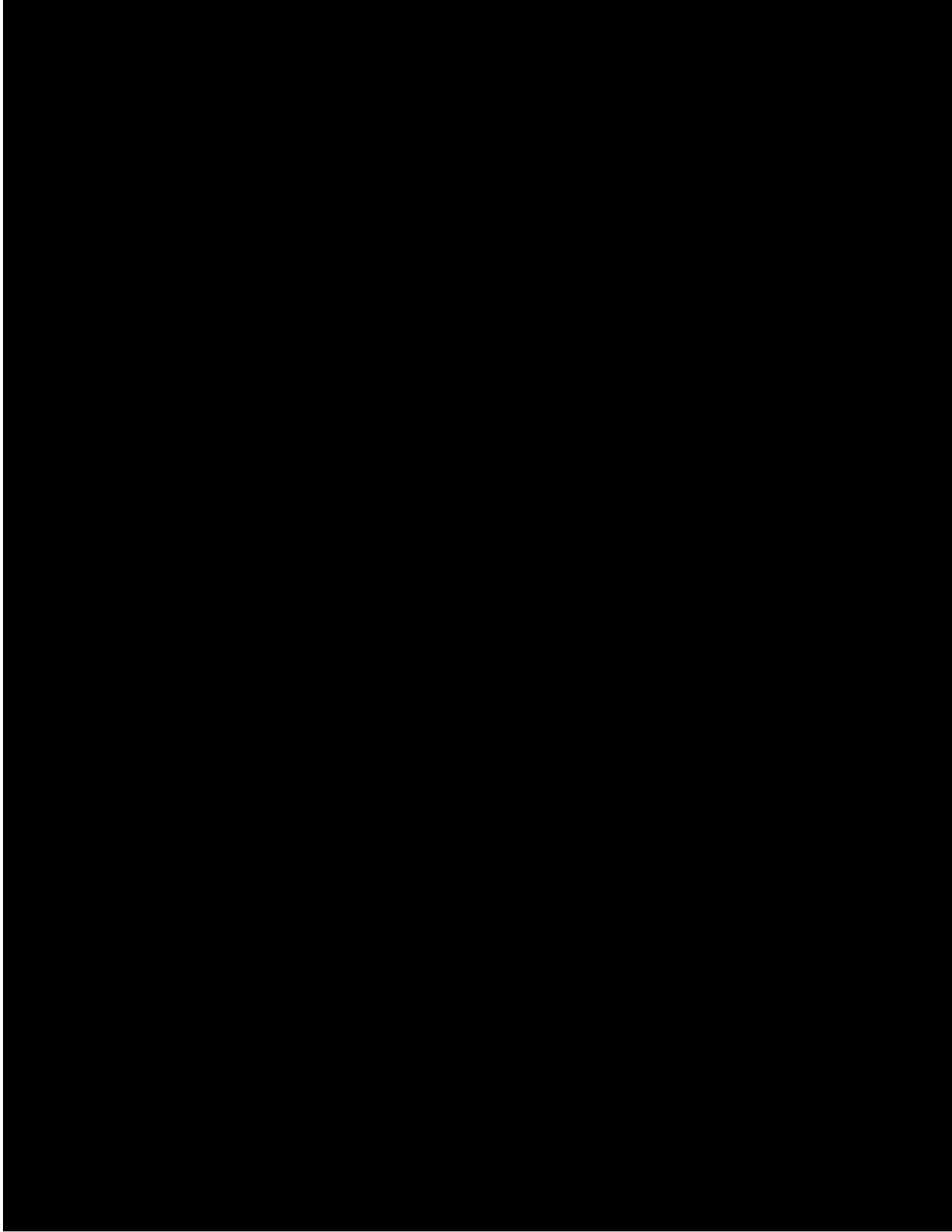


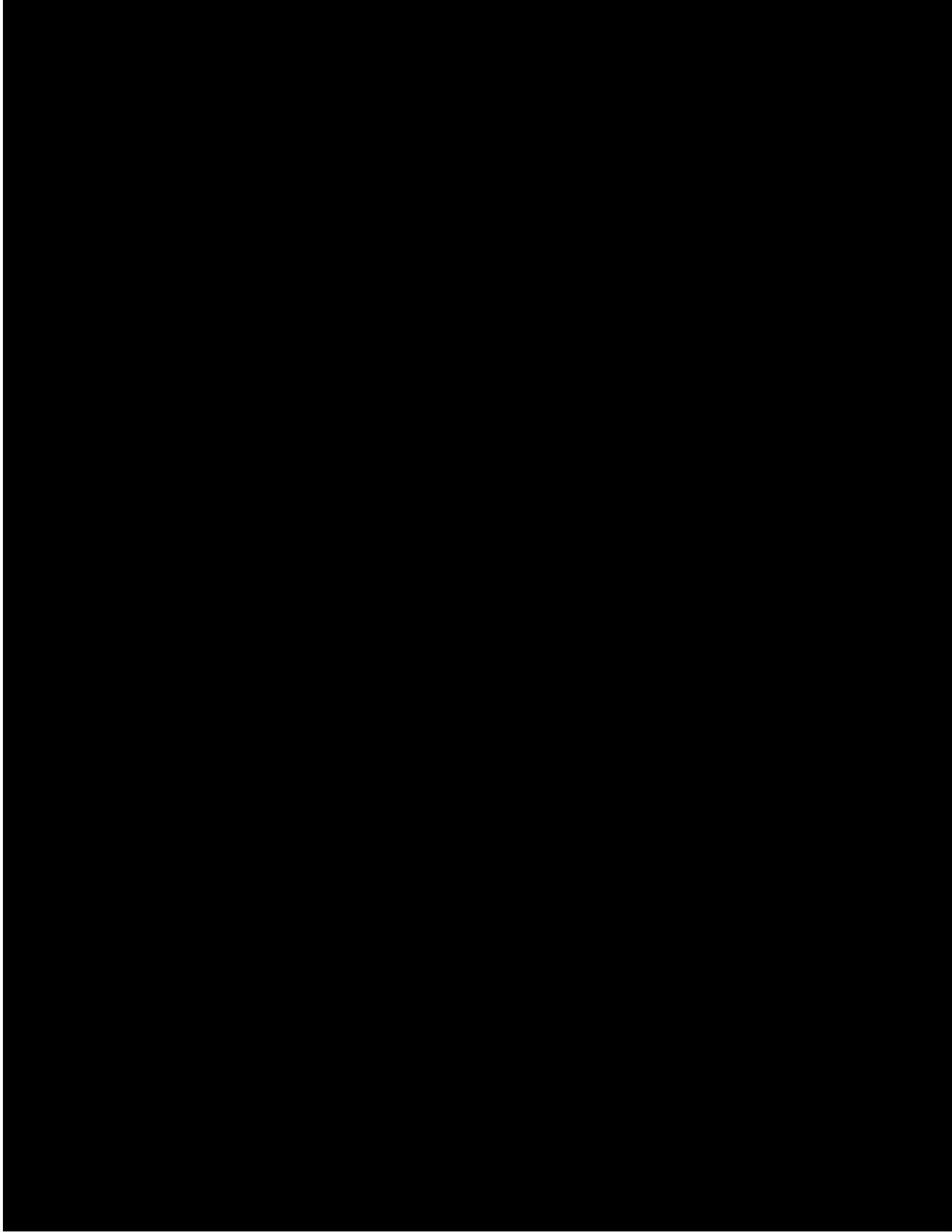
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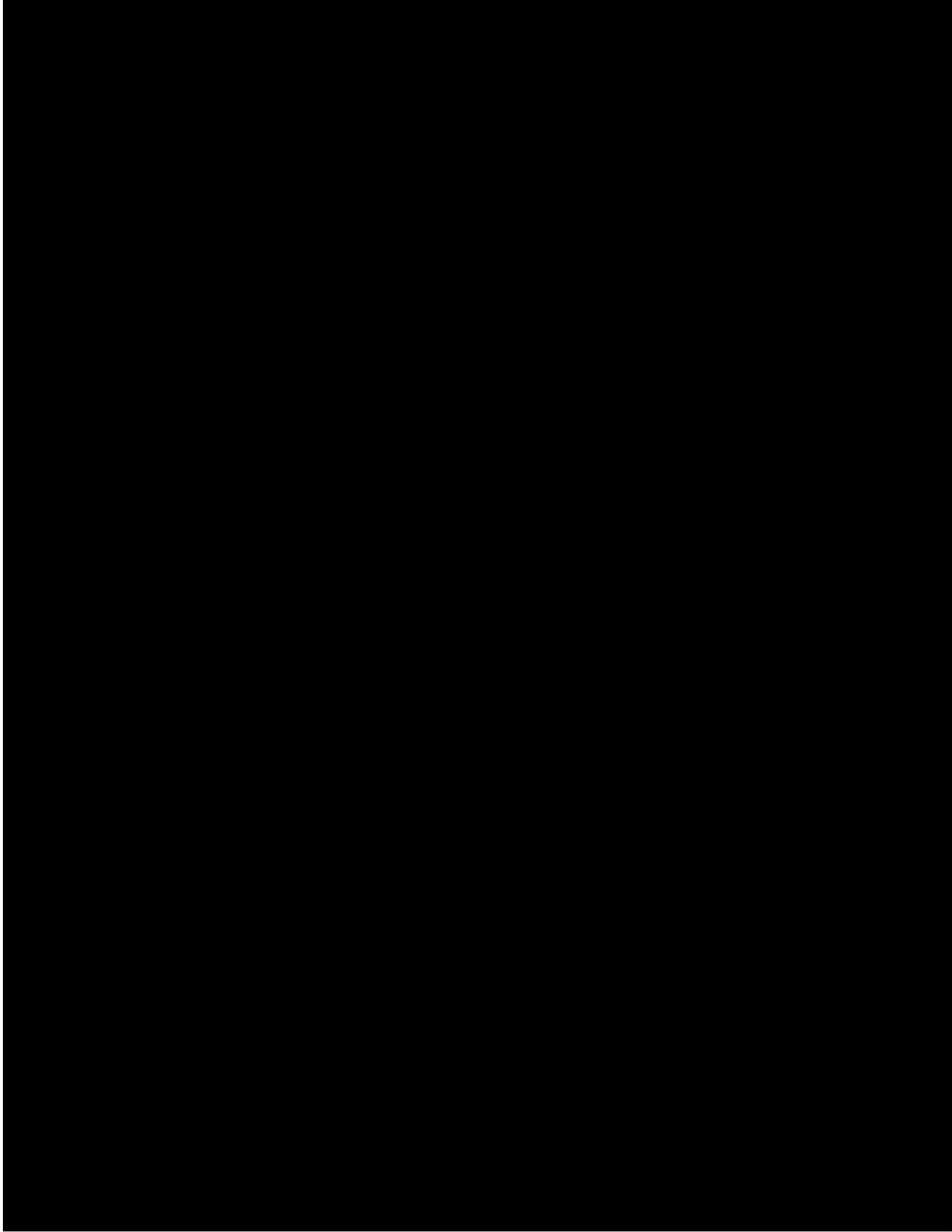












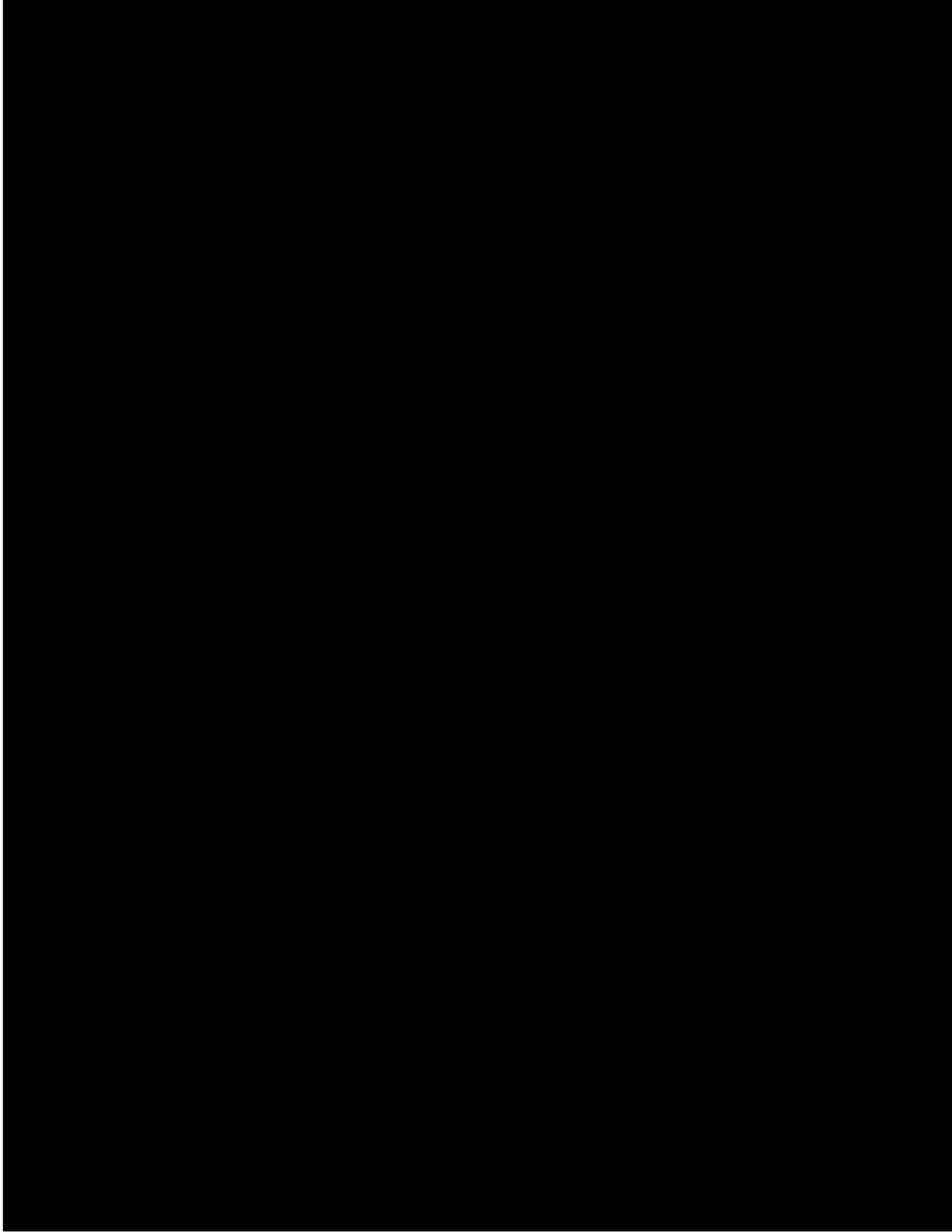
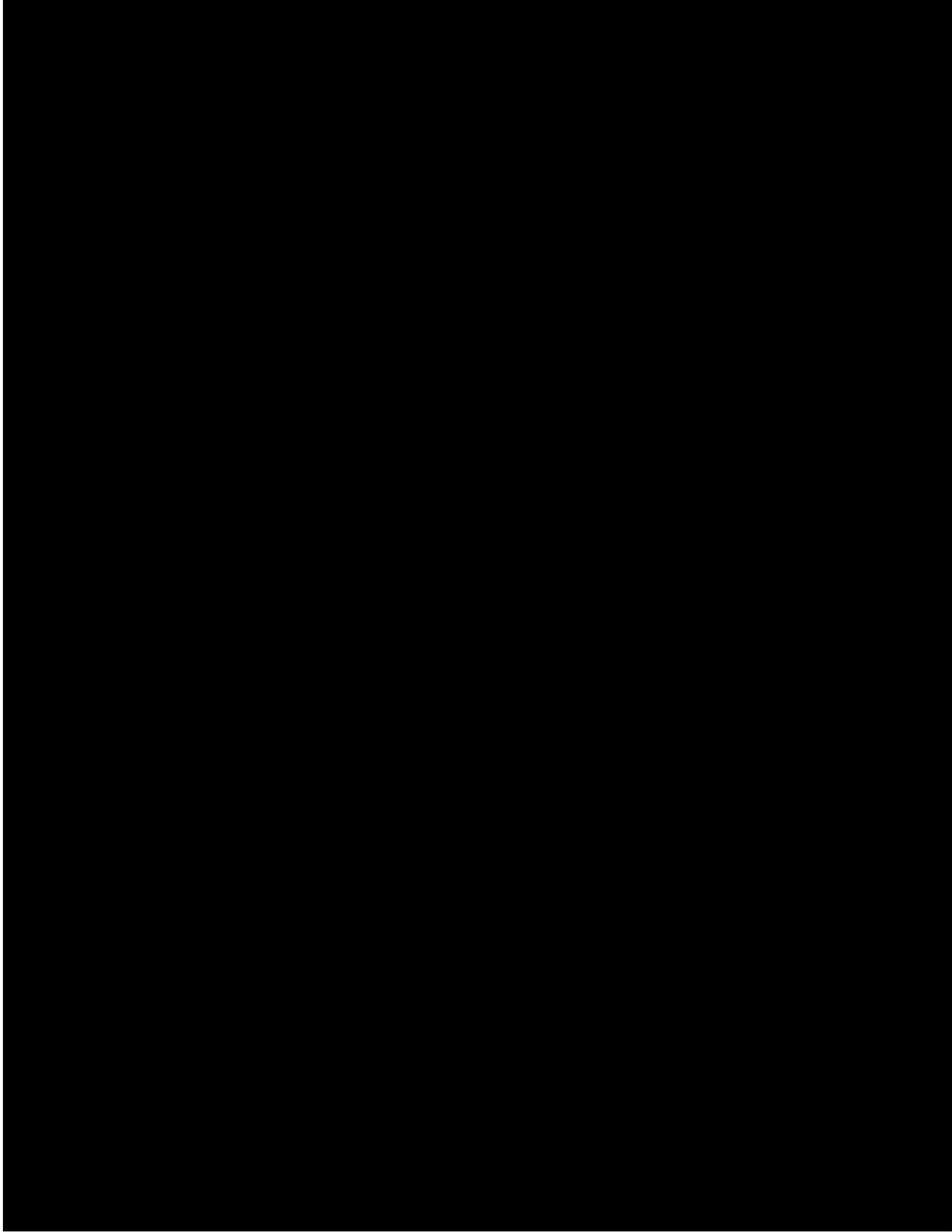
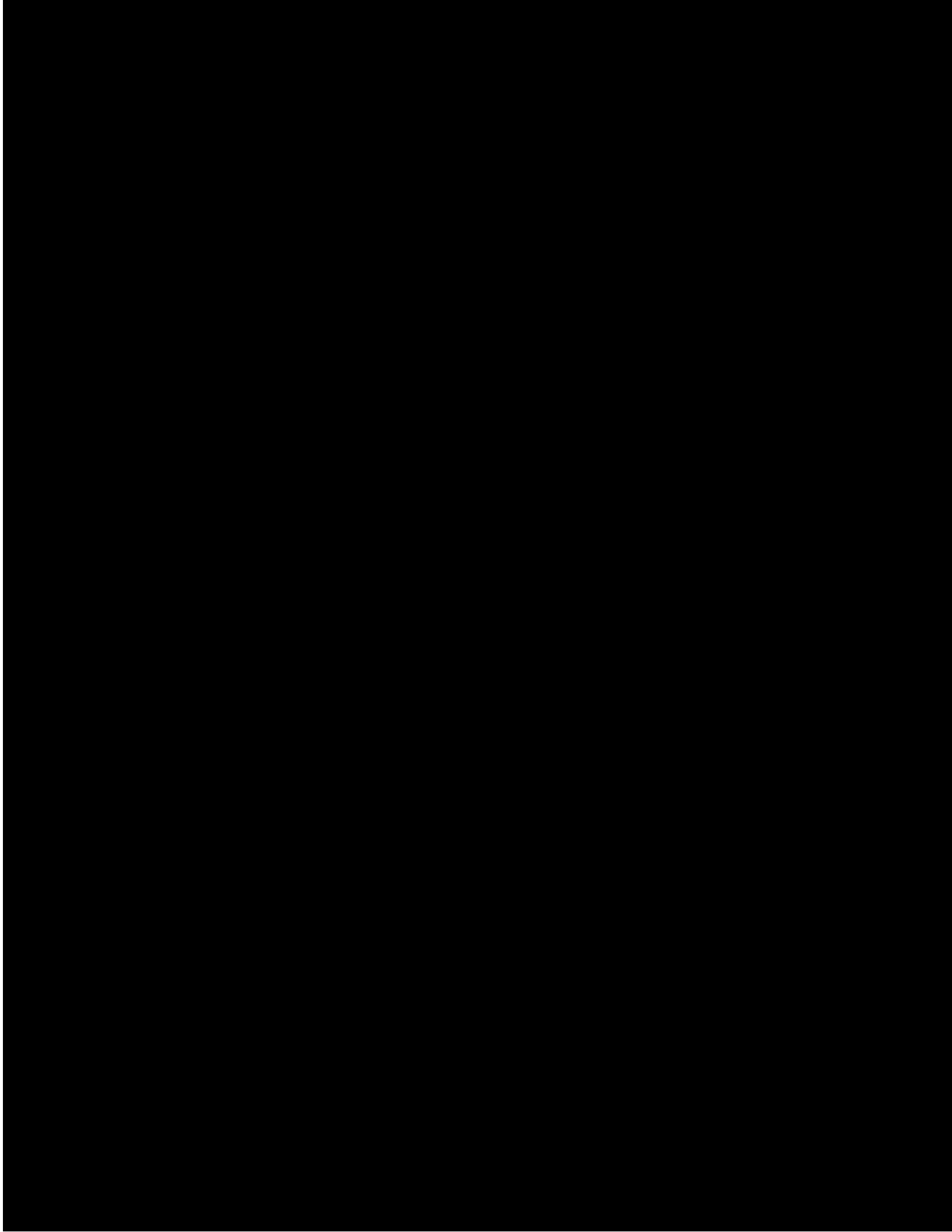
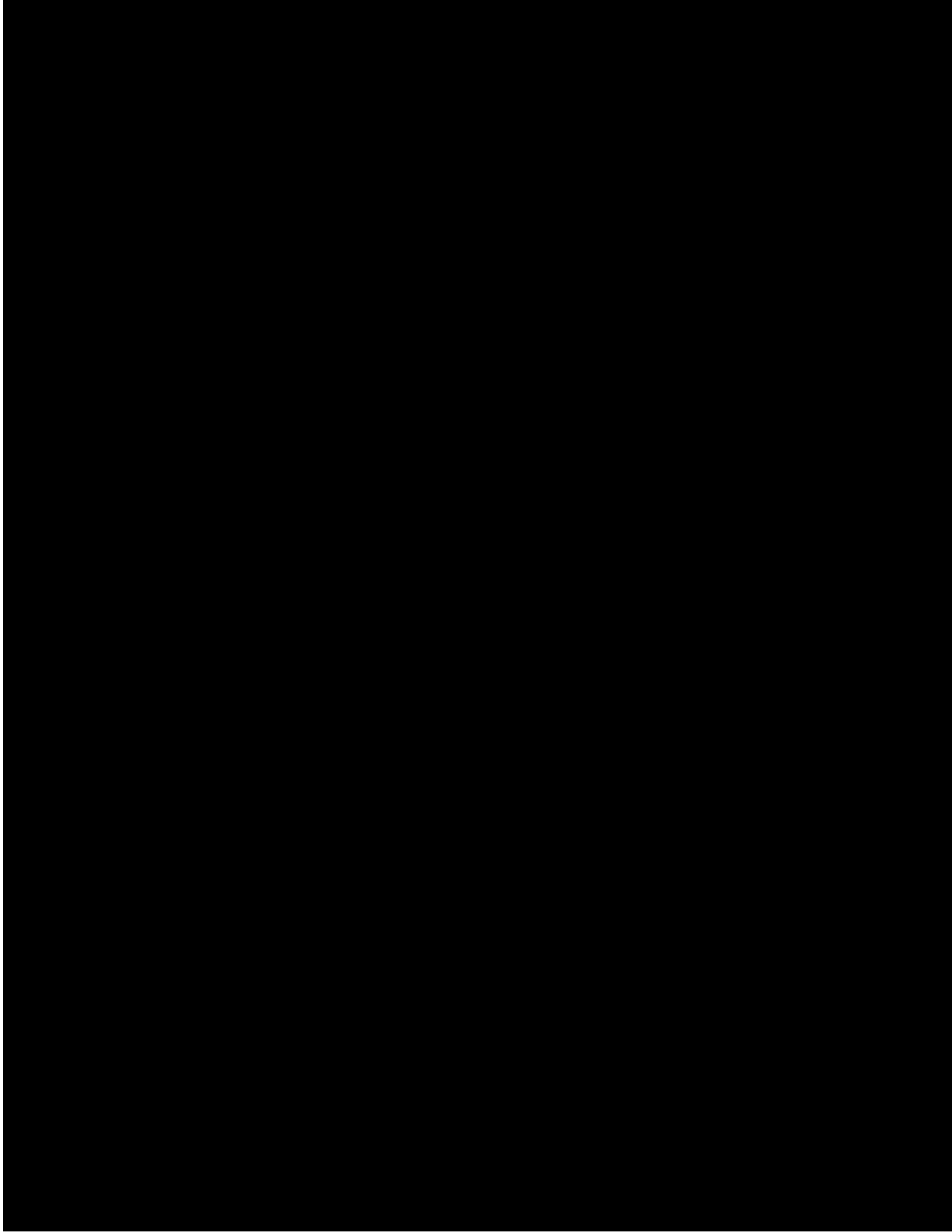


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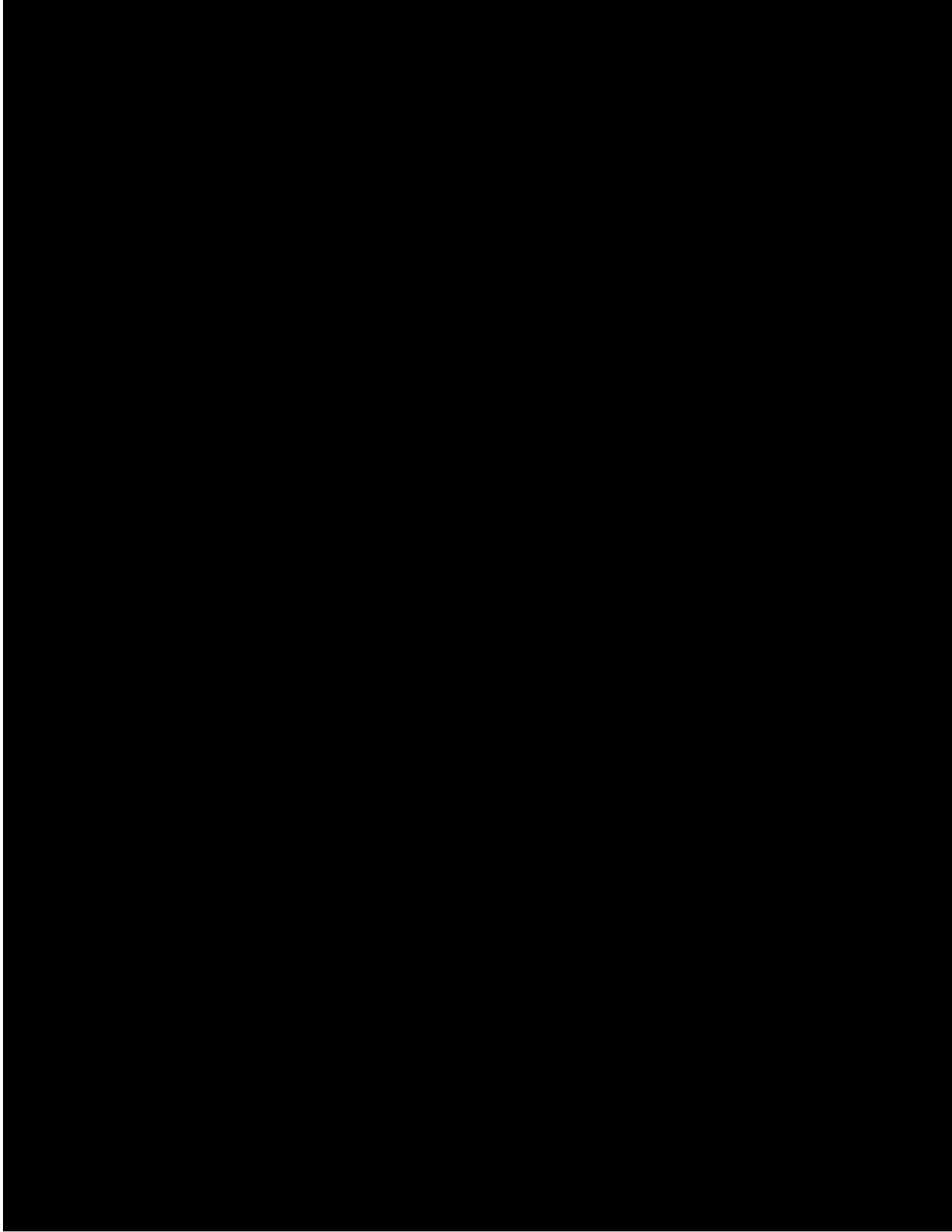
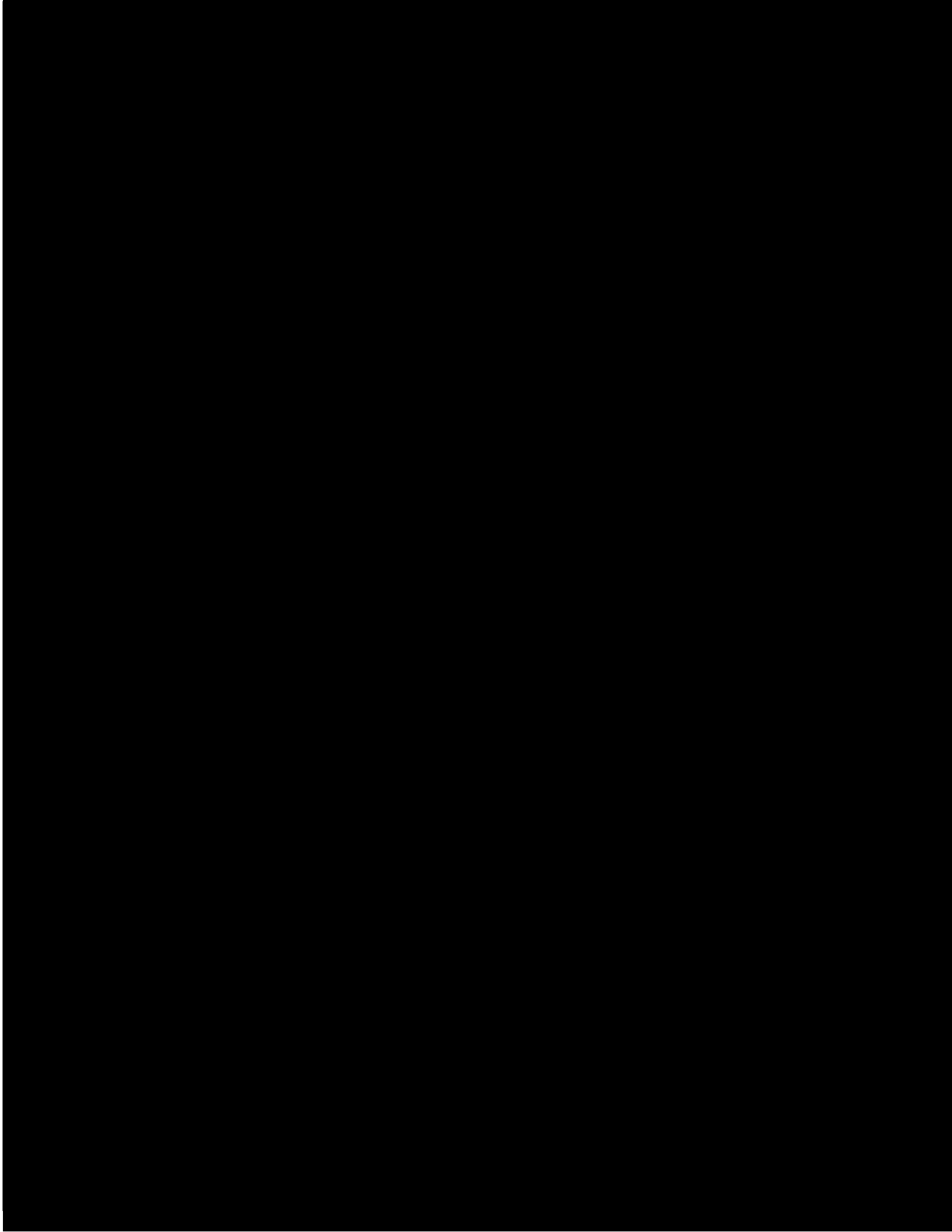
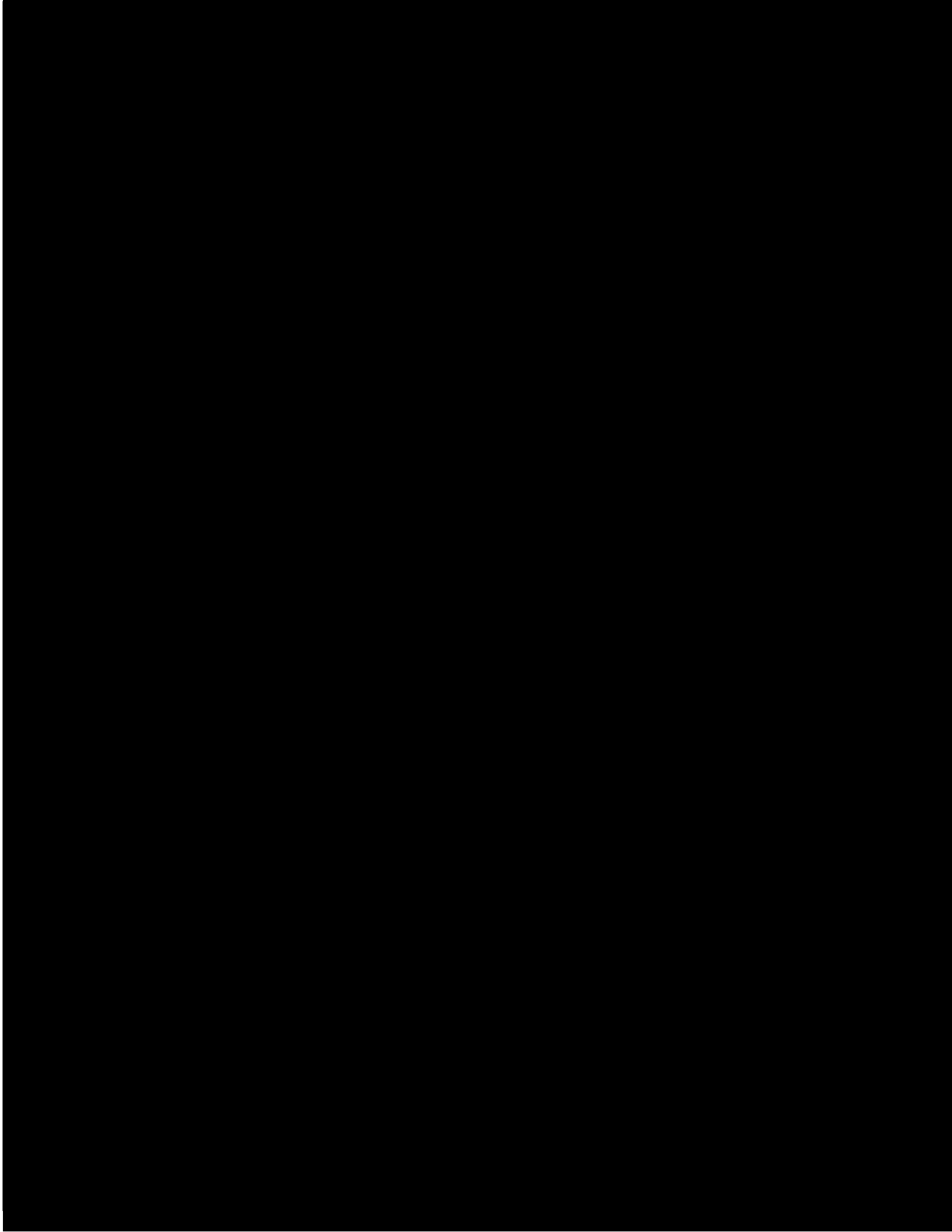
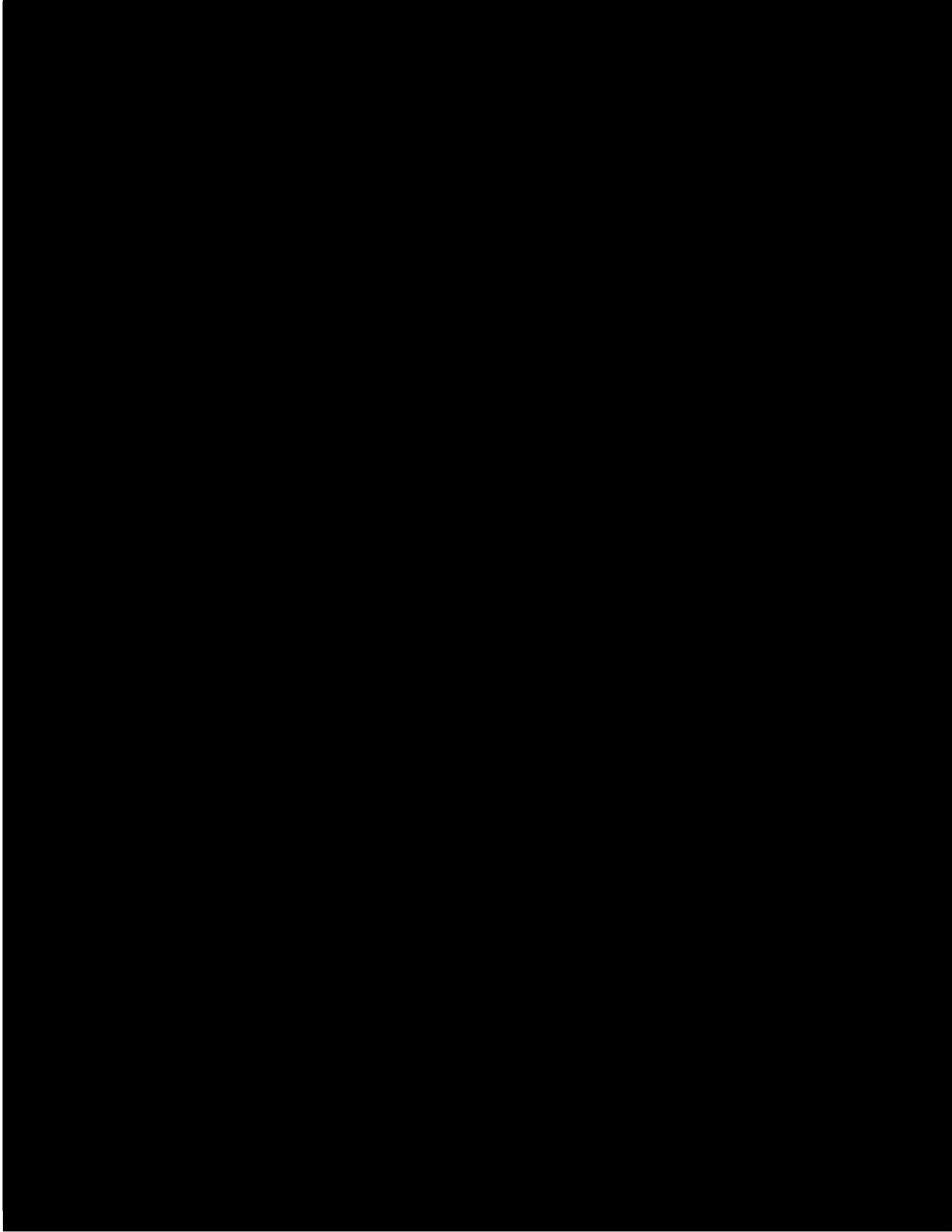
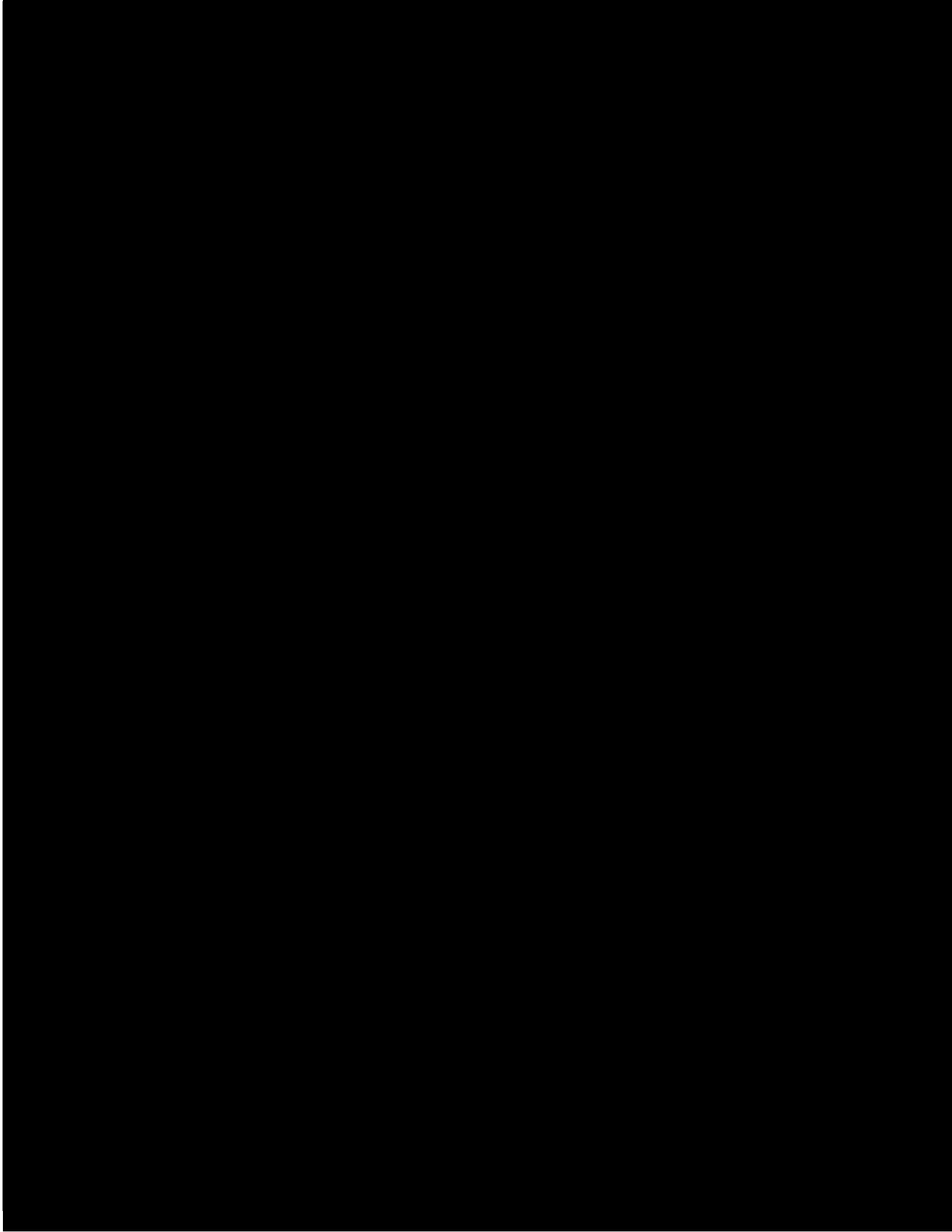


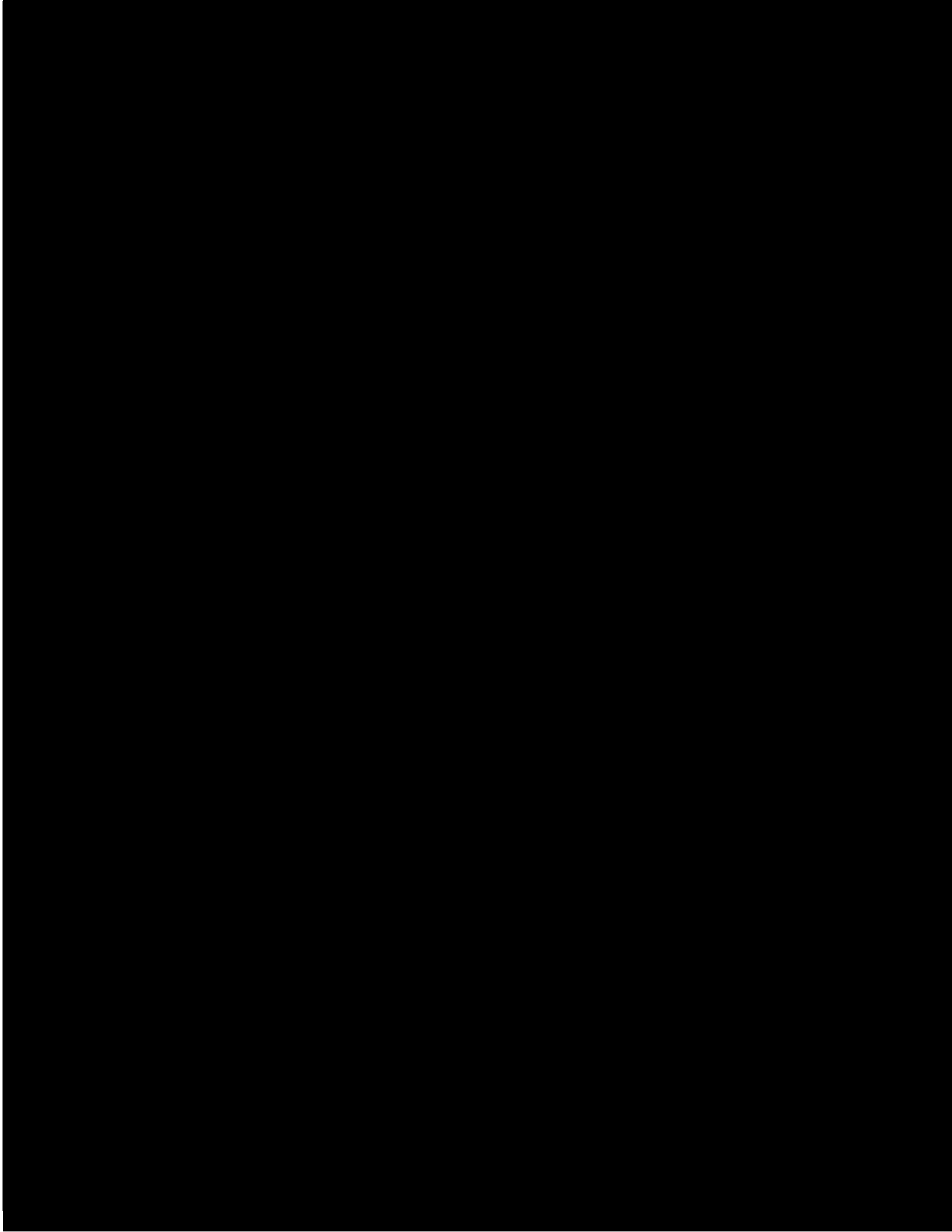
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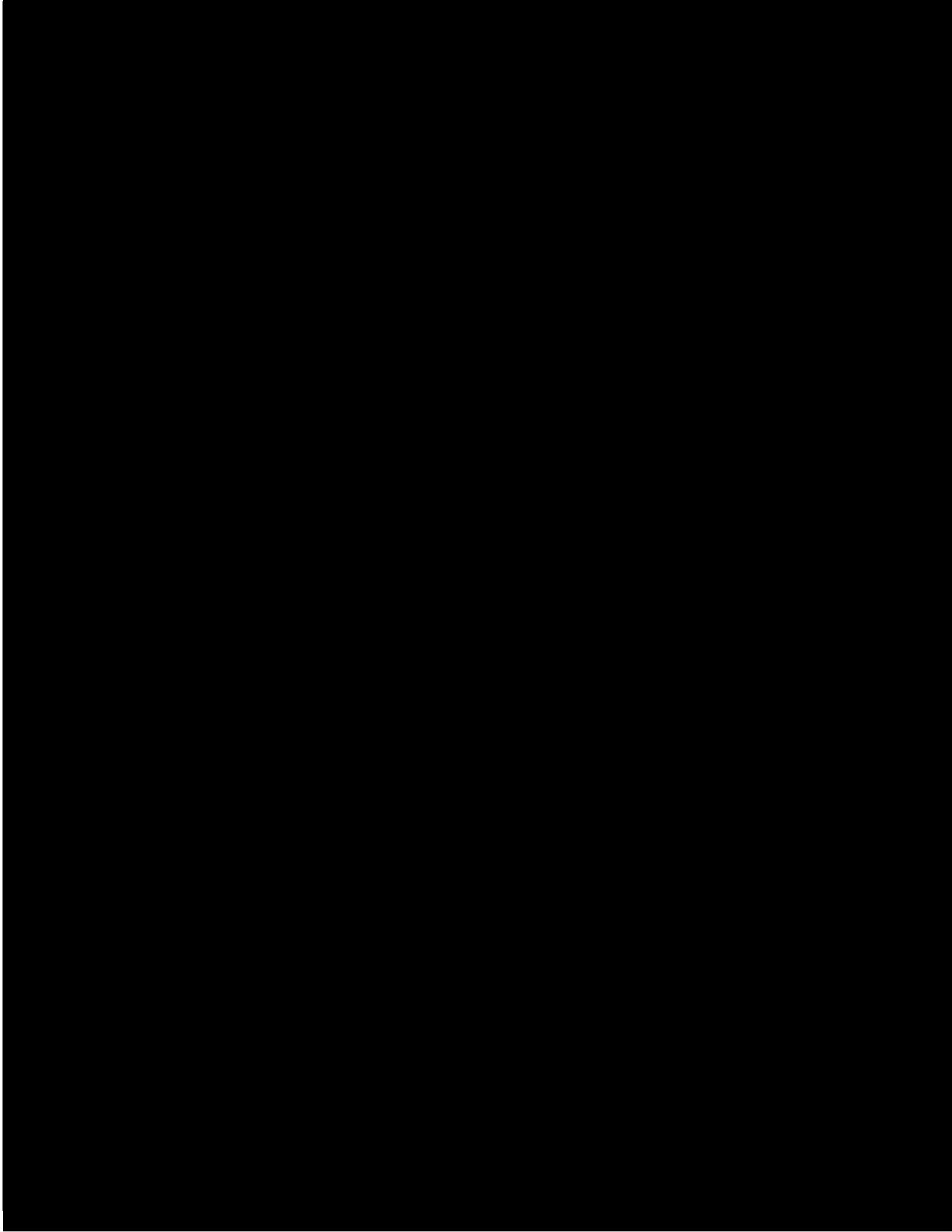


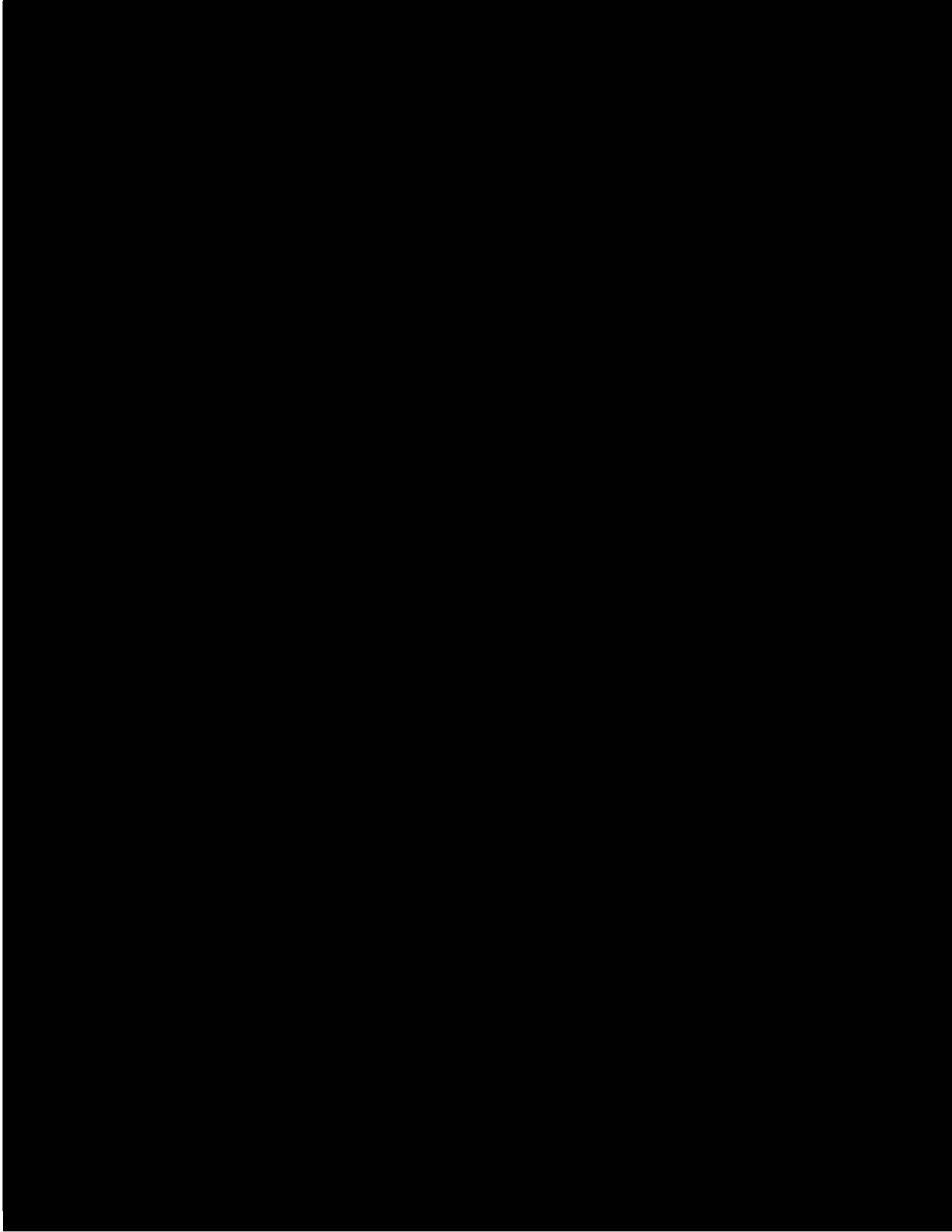


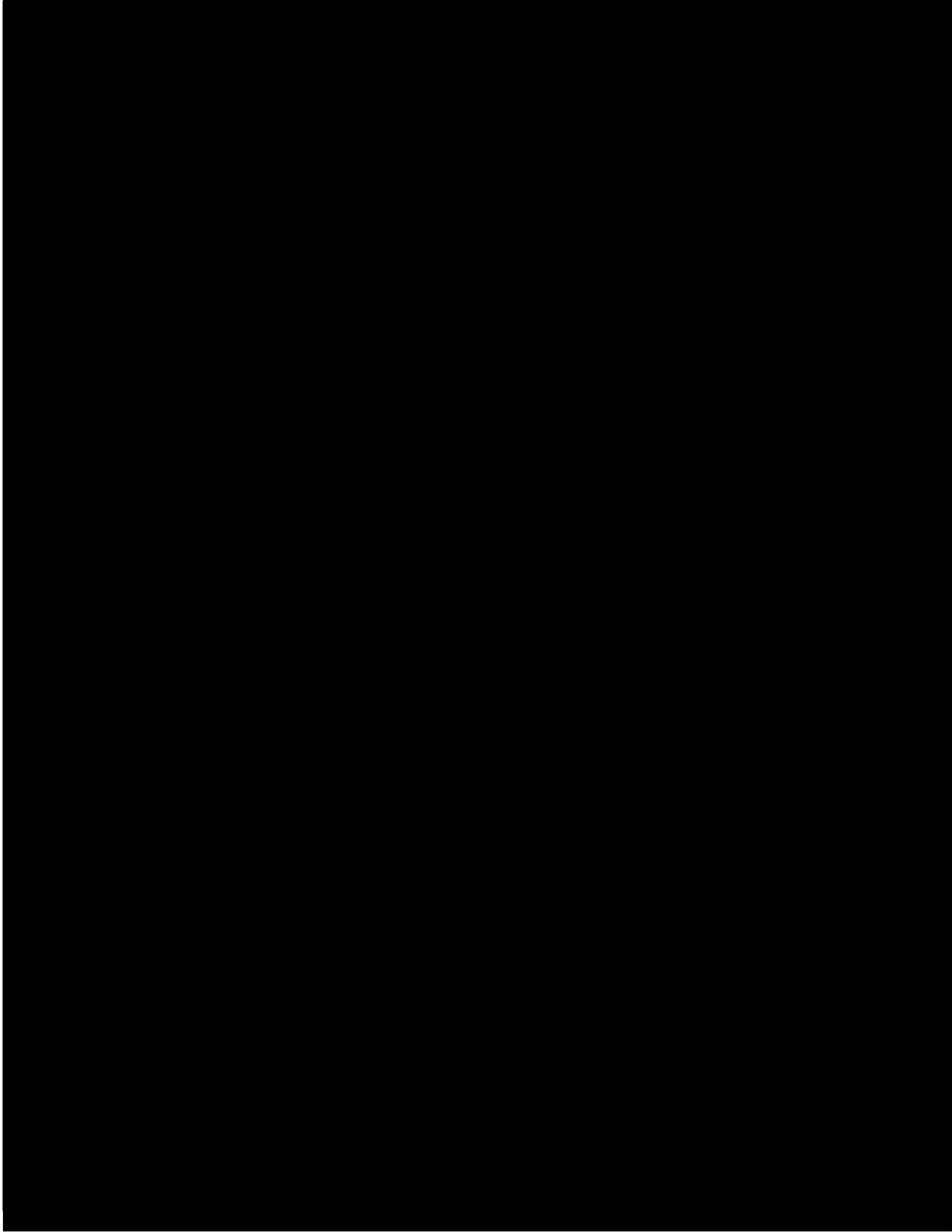












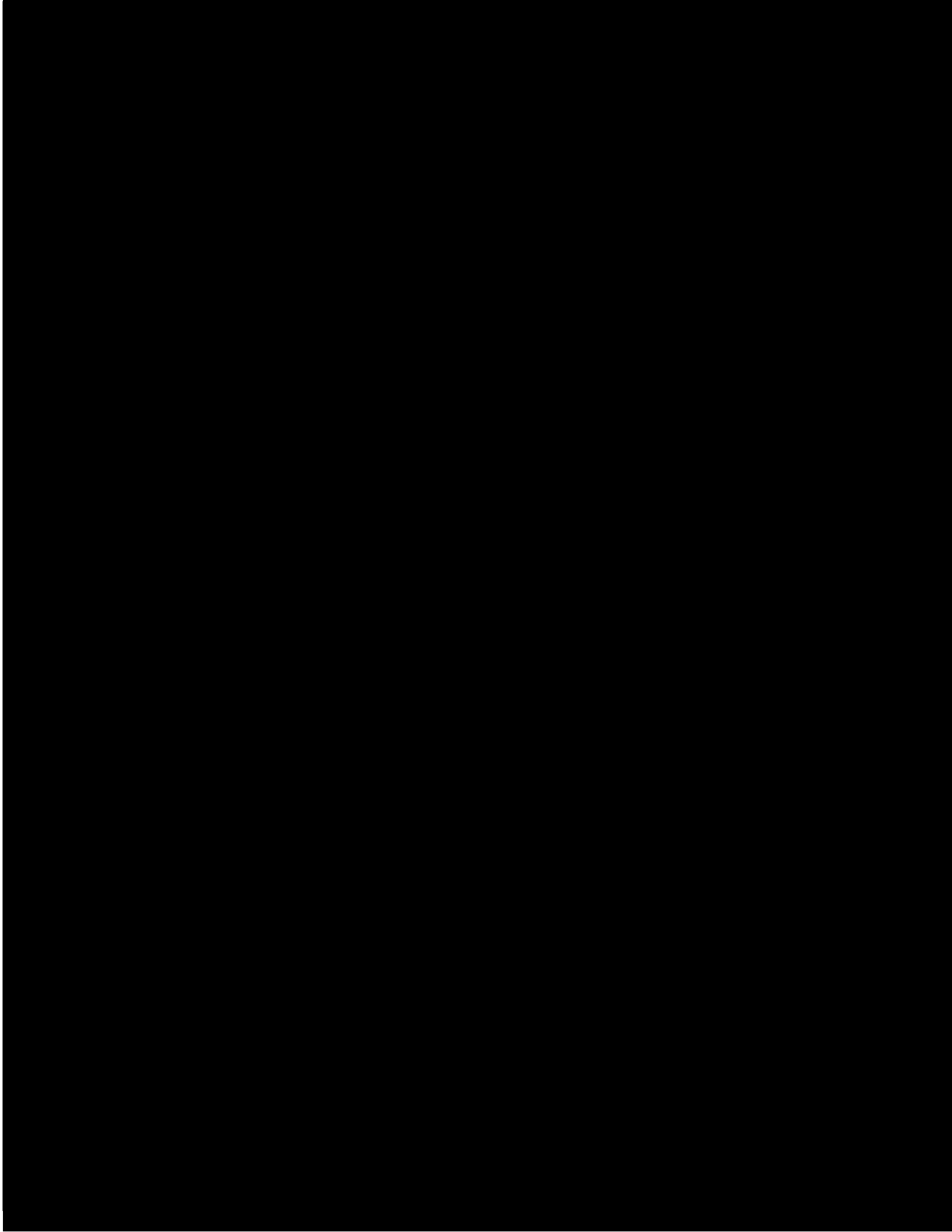
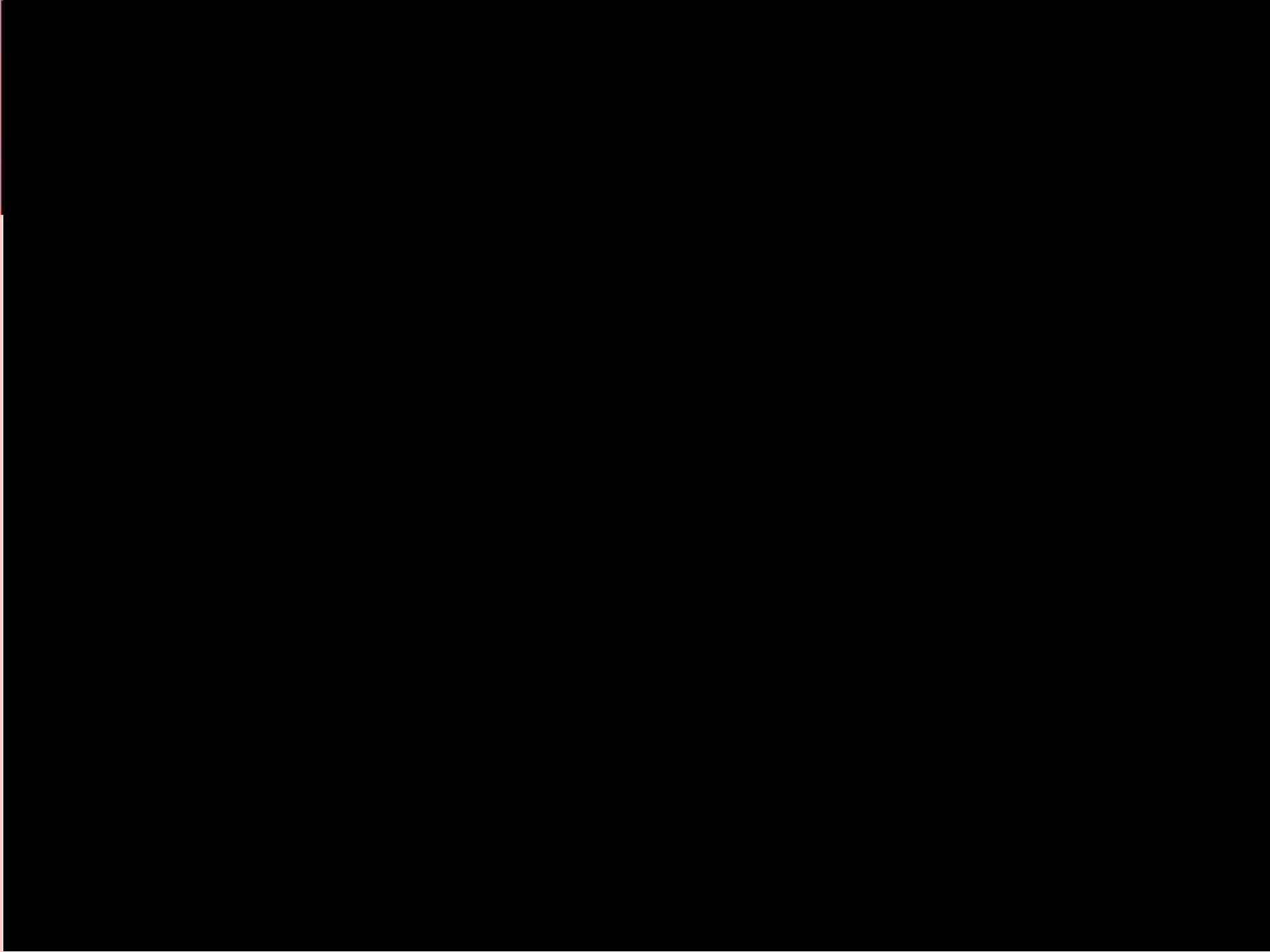
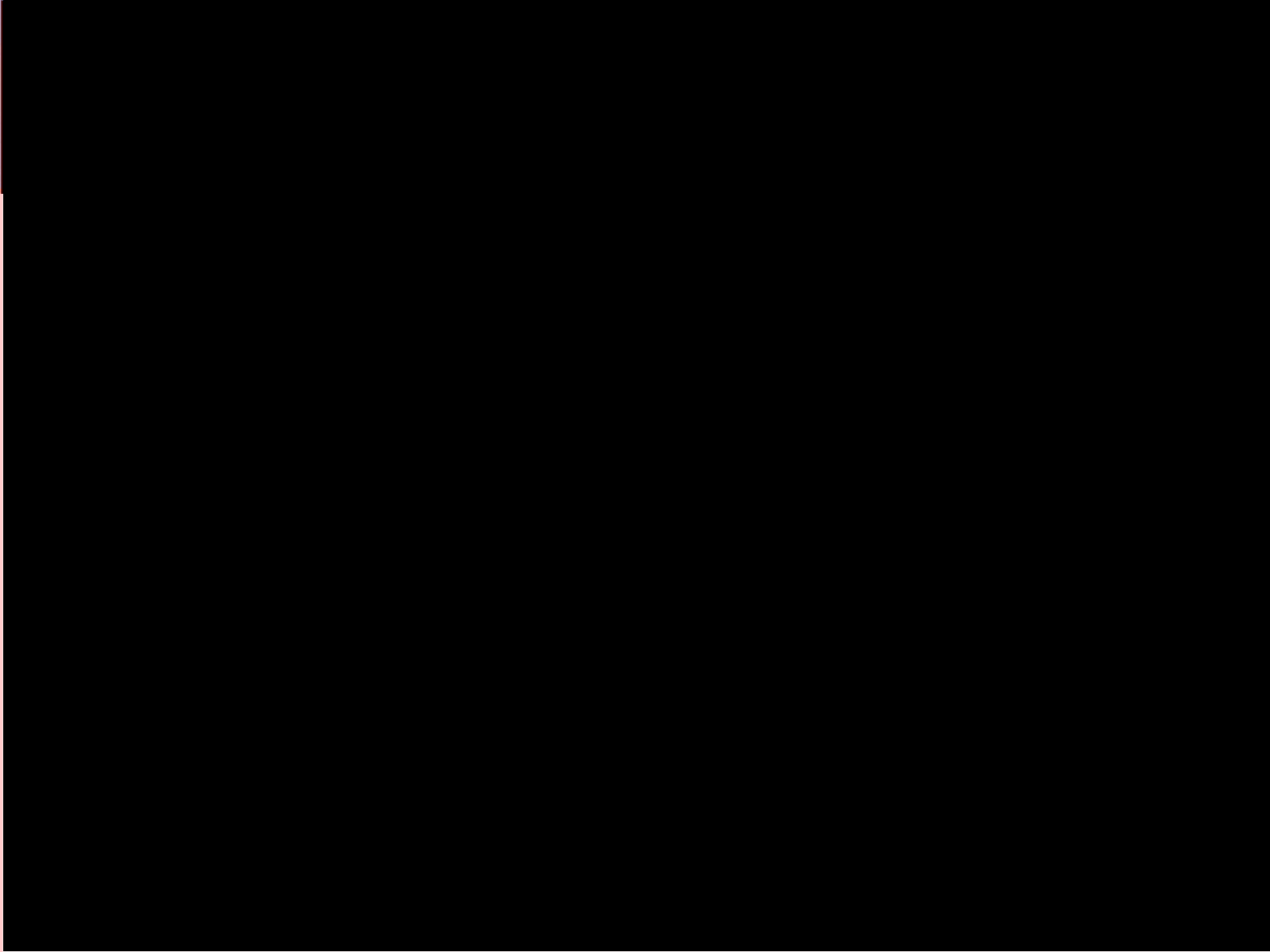
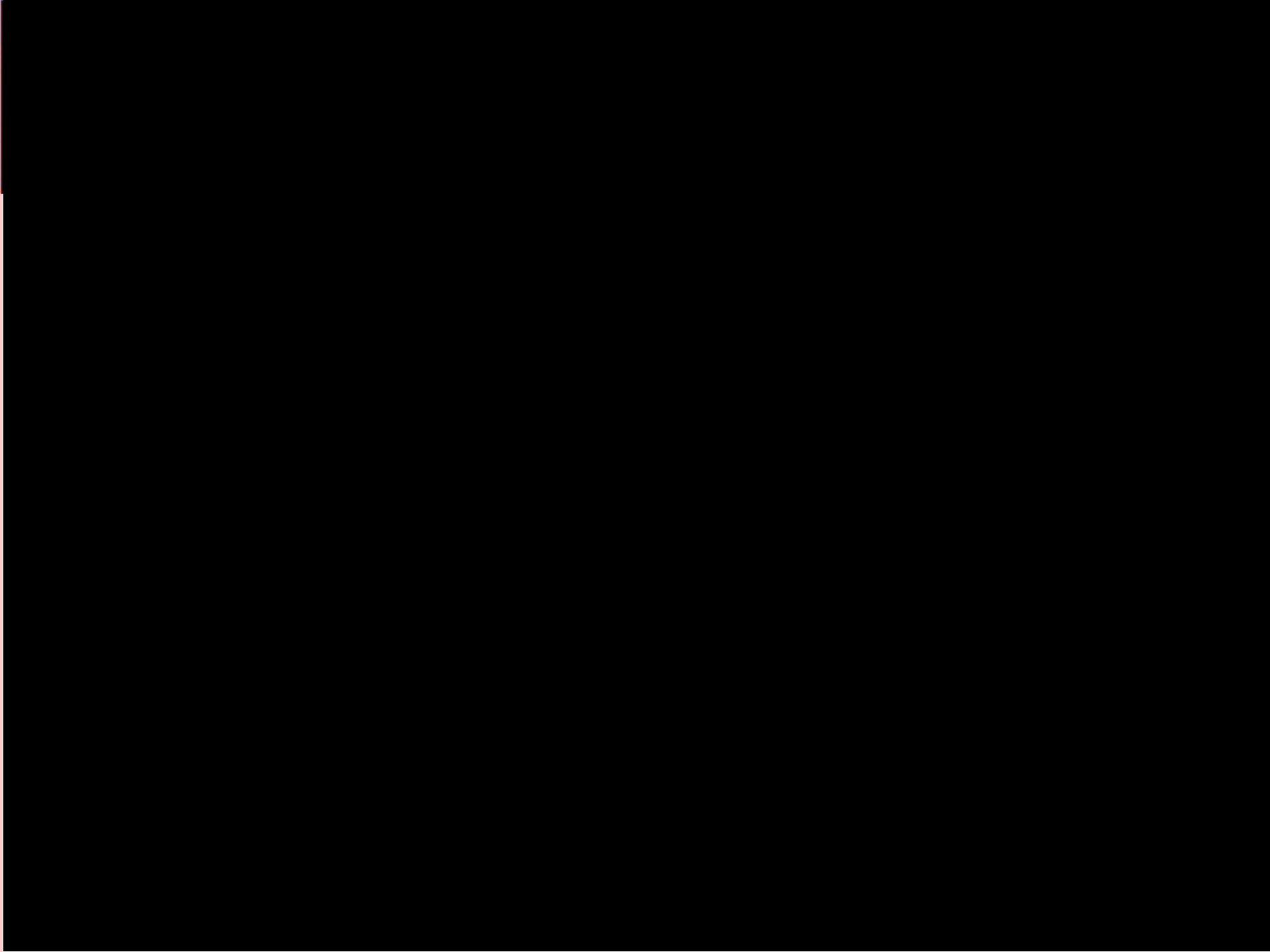
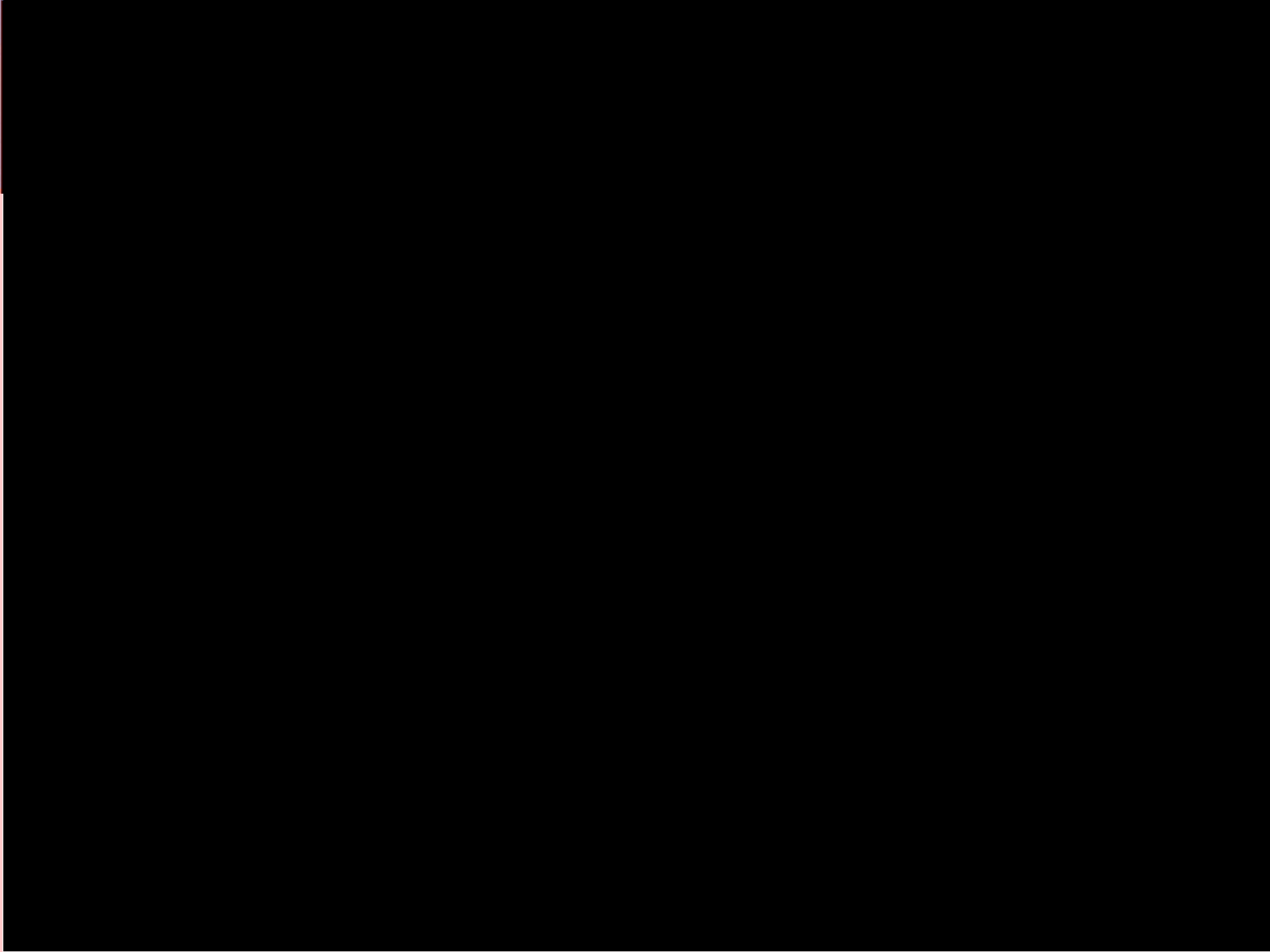


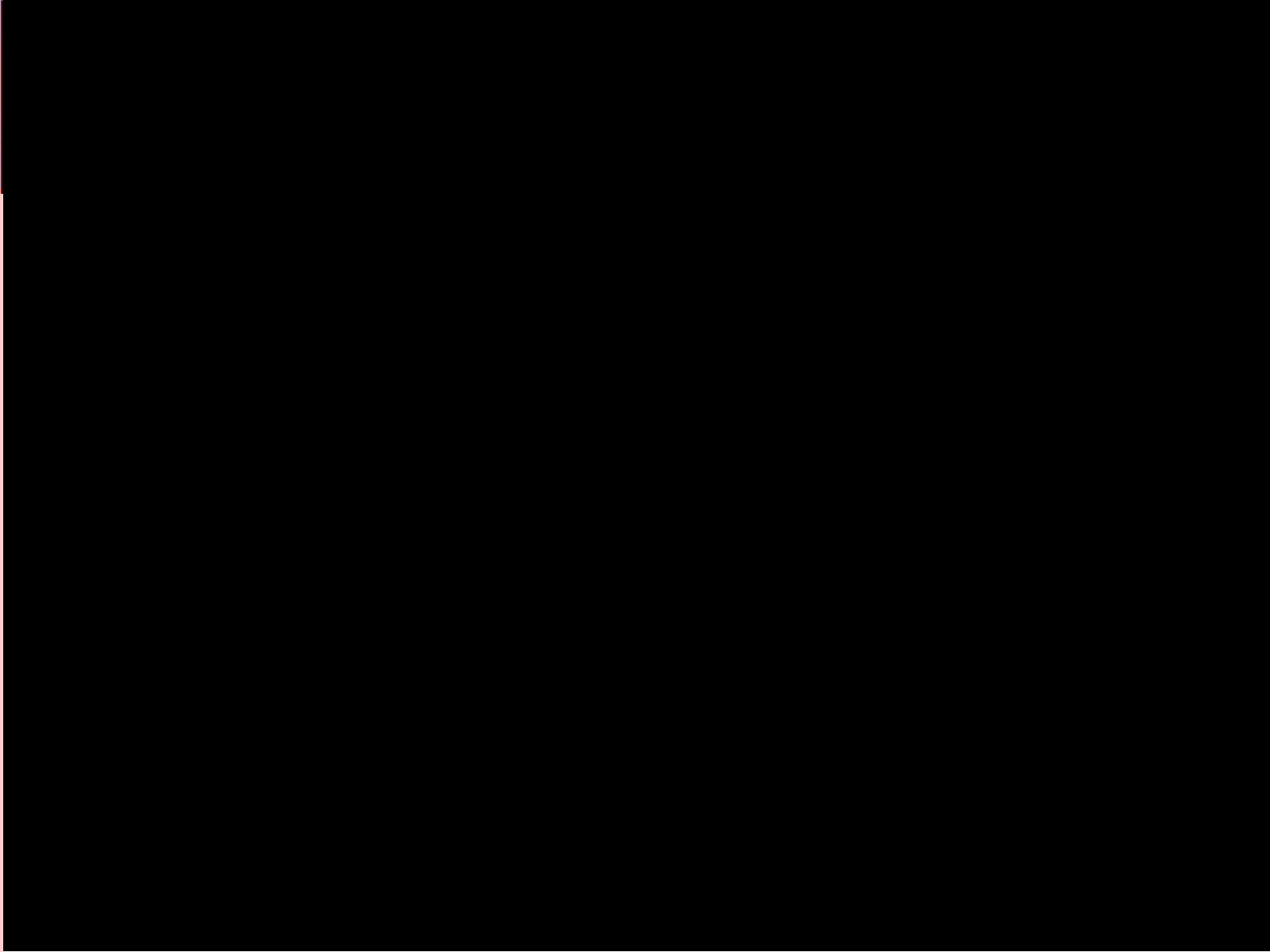
EXHIBIT 47

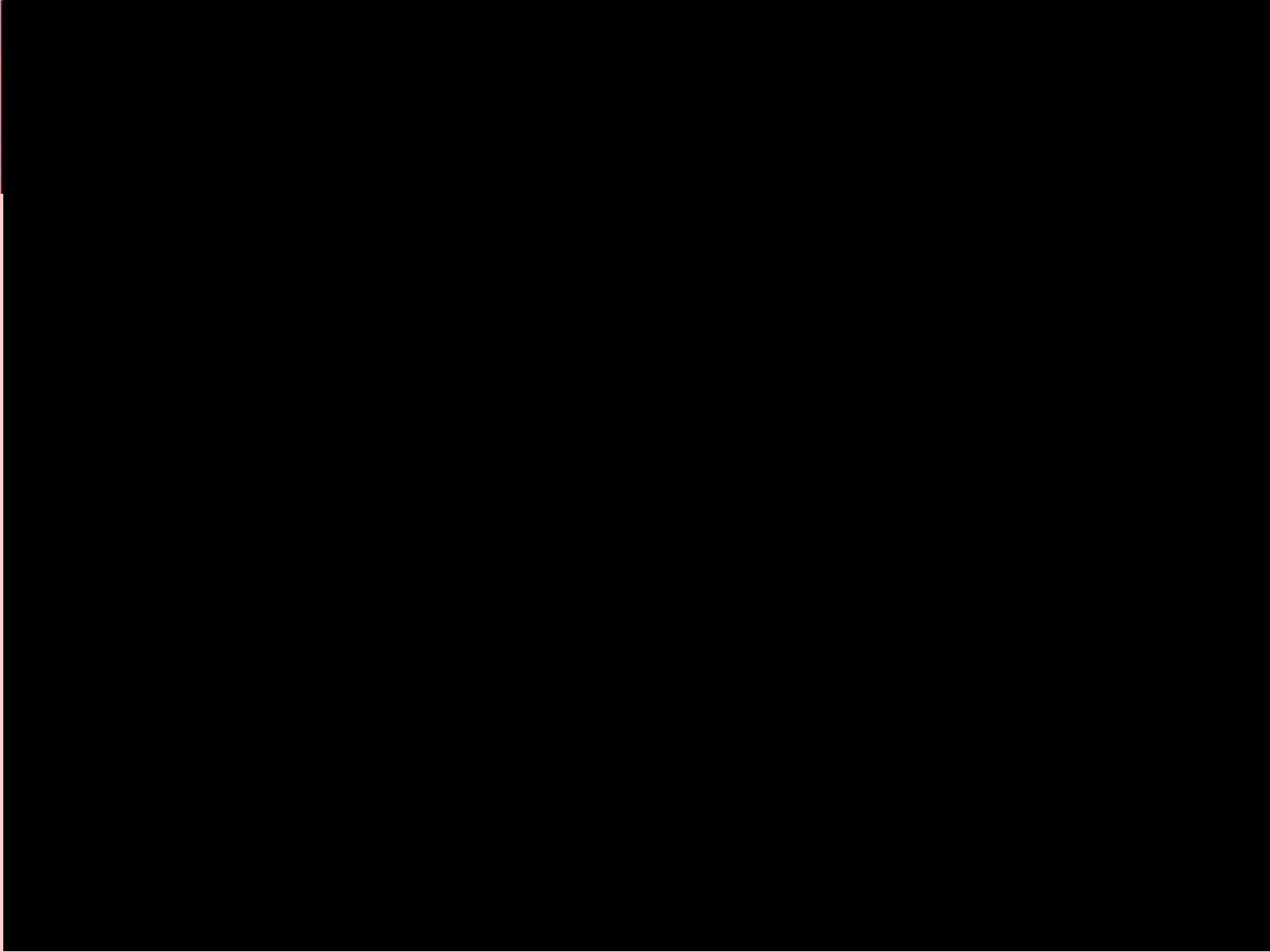


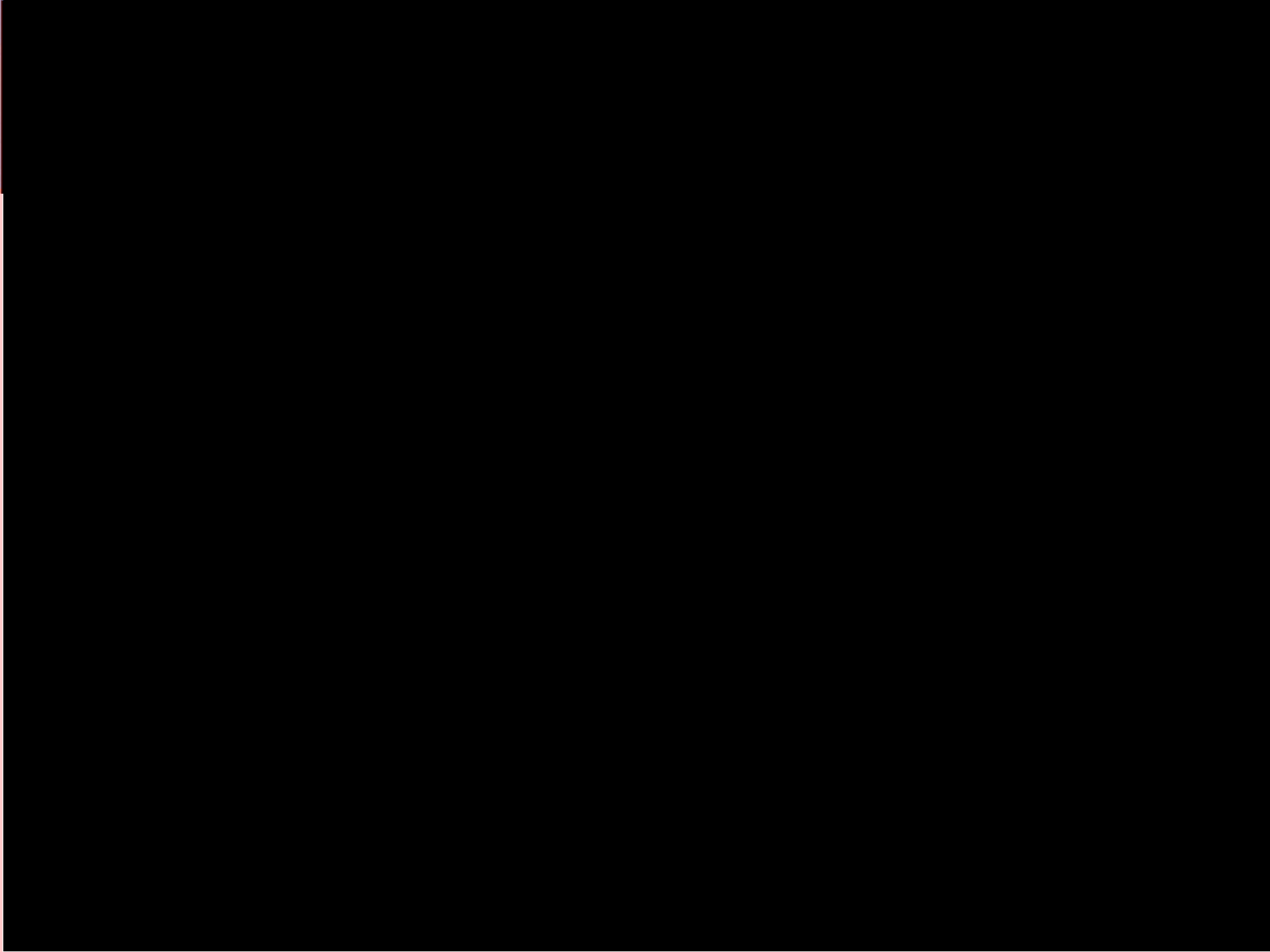


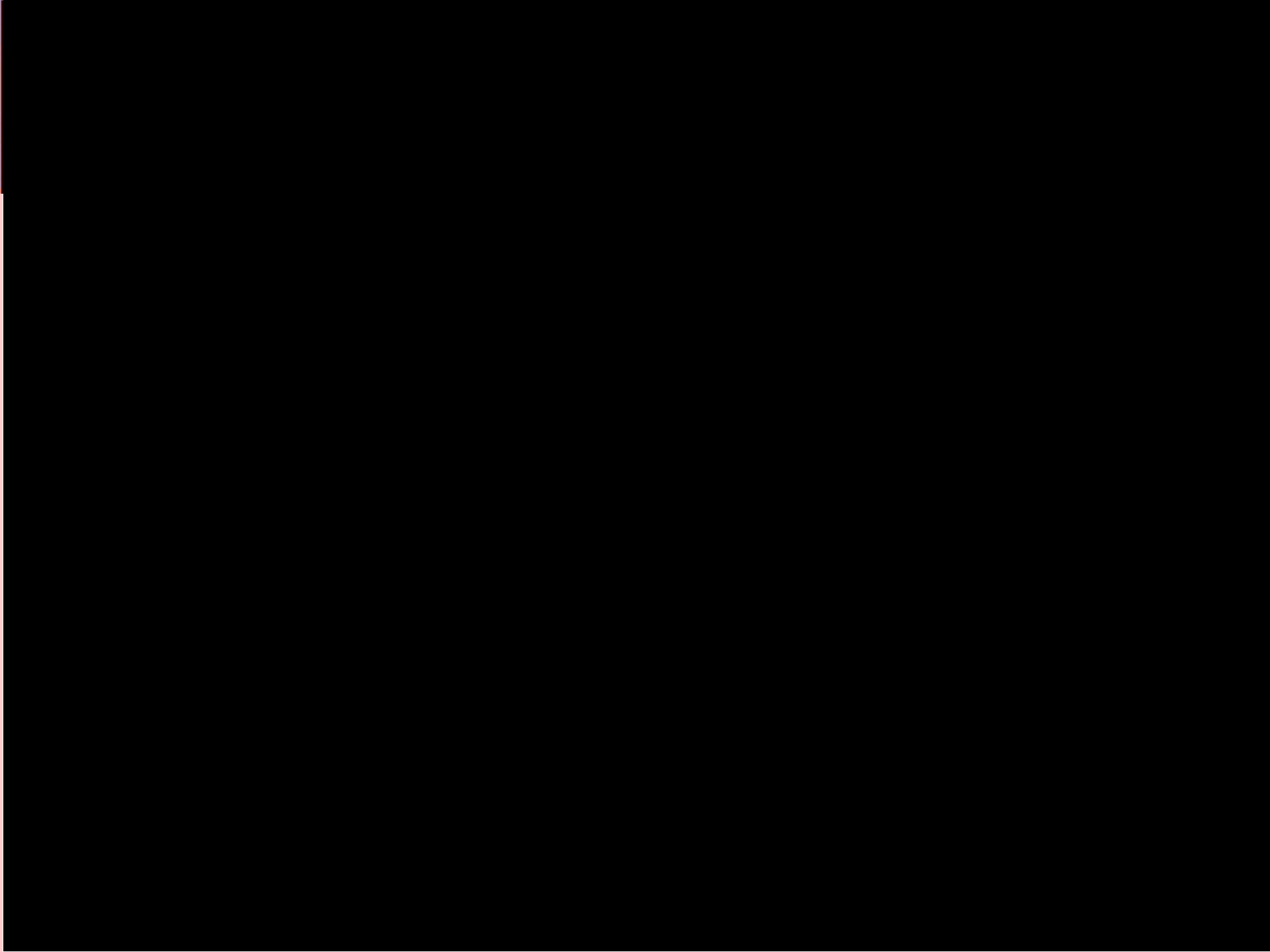


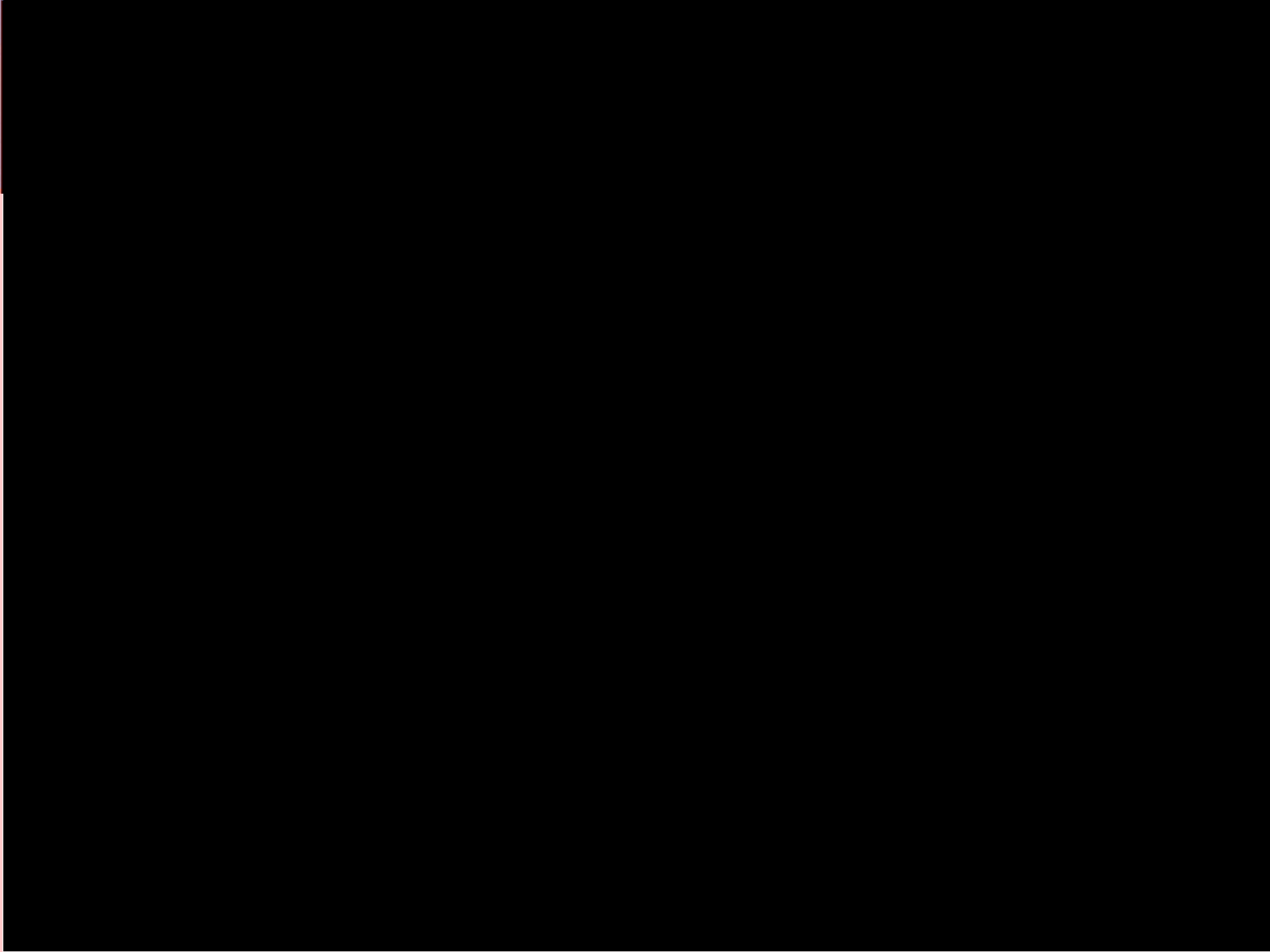


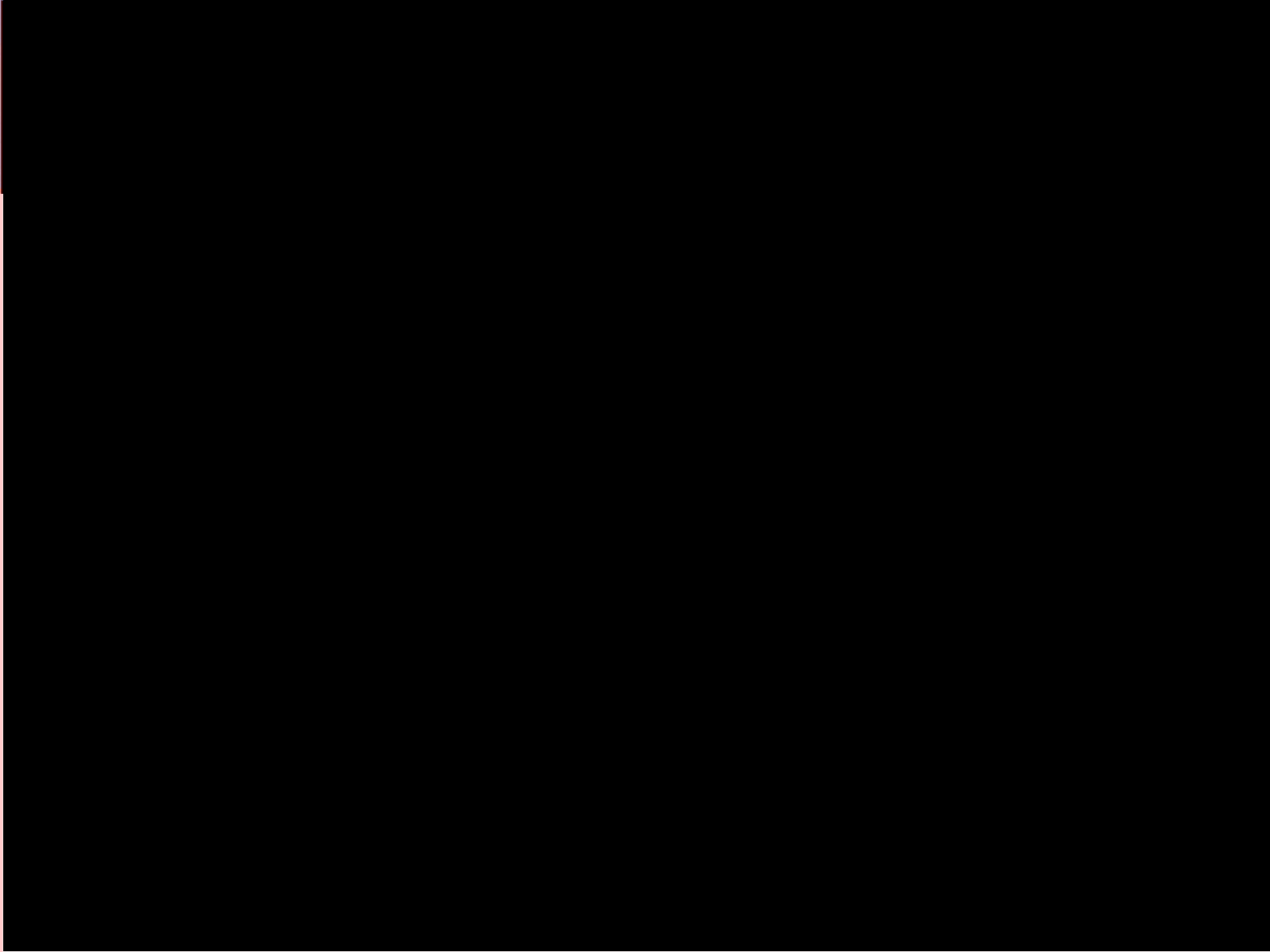


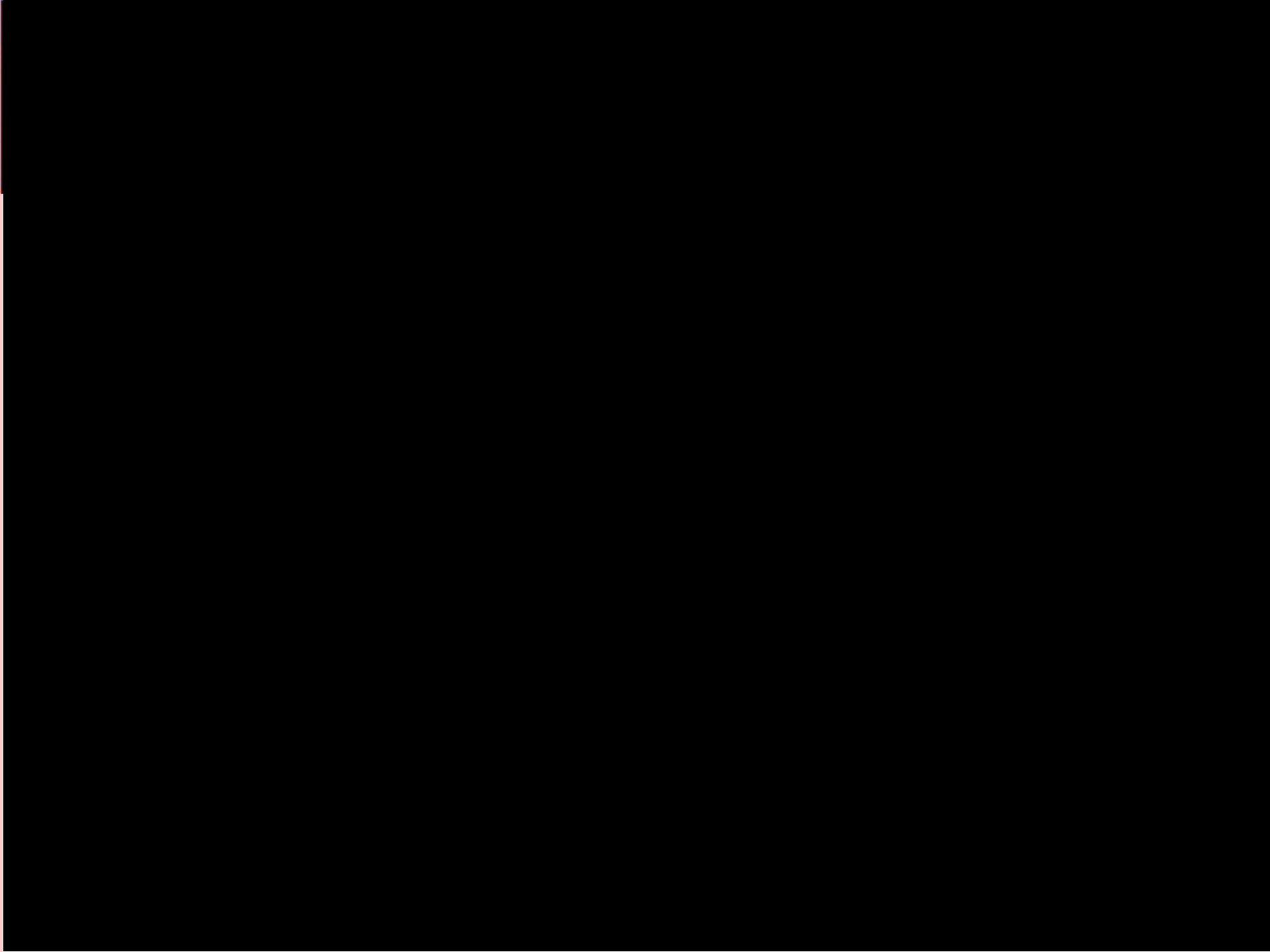


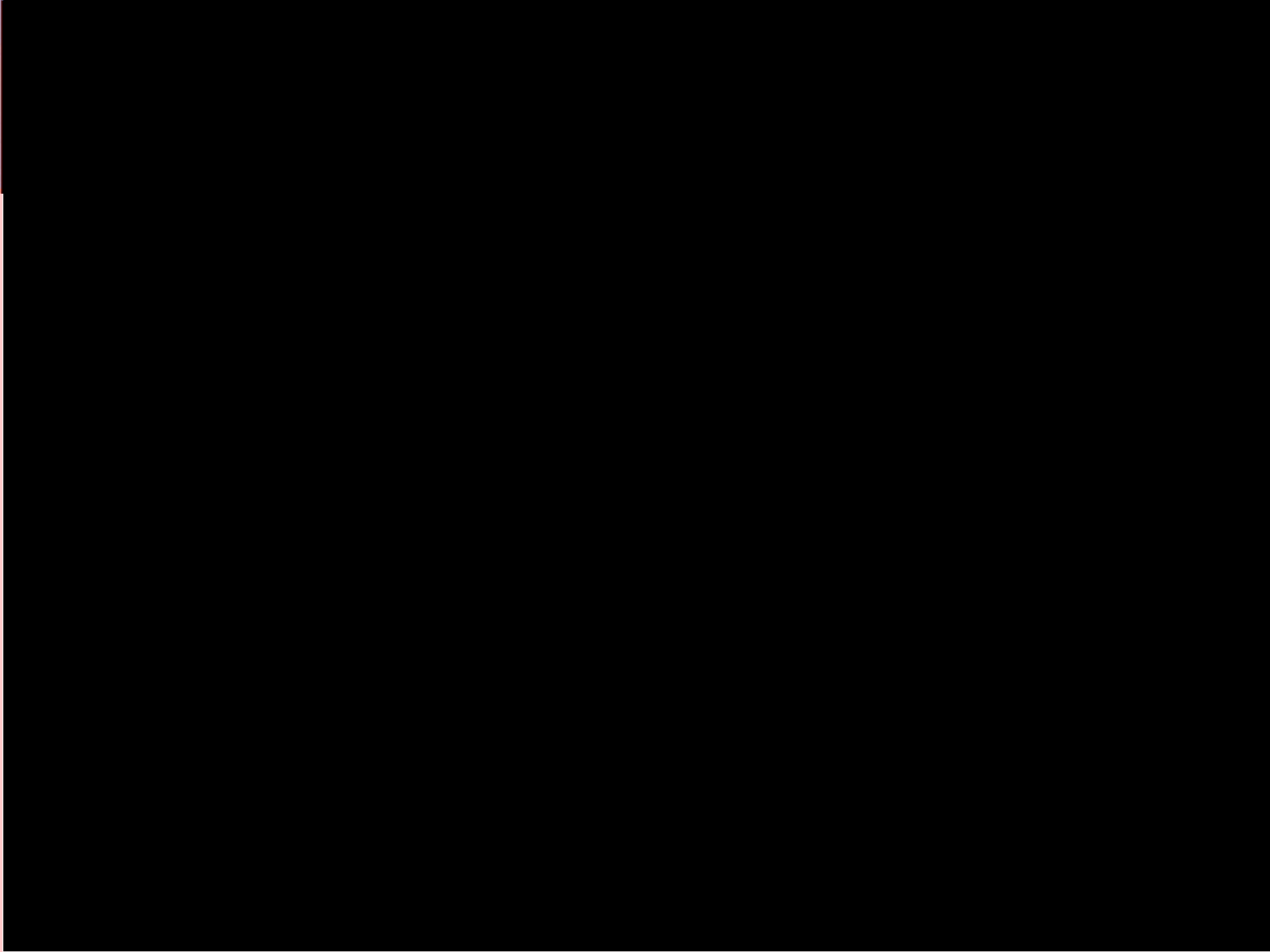


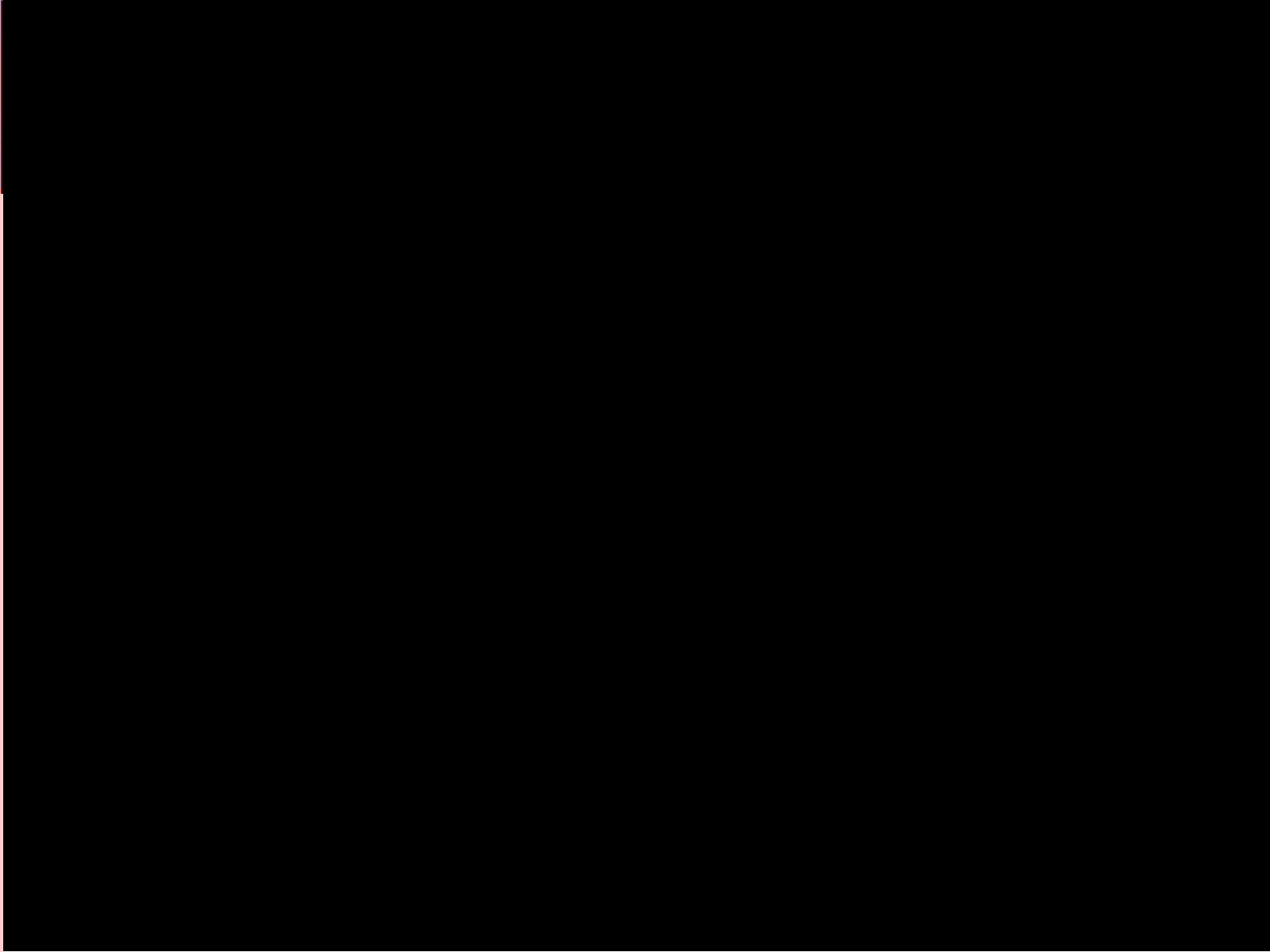


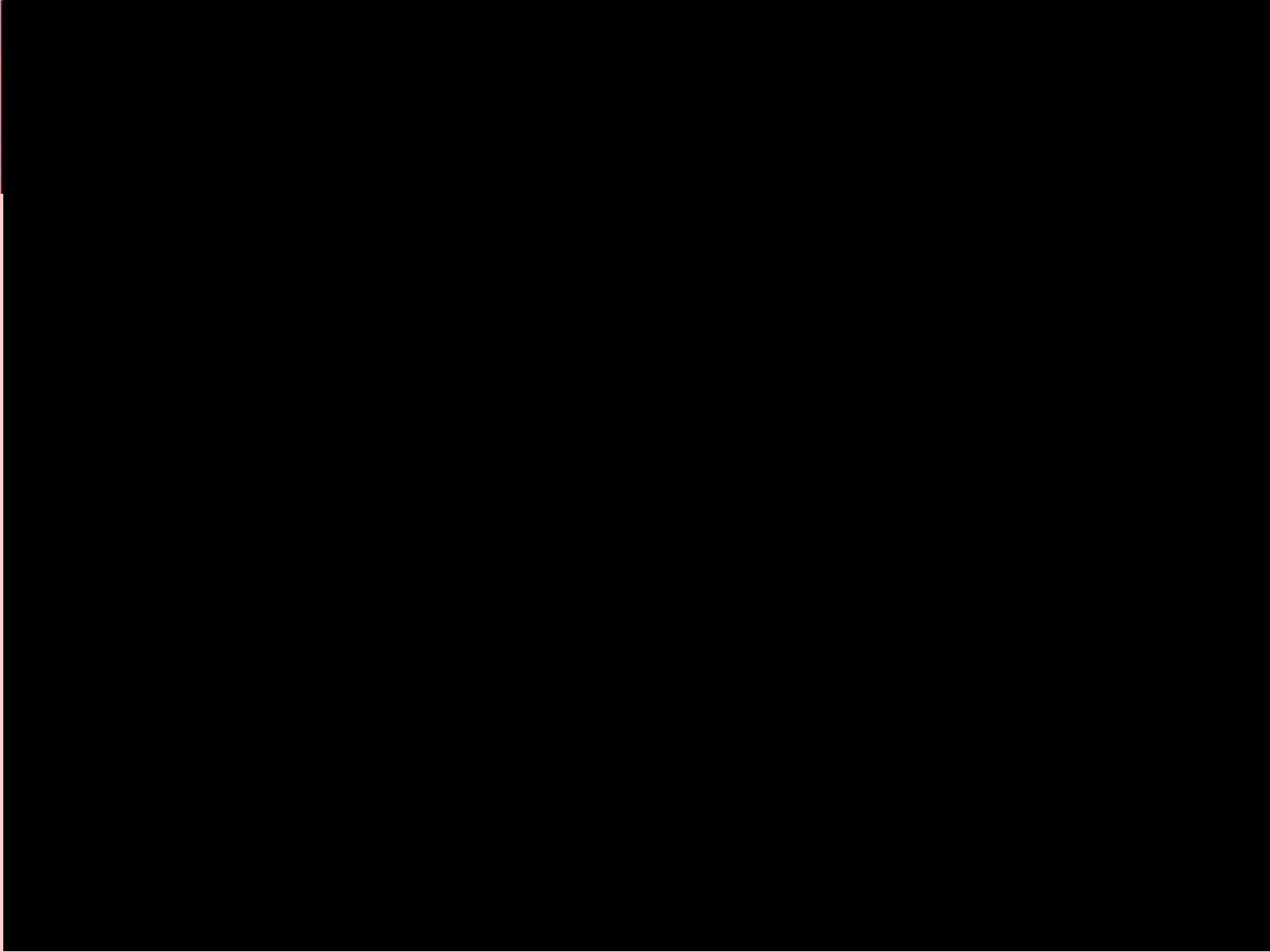


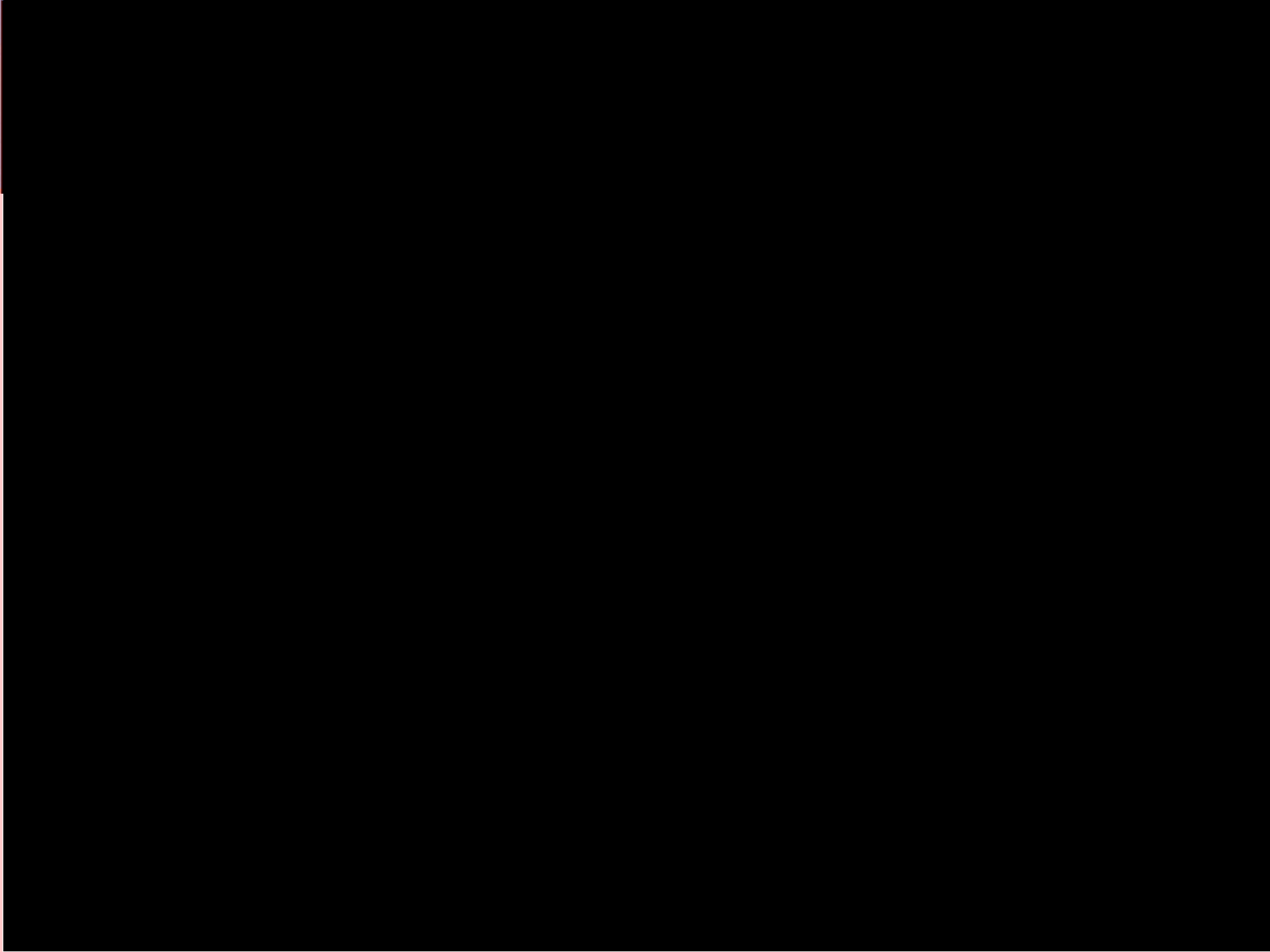


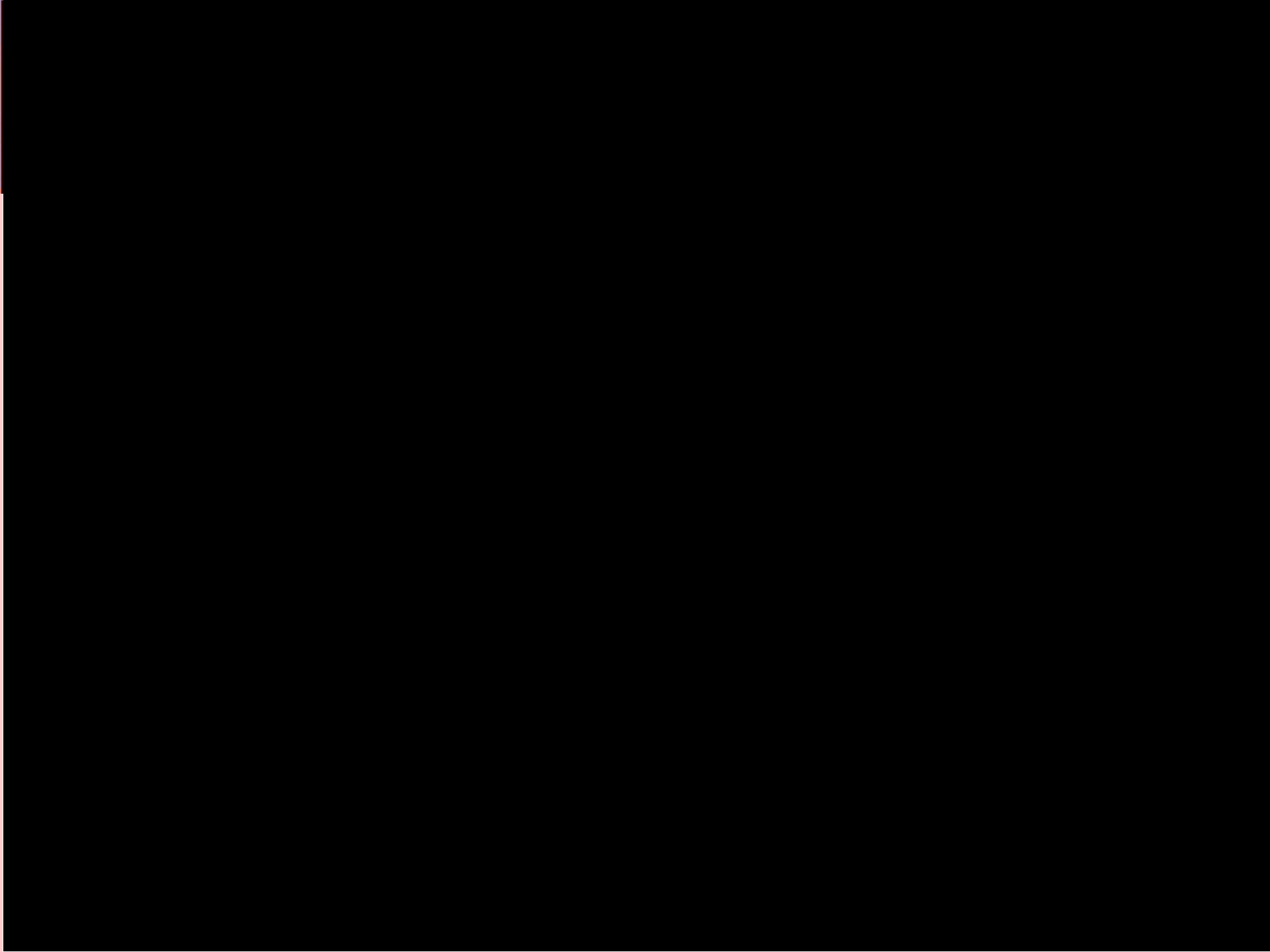


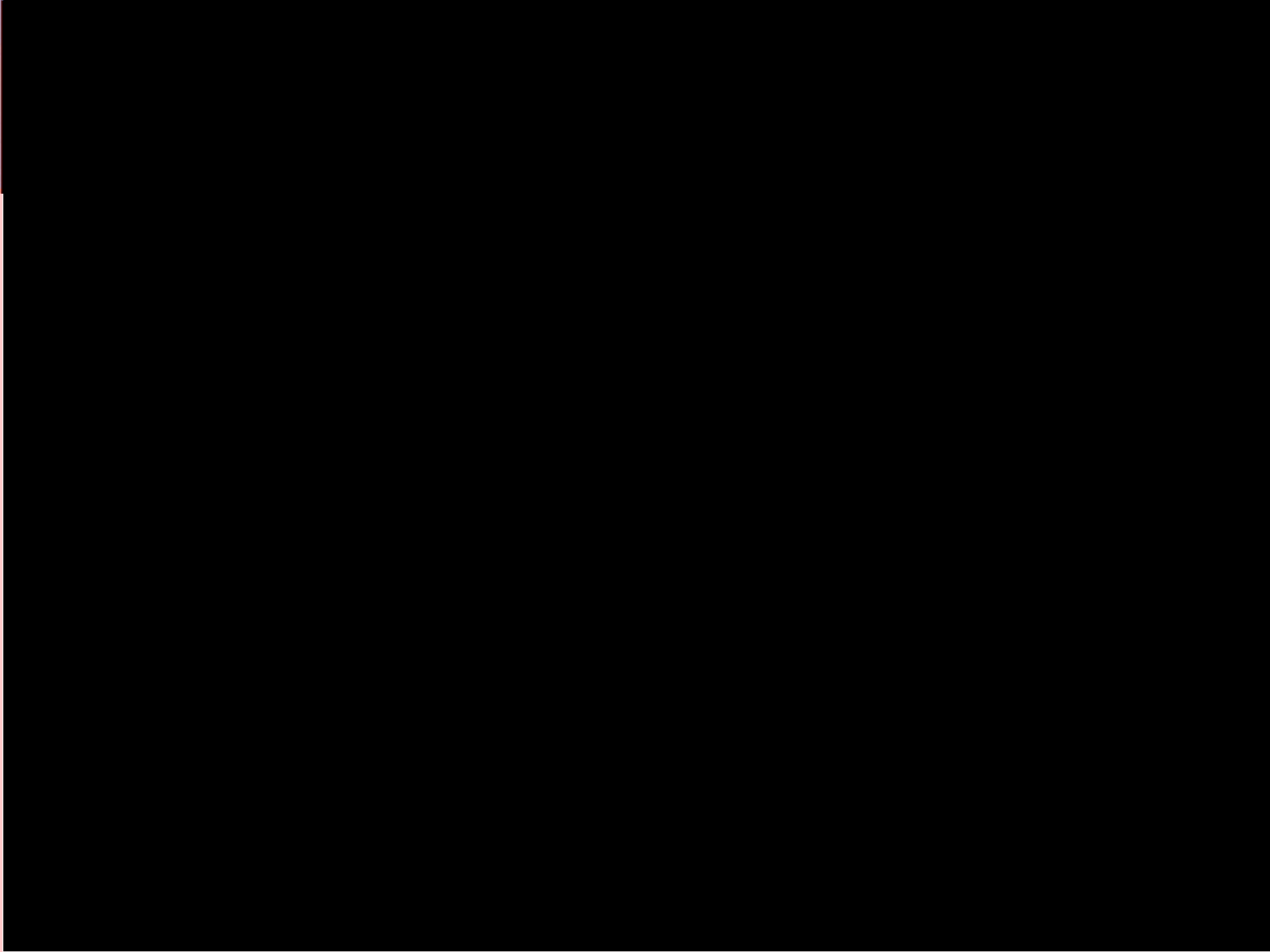


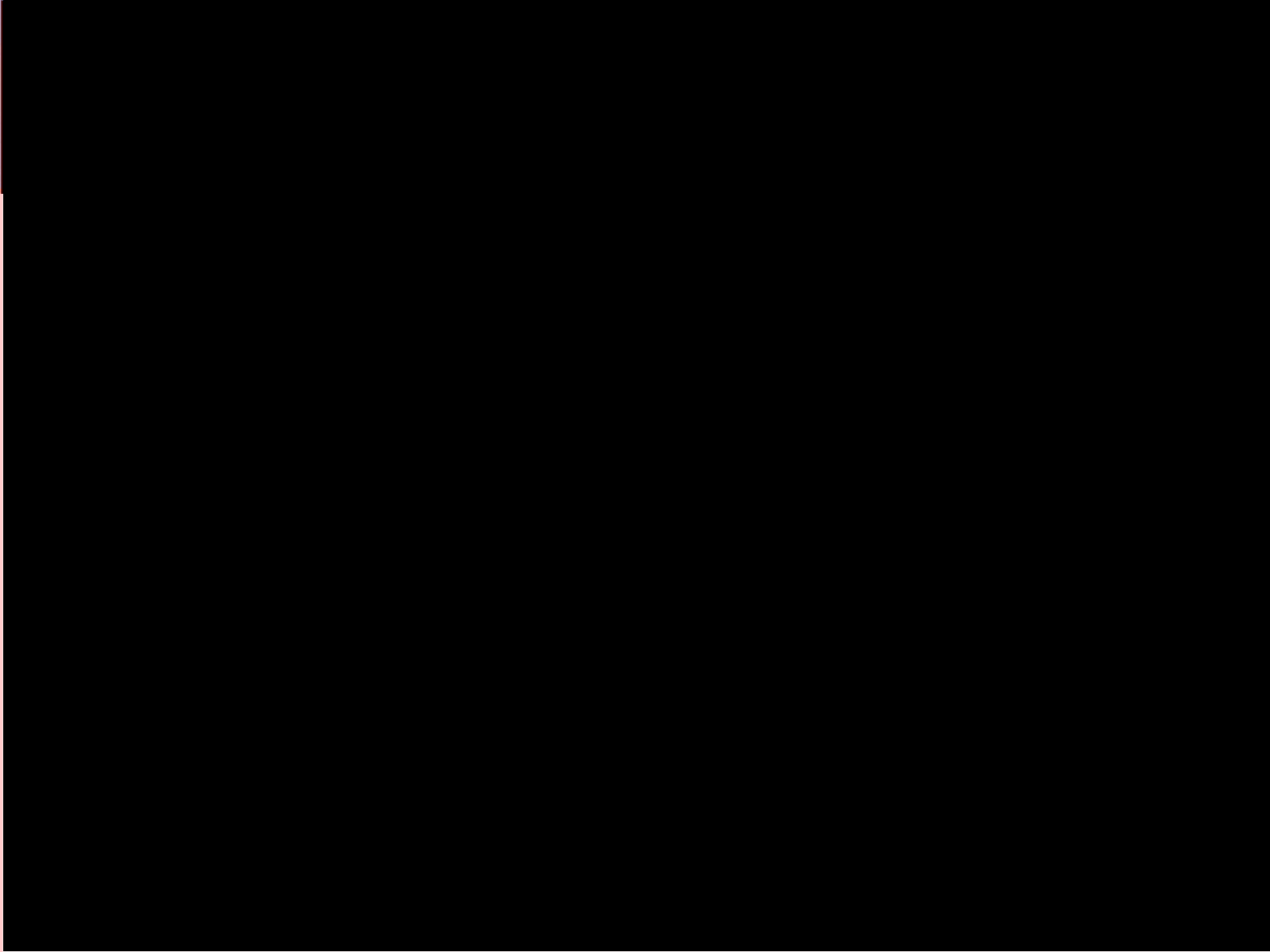


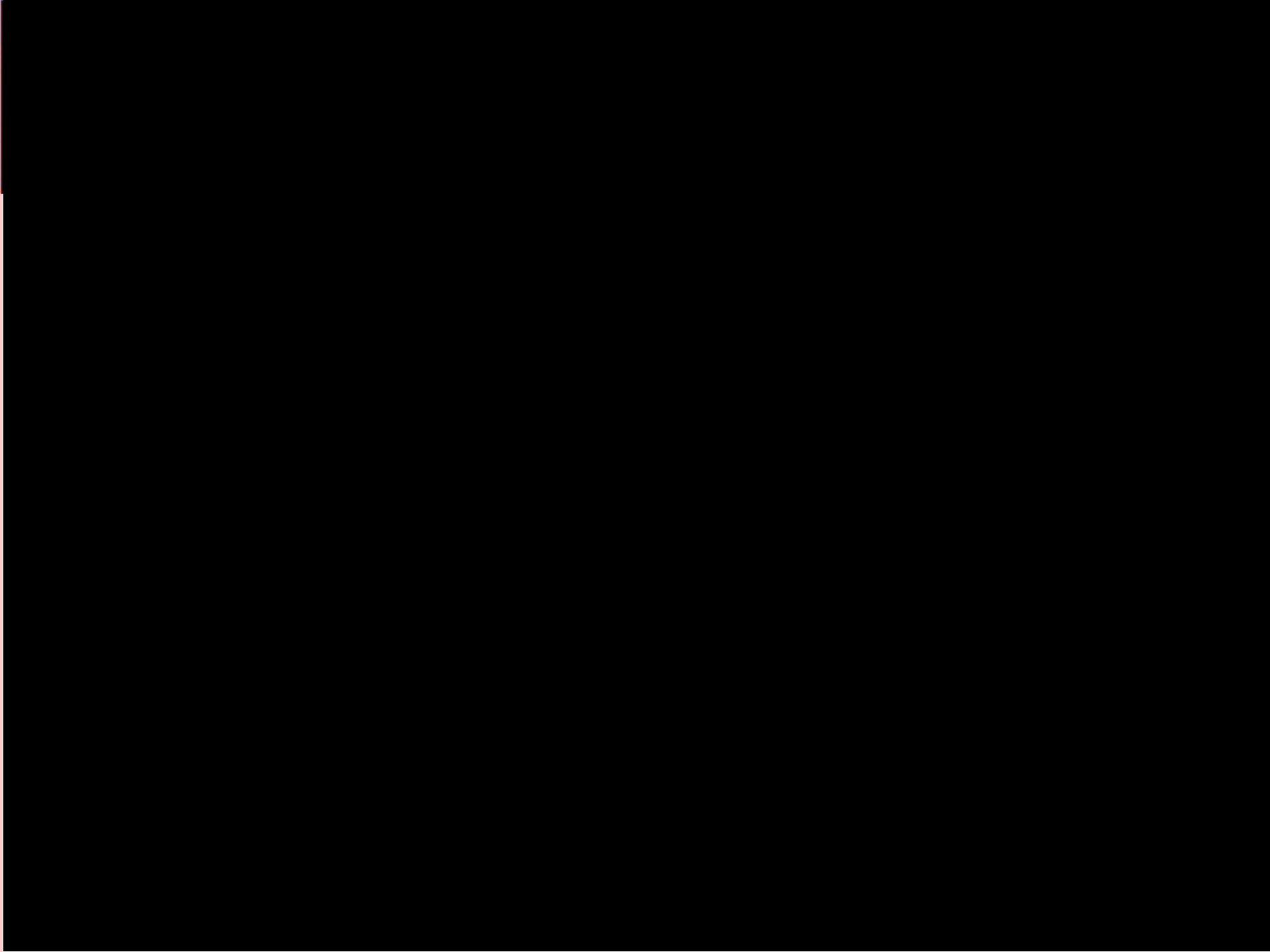


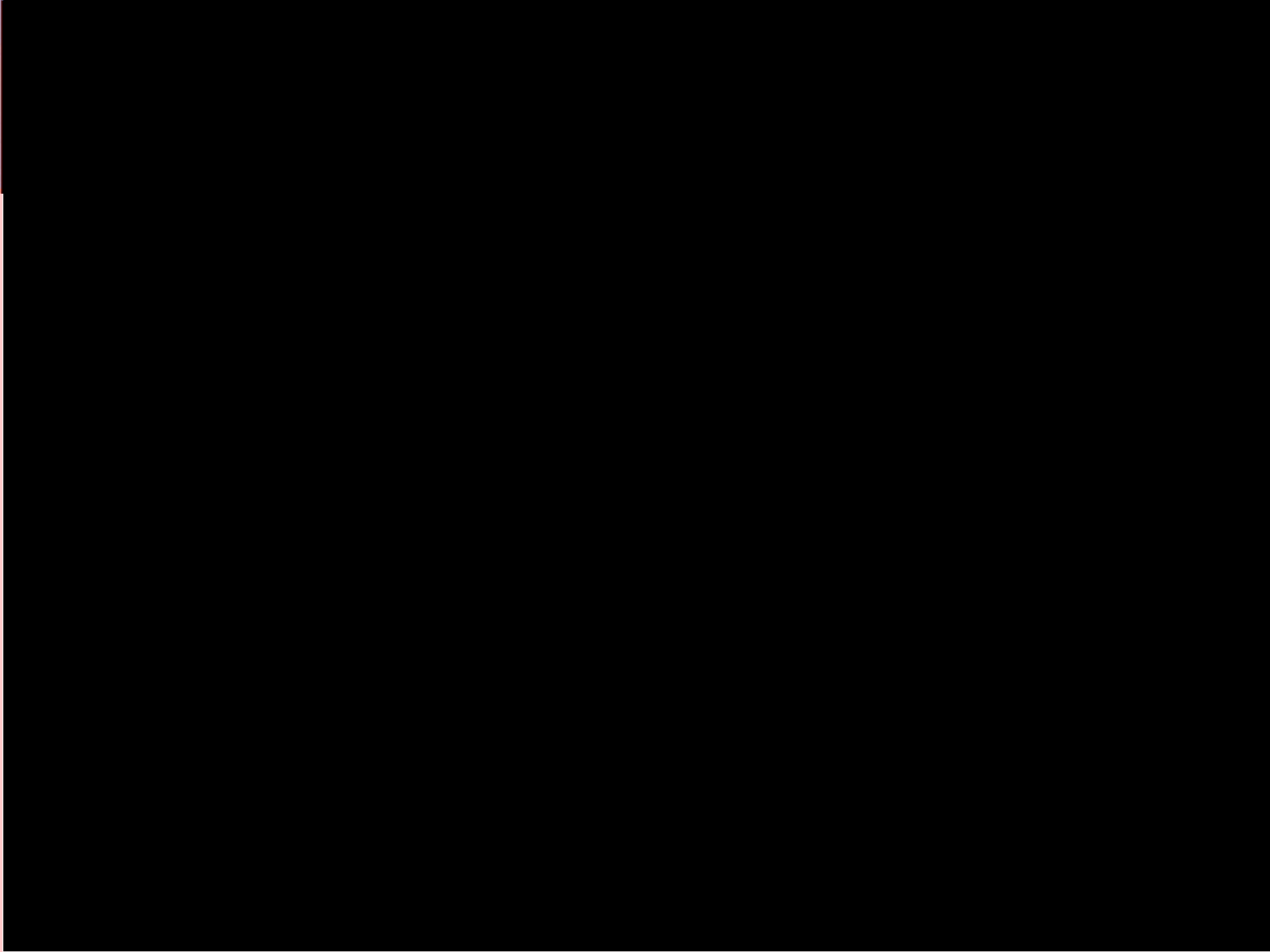


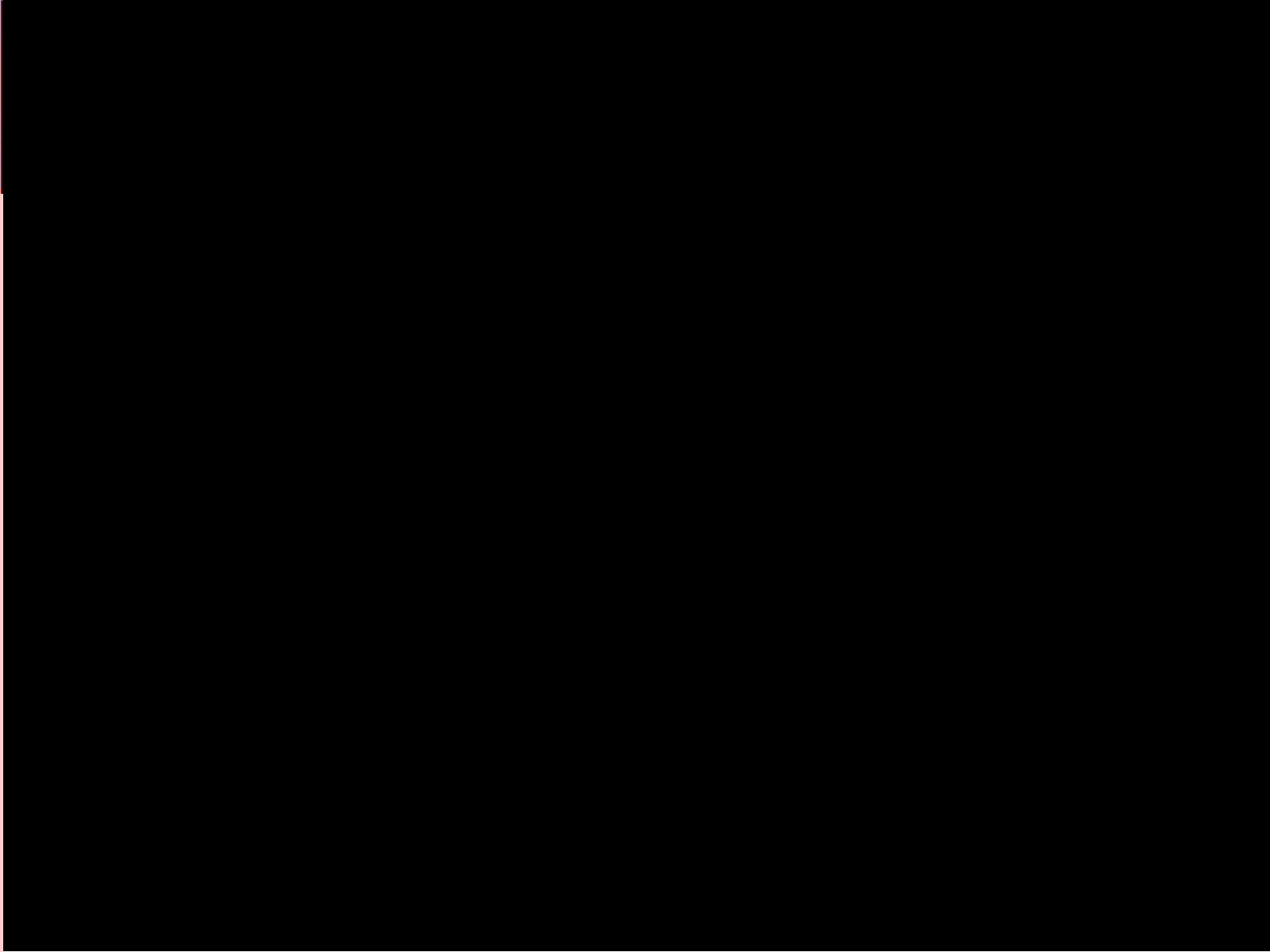


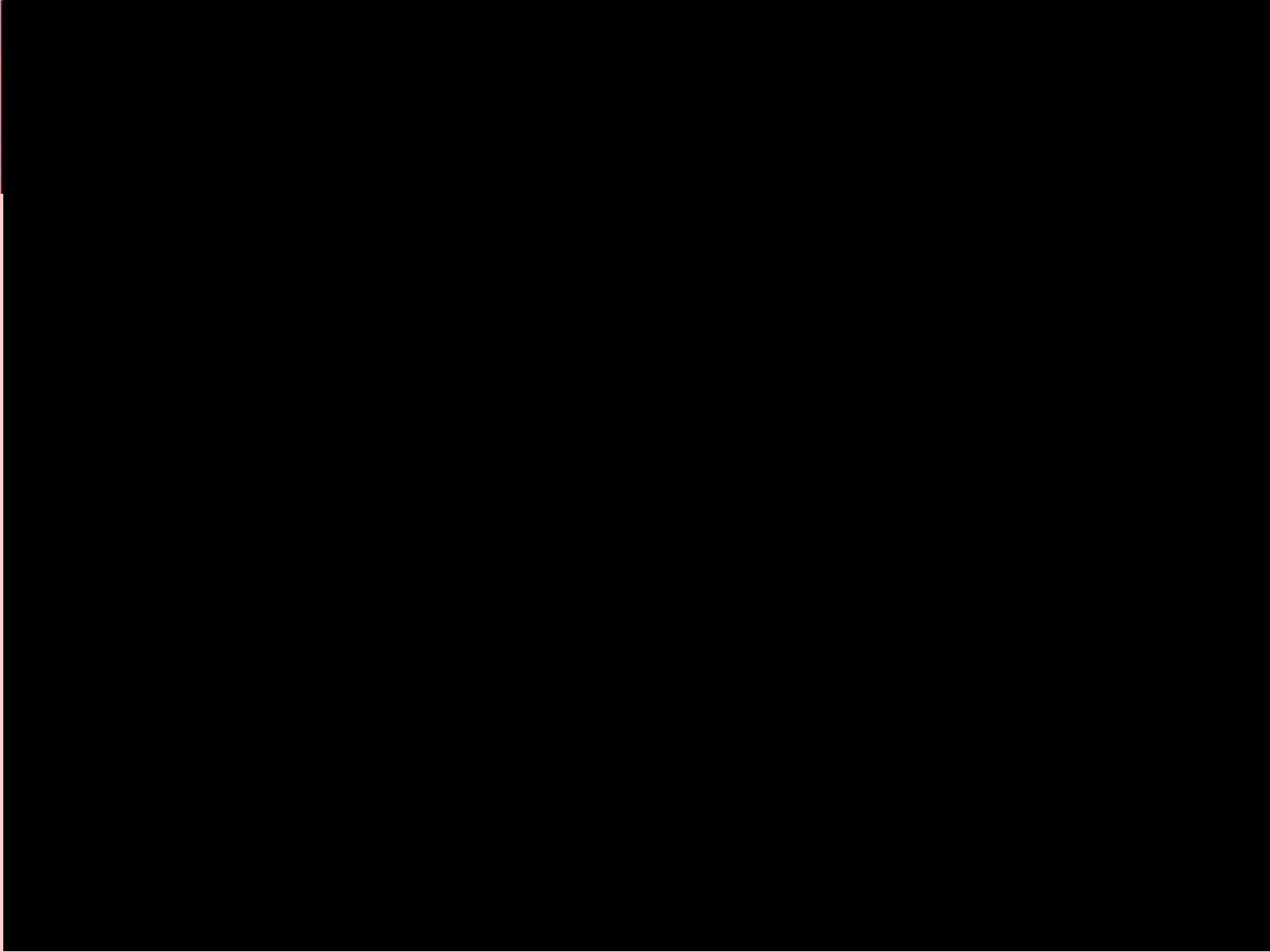


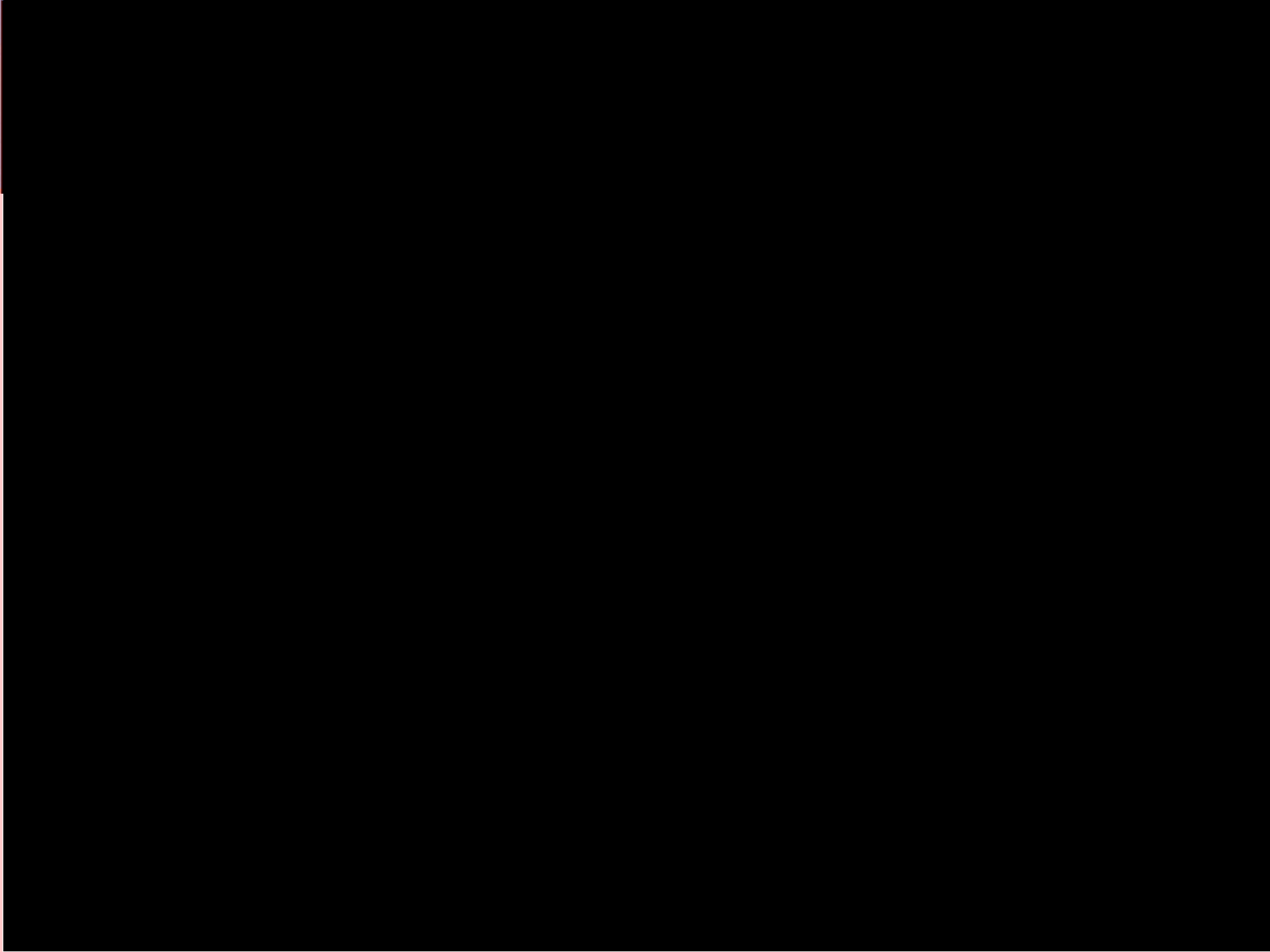


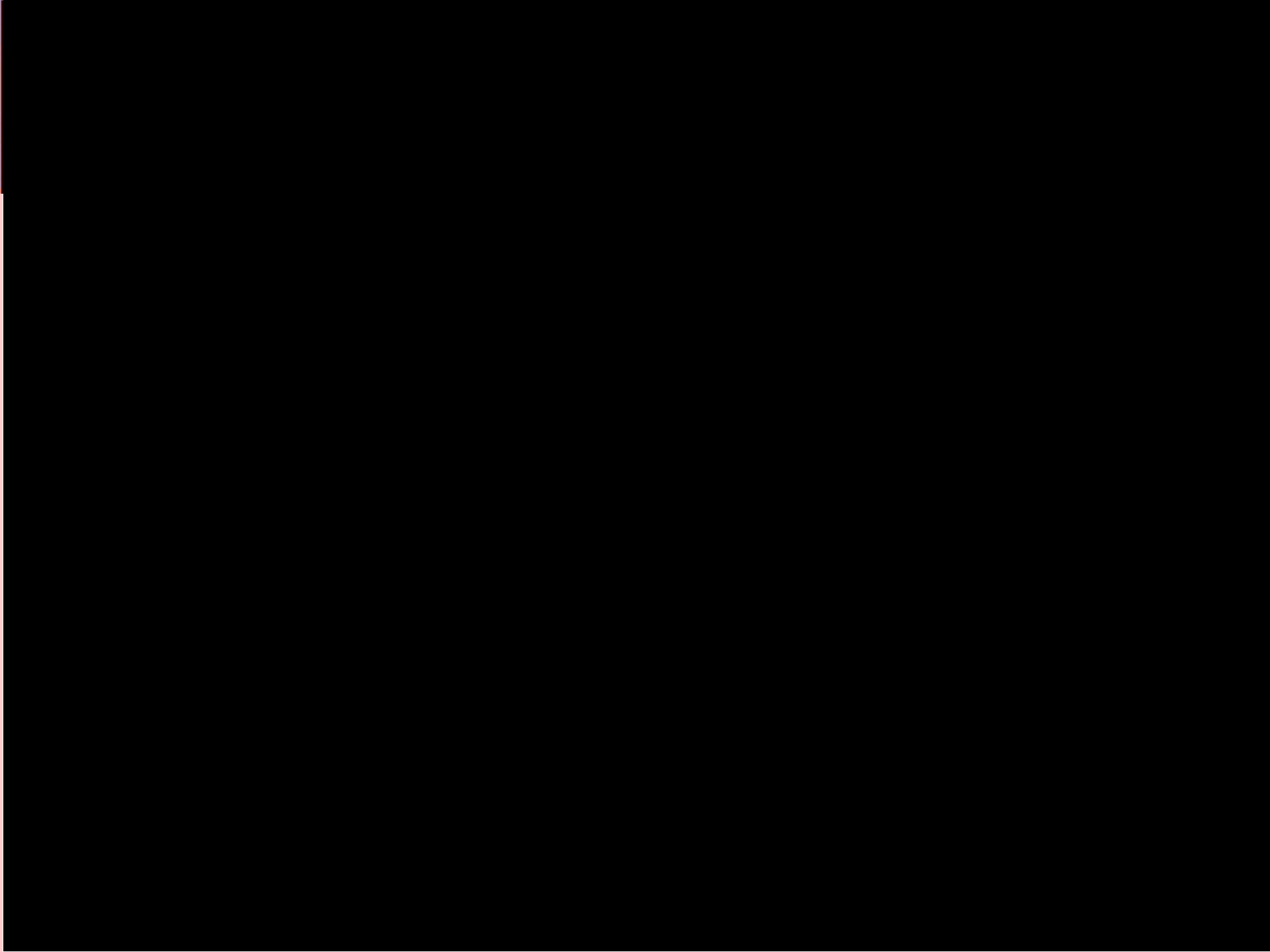


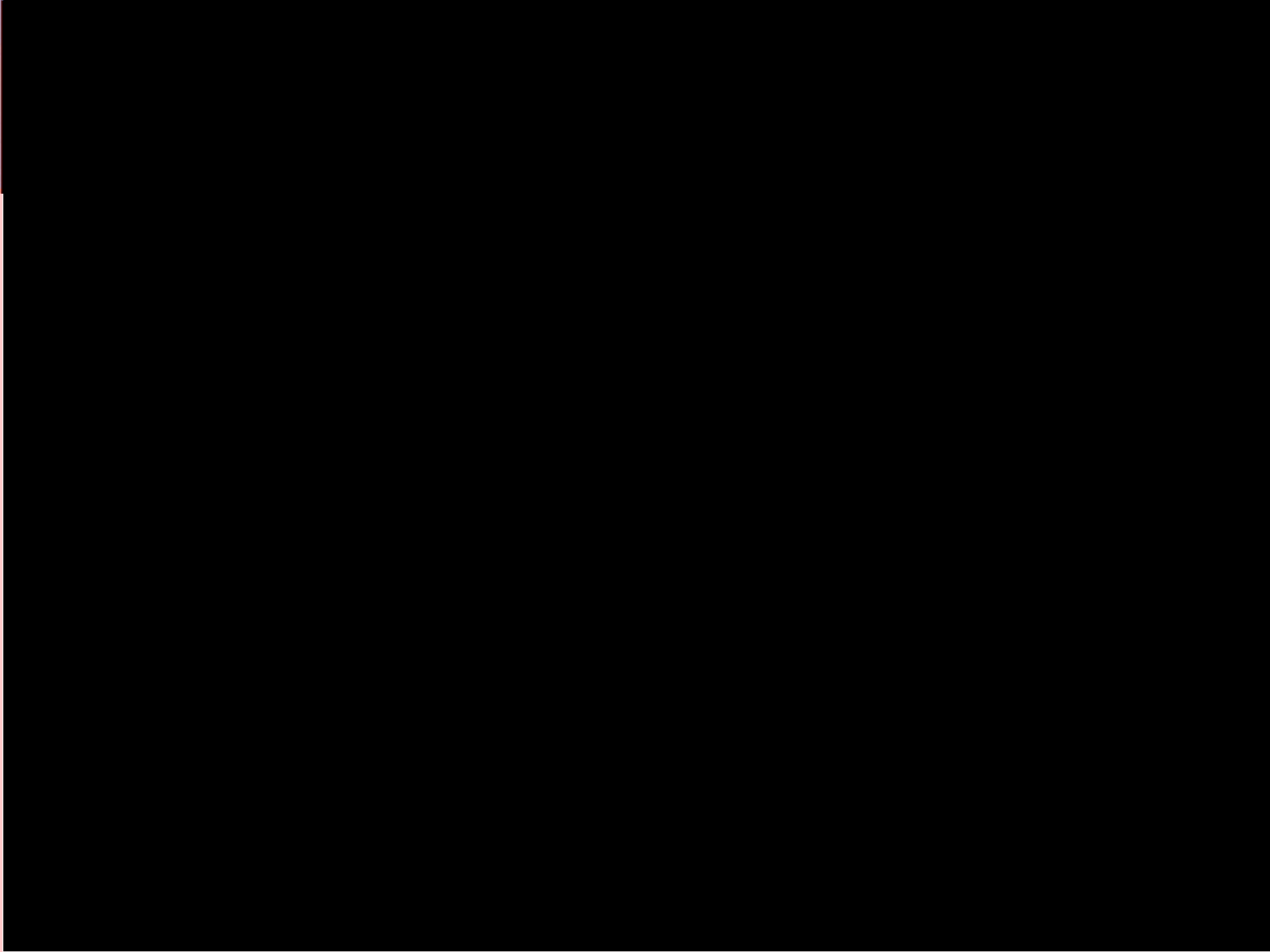


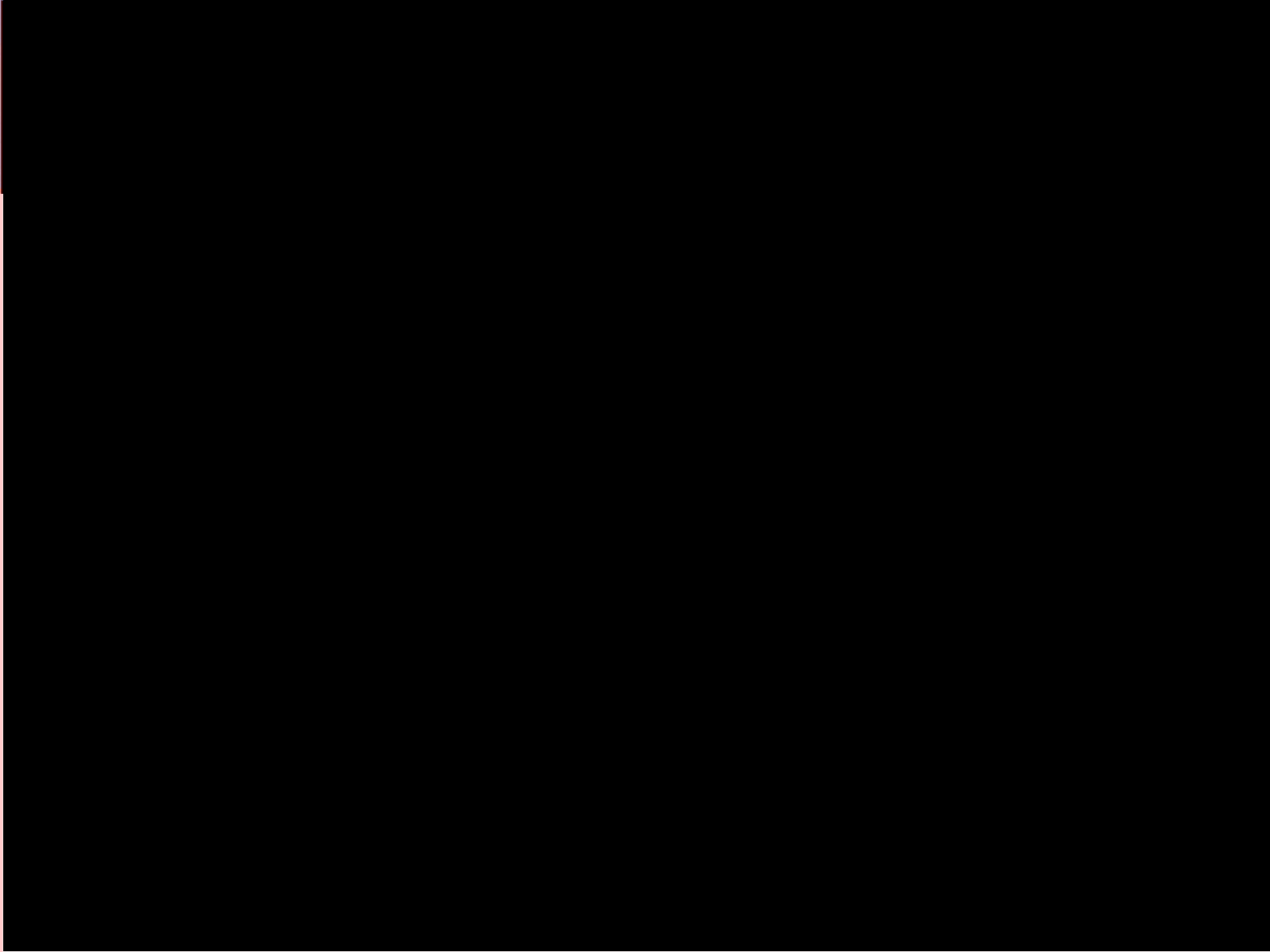


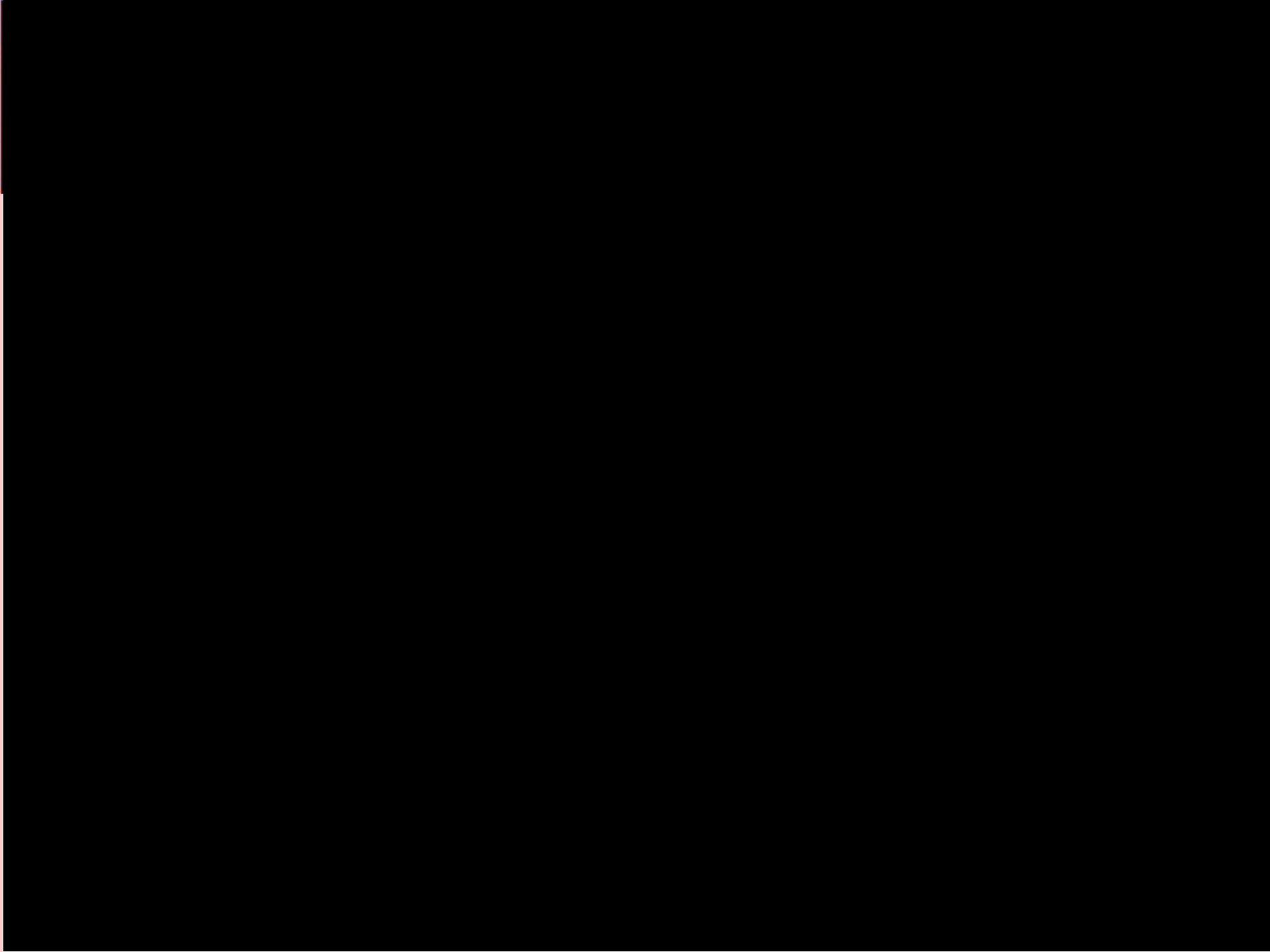


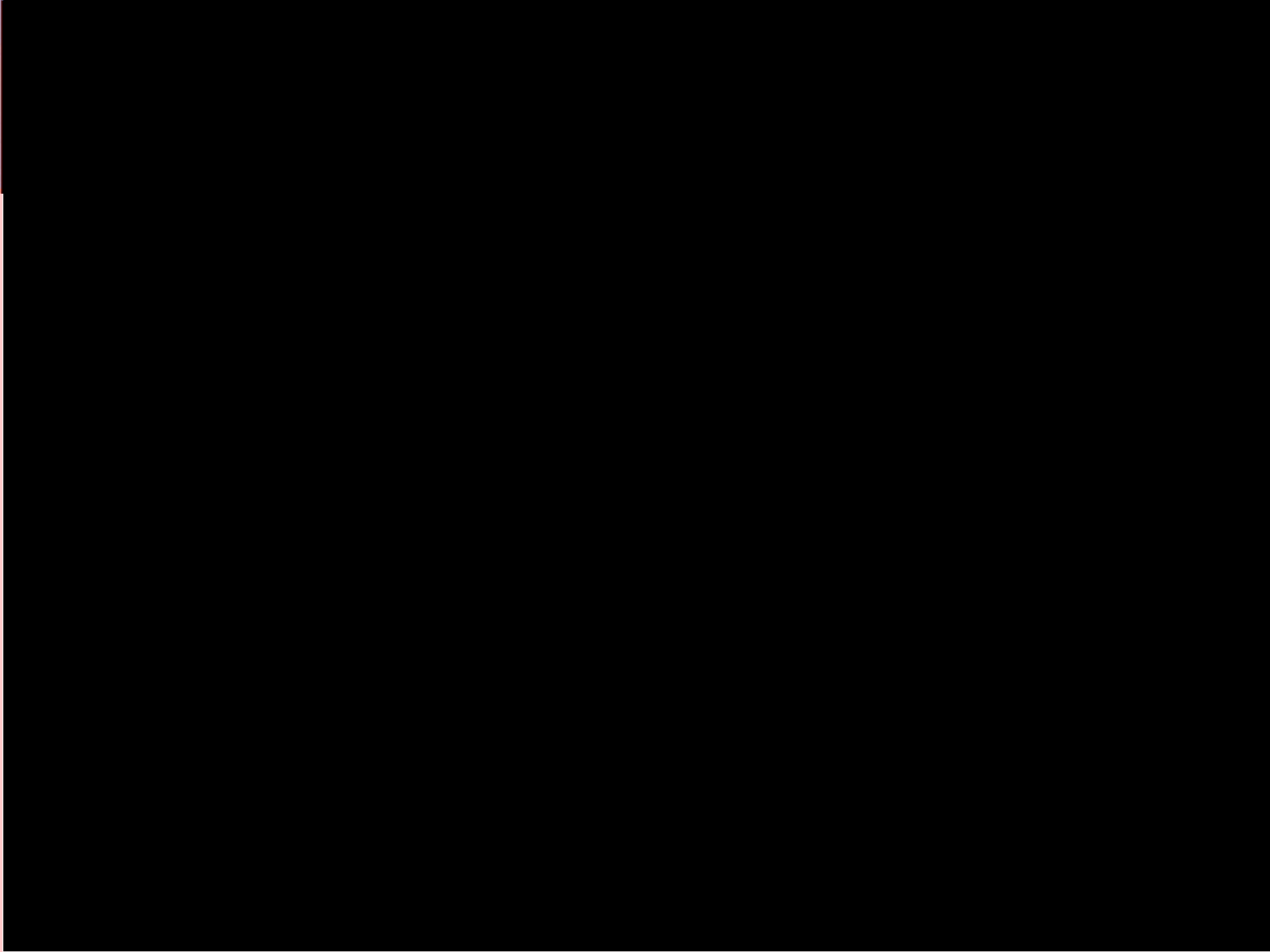


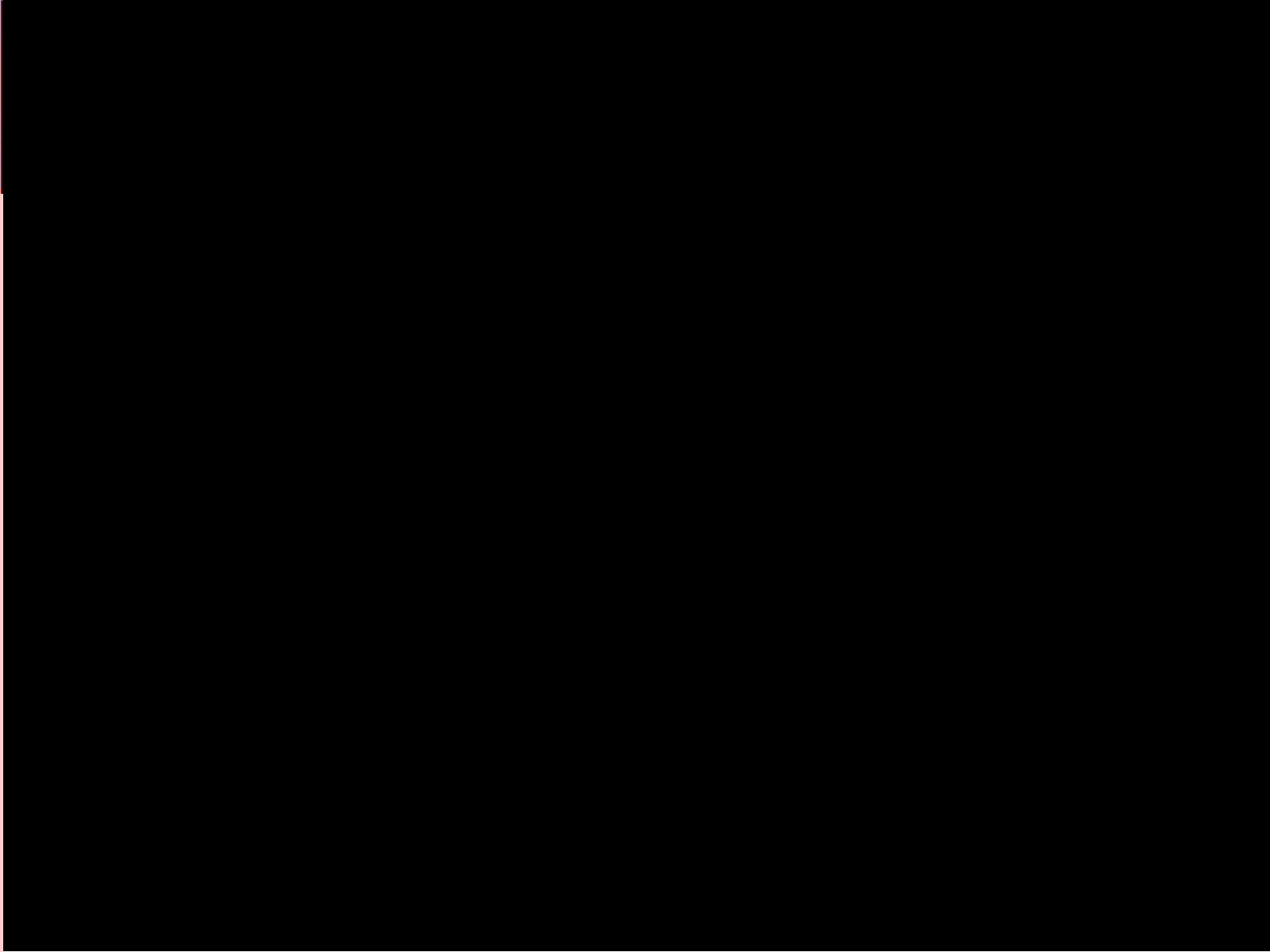


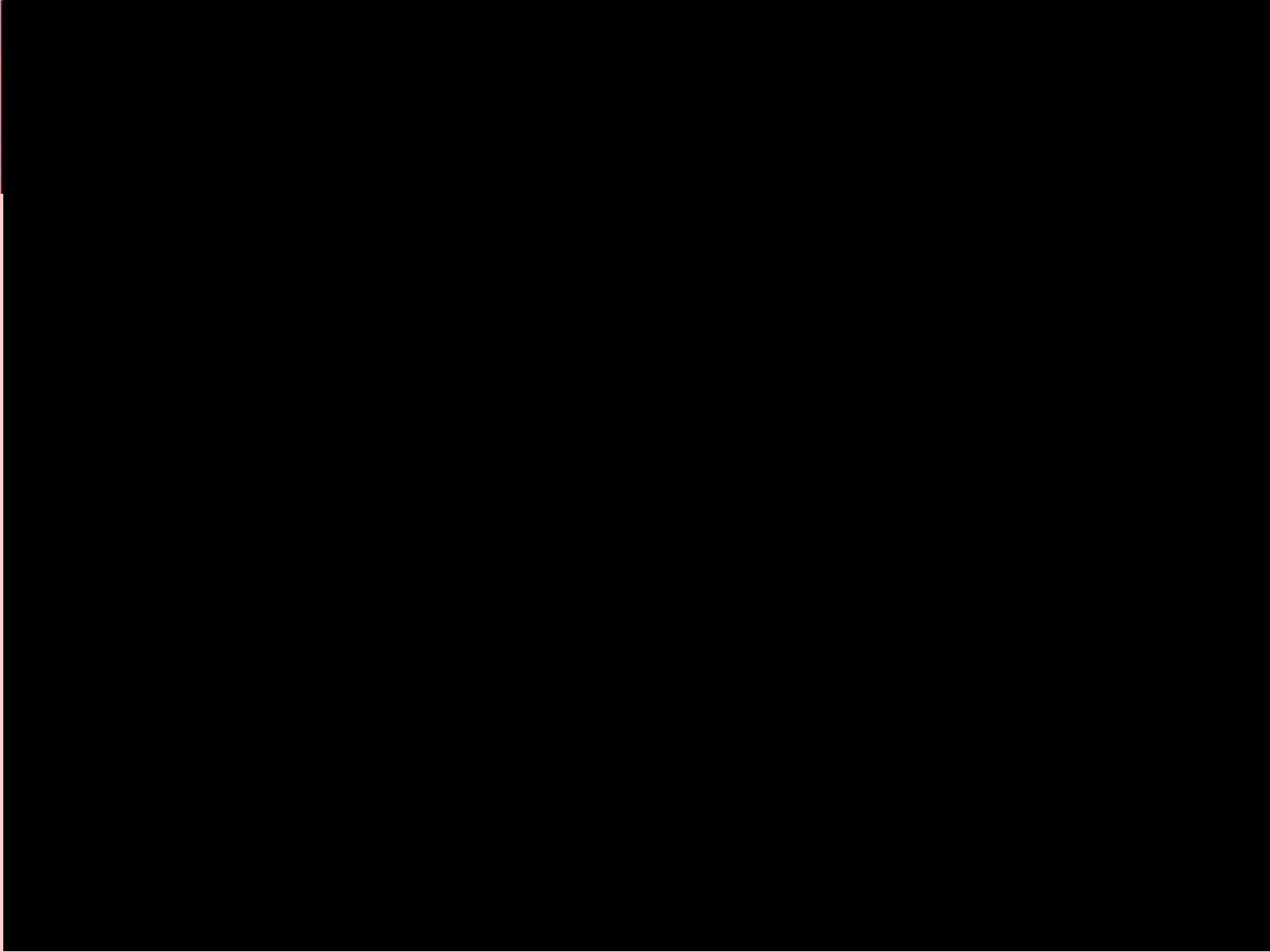












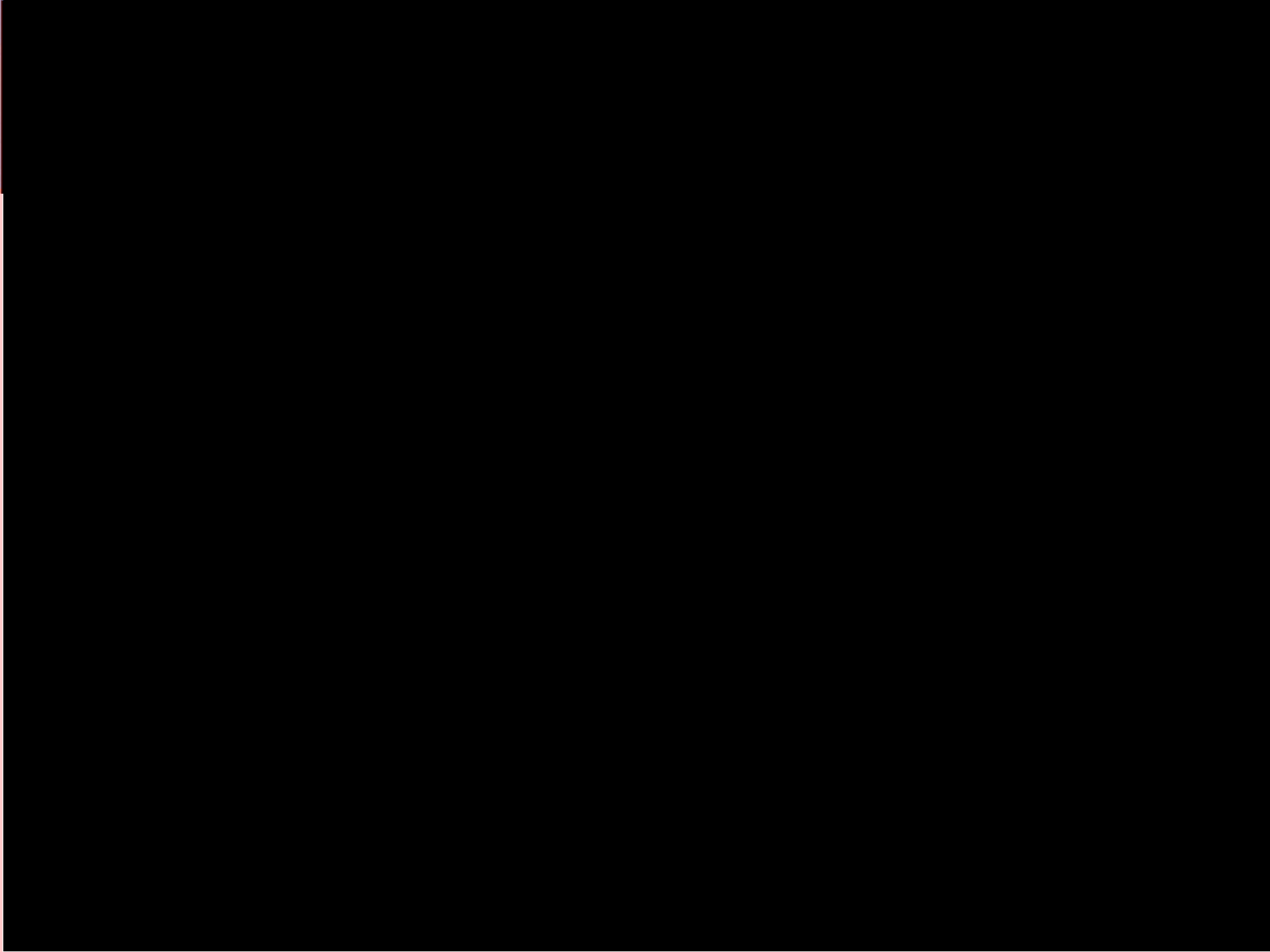
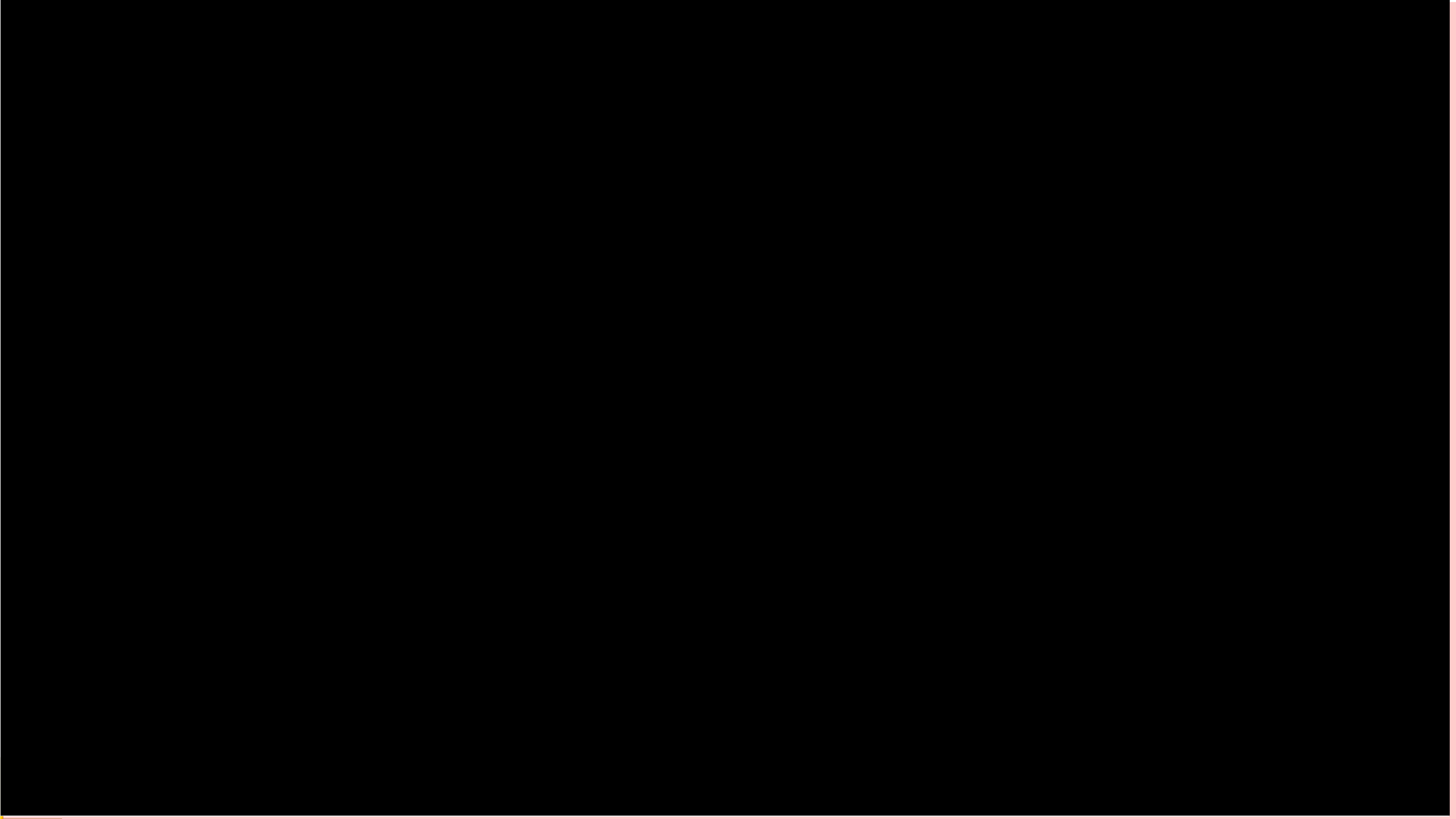


EXHIBIT 48



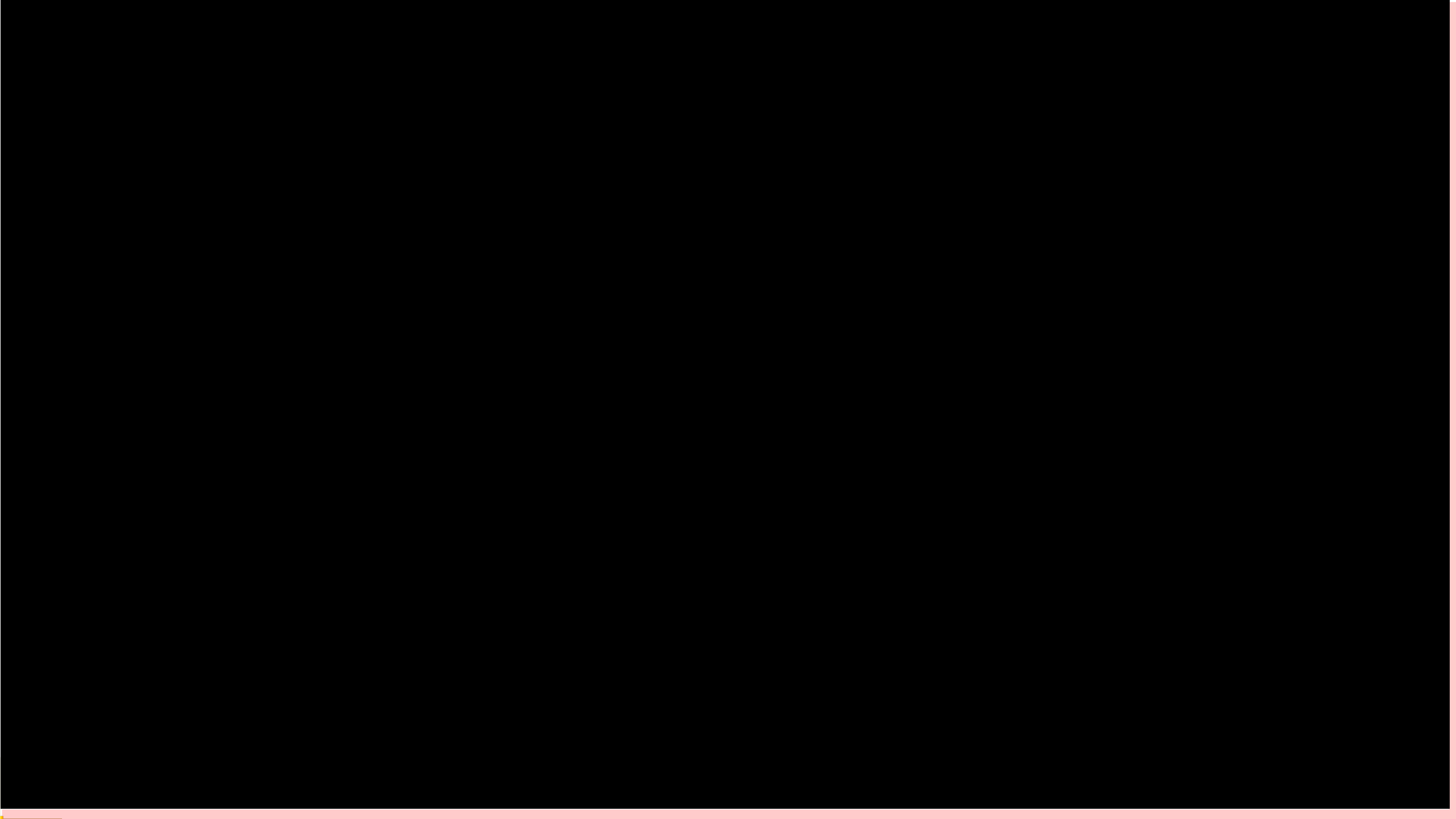


EXHIBIT 49

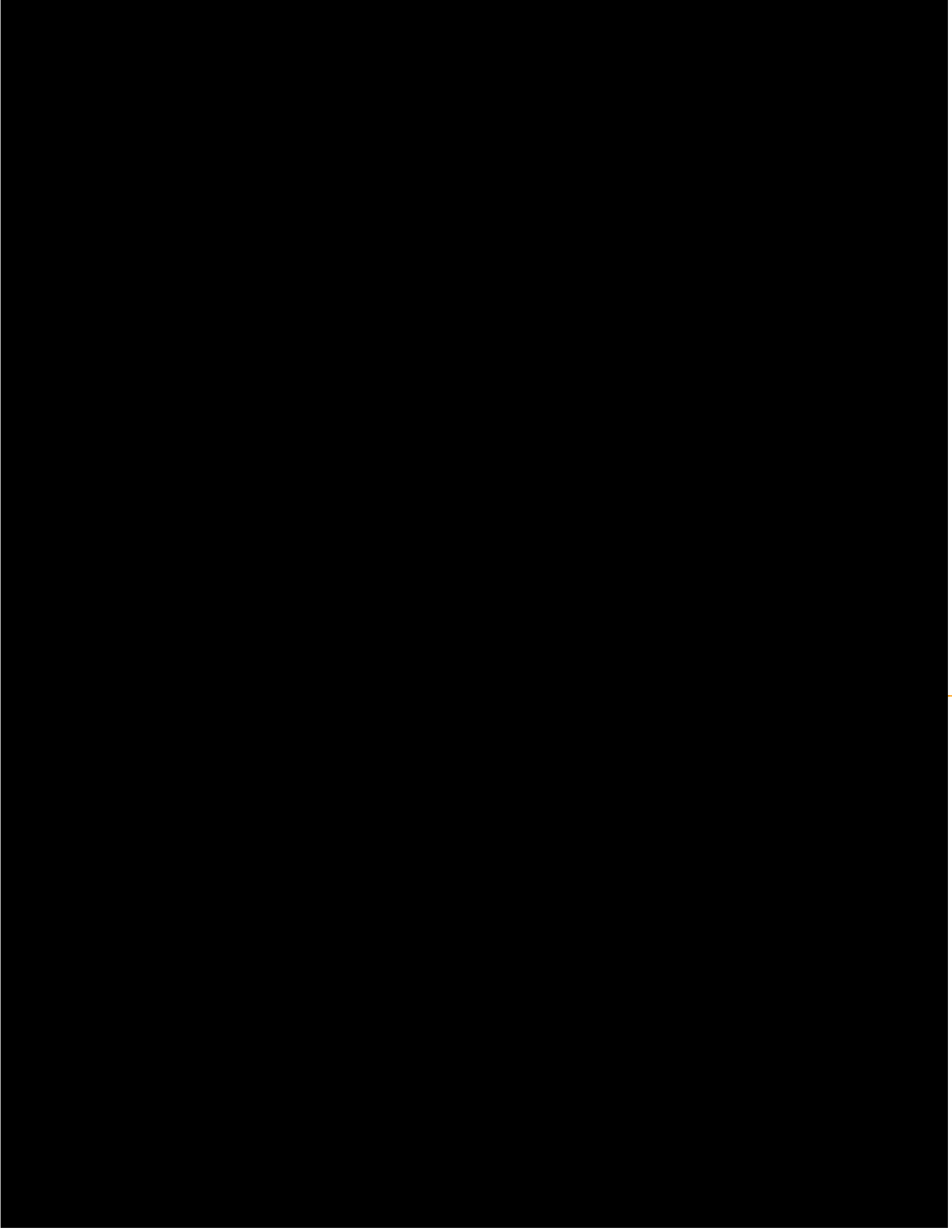


EXHIBIT 50

EXHIBIT 51

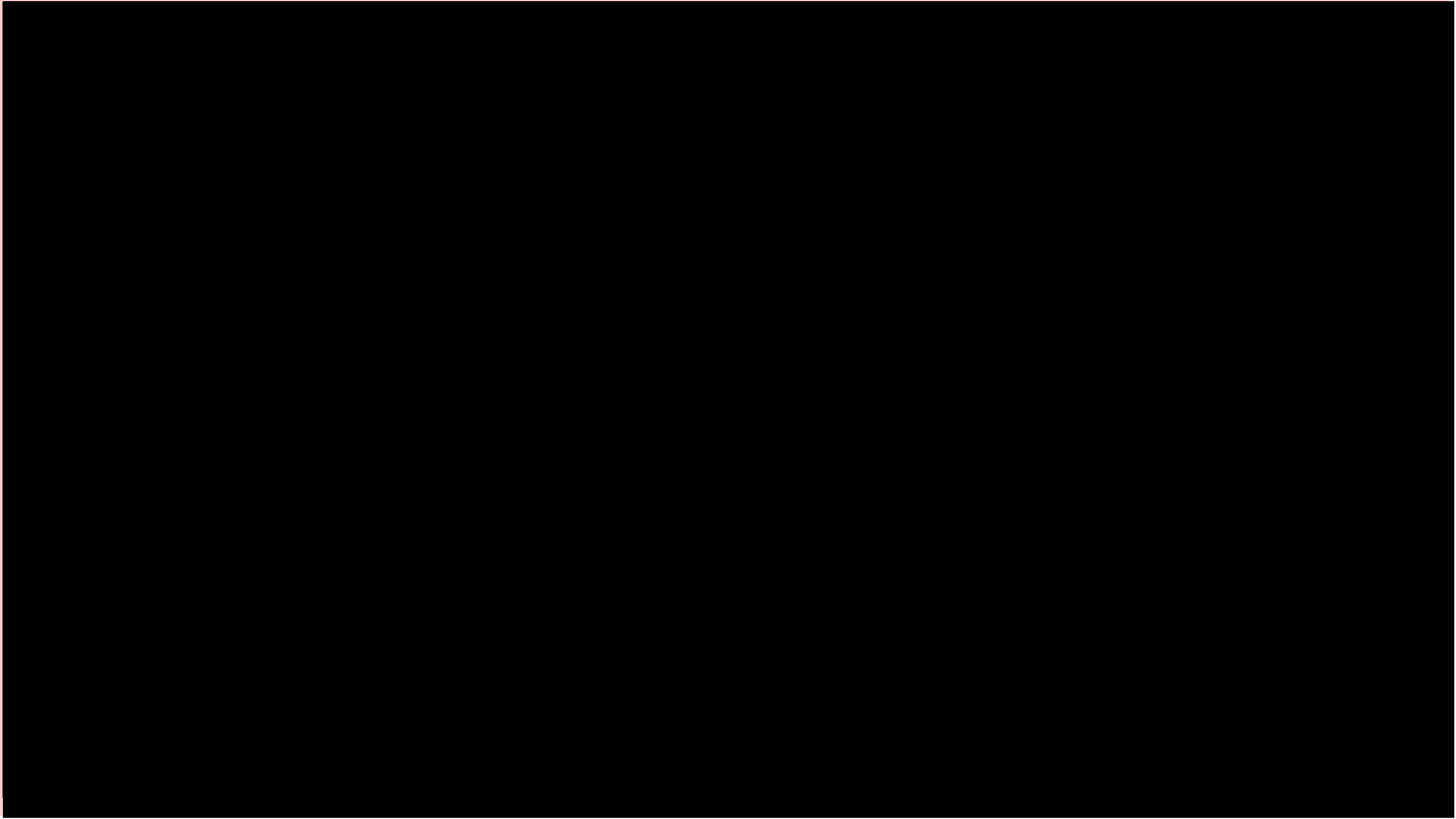
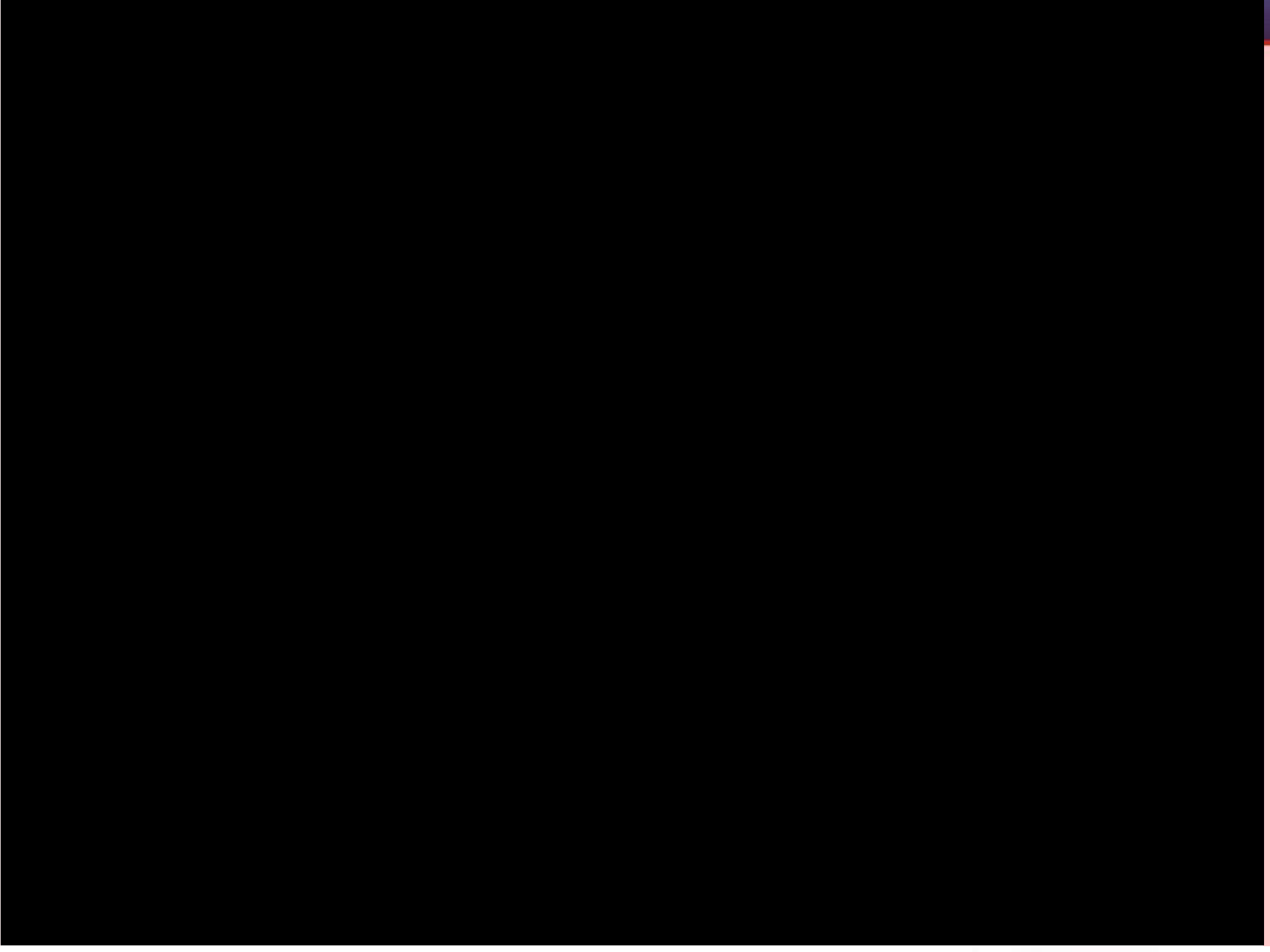
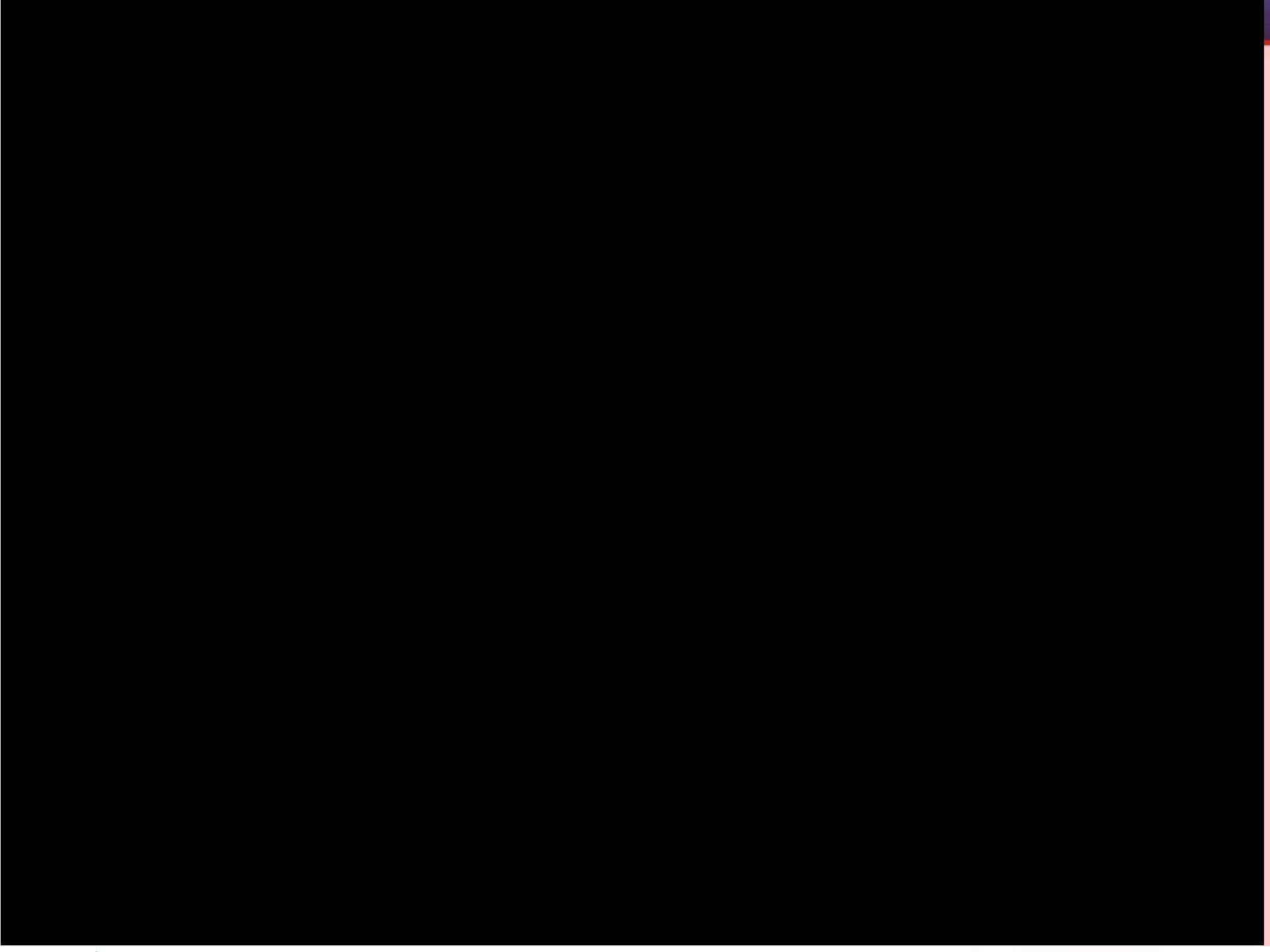
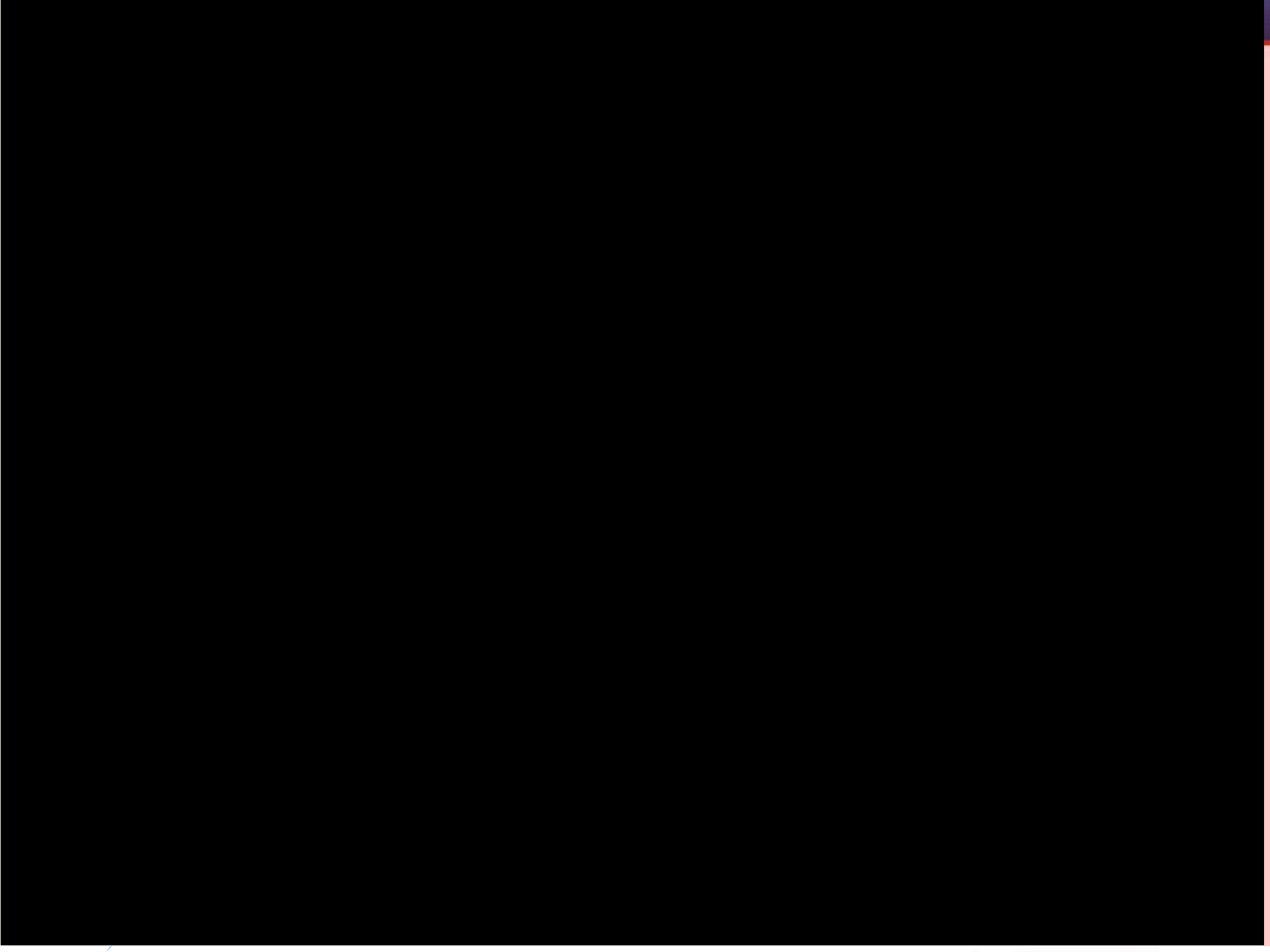
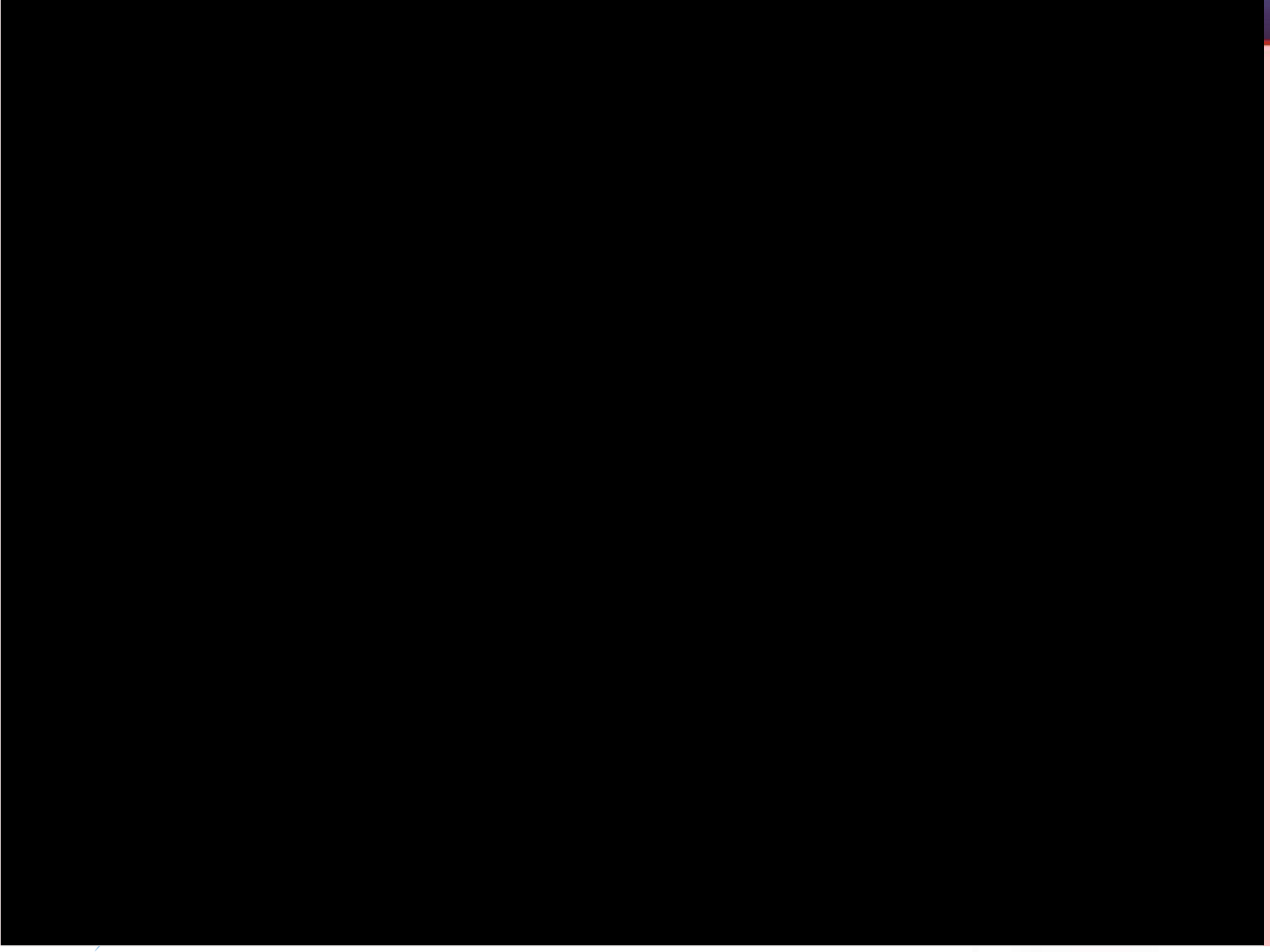


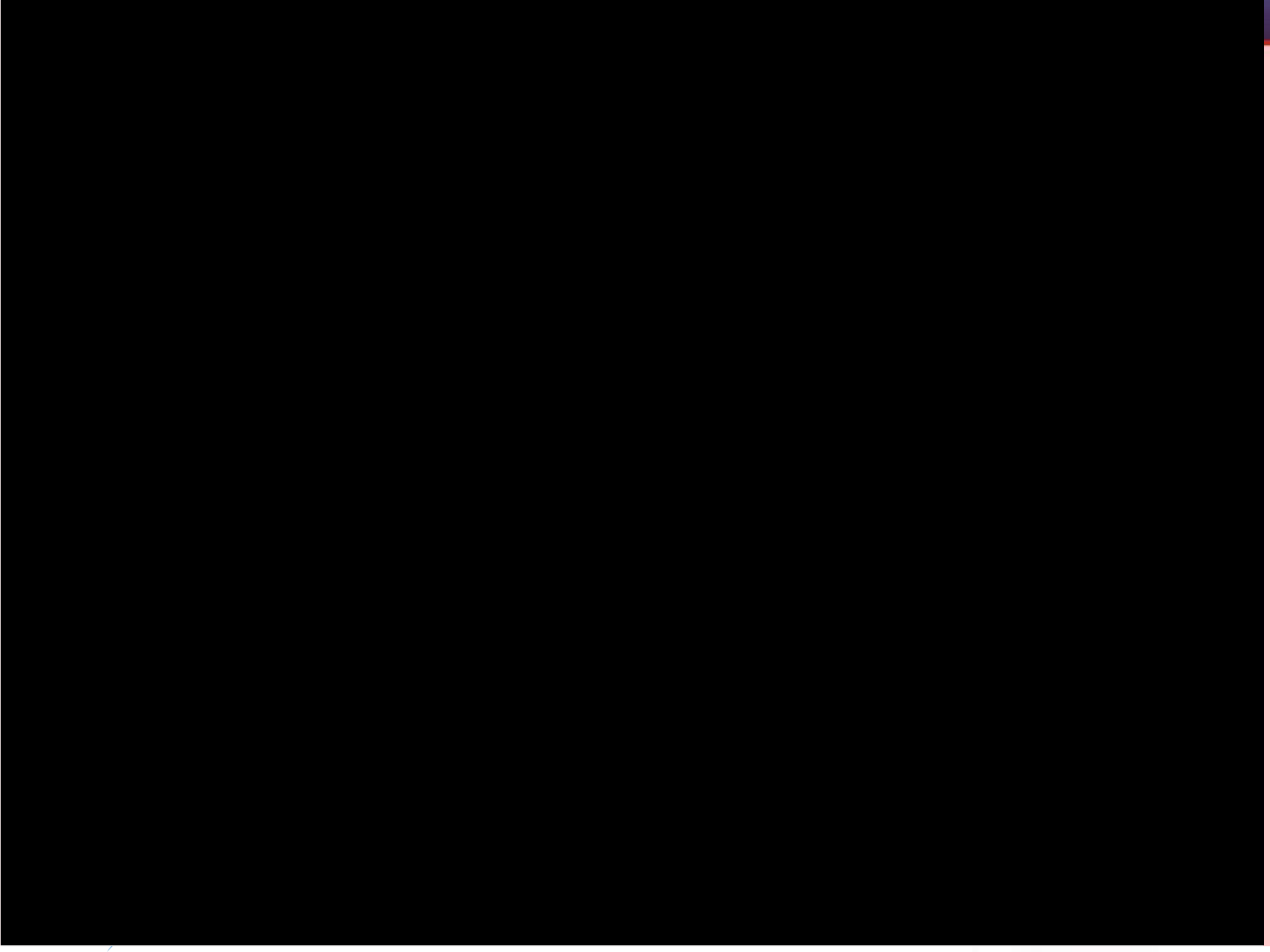
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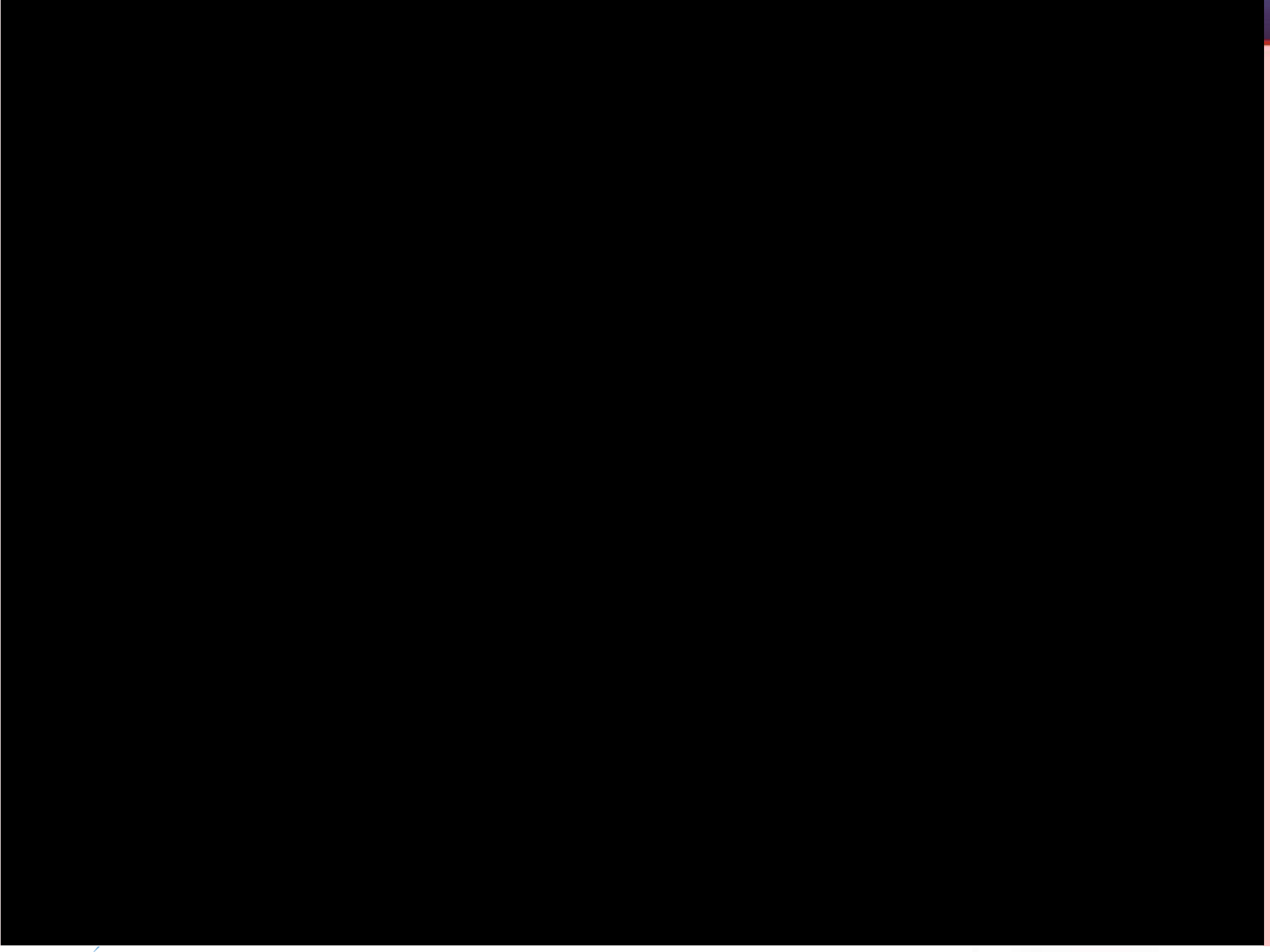


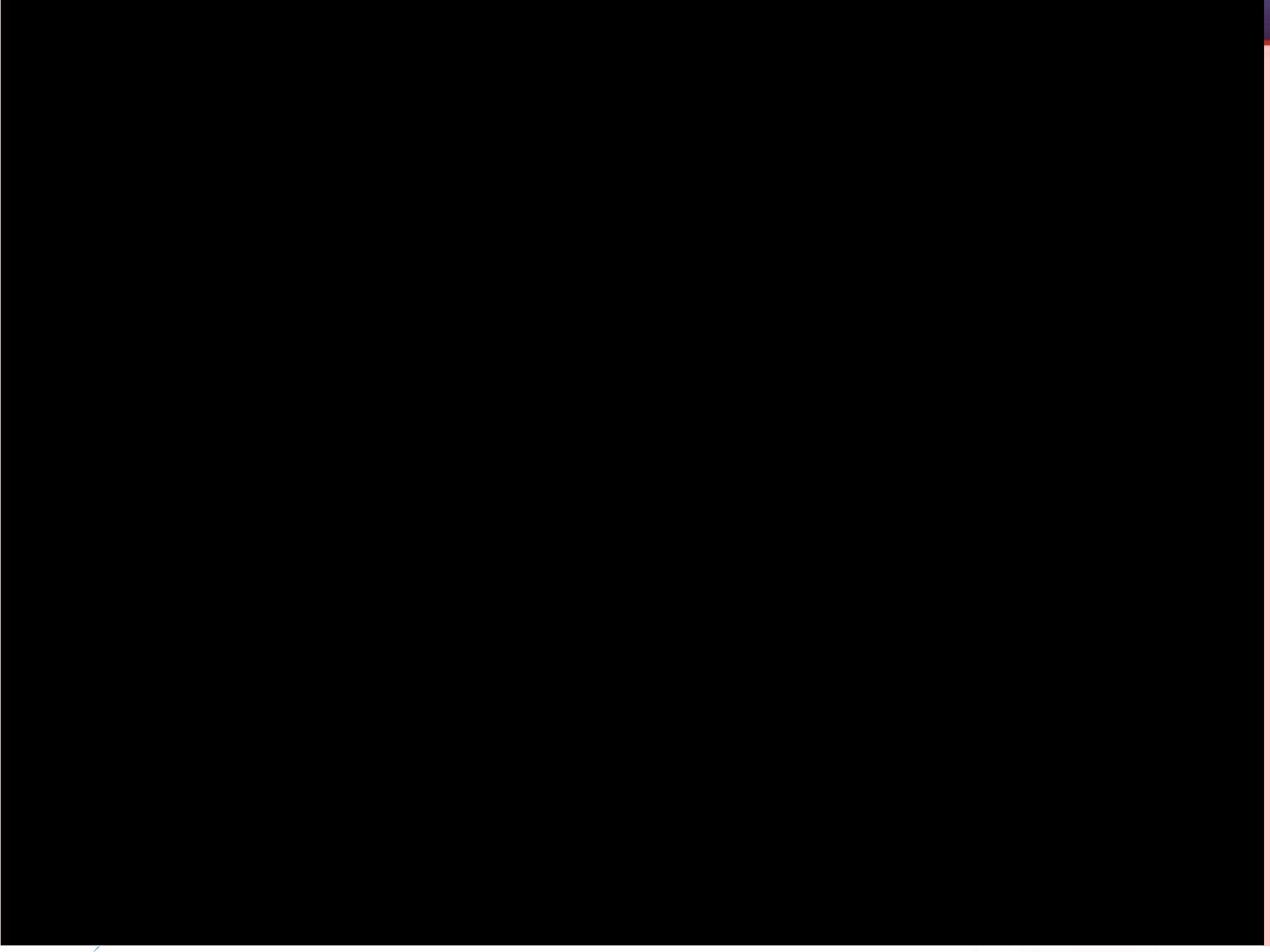


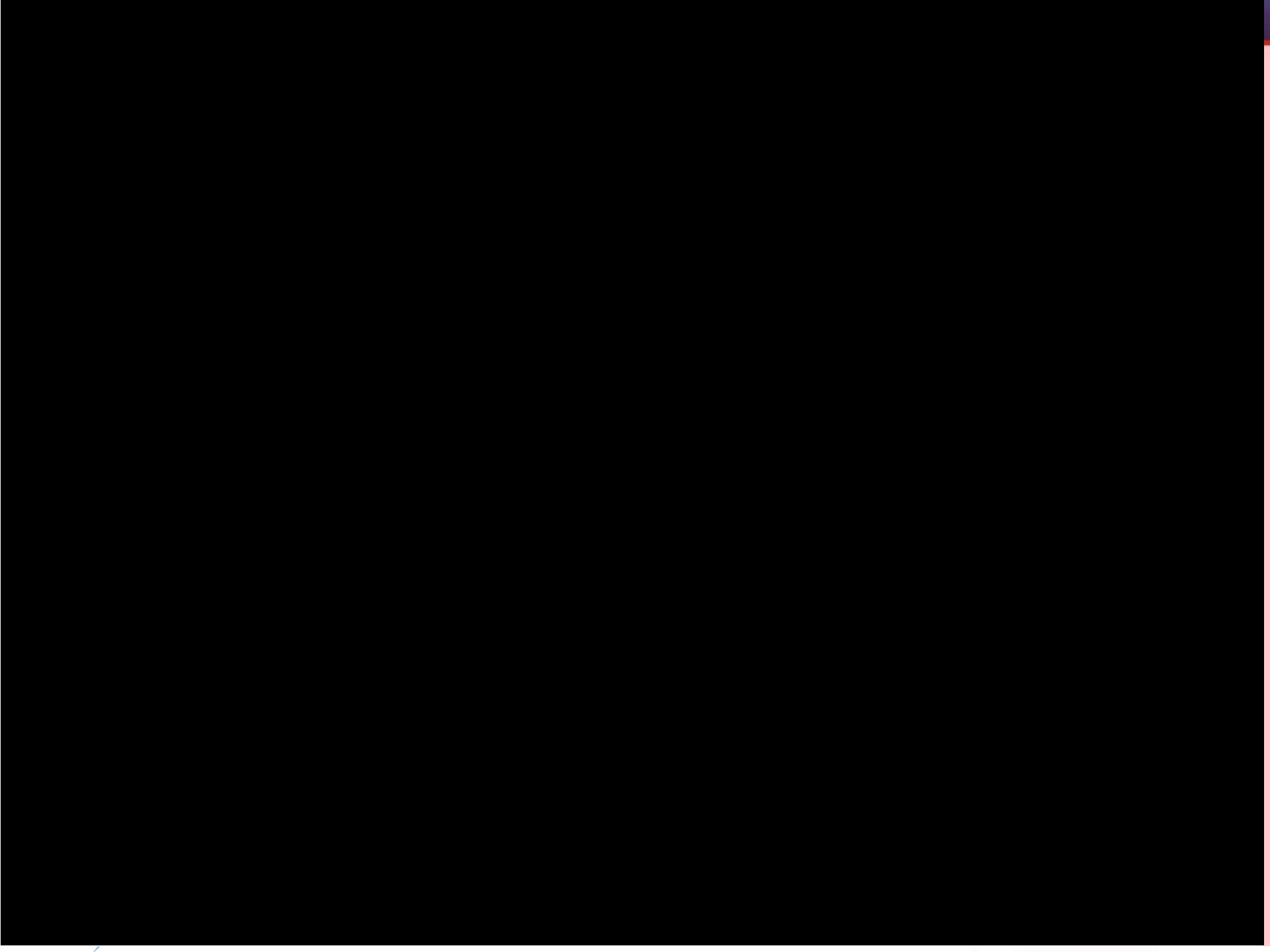












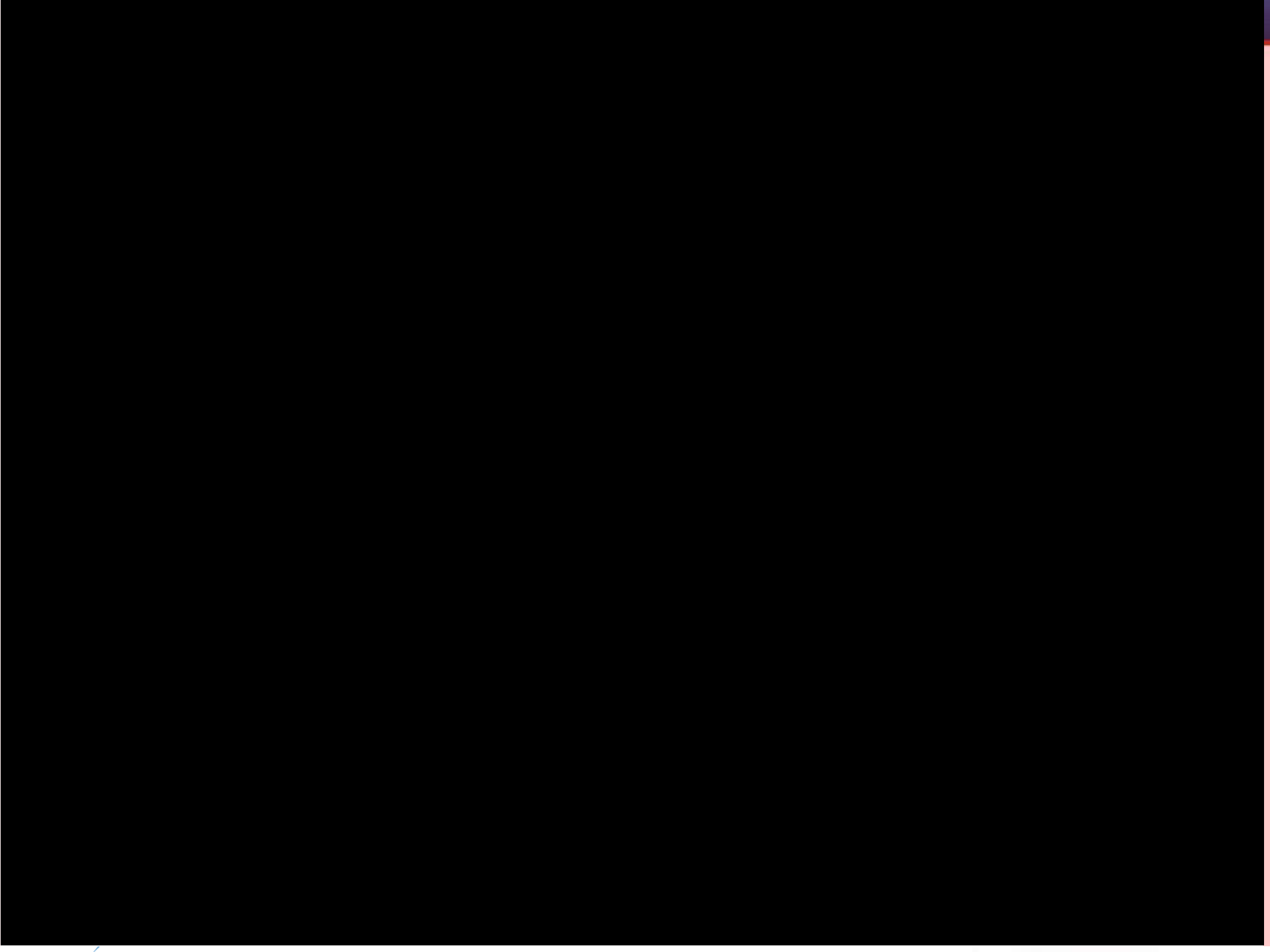


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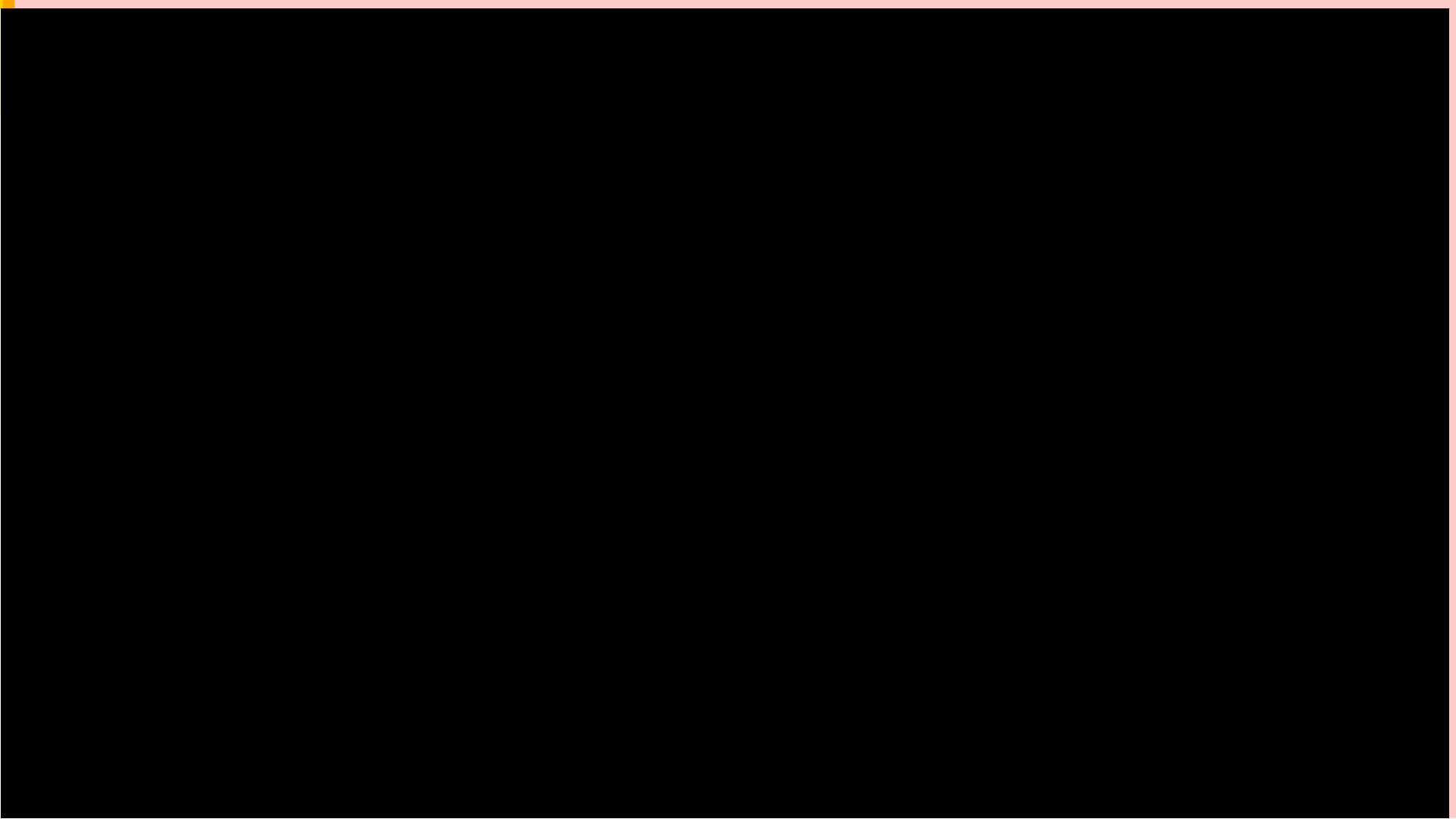


EXHIBIT 54

EXHIBIT 55

June 17, 2022

Rogers Communications Inc.
333 Bloor Street East, 10th Floor
Toronto, Ontario
M4W 1G9
Attention: Tony Staffieri, President & Chief Executive Officer

Re: Acquisition of Freedom Mobile Inc.

Dear Mr. Staffieri:

This agreement (together with the term sheet attached as Exhibit A hereto (the “**Term Sheet**”), in each case as amended from time to time in accordance with the terms hereof, this “**Agreement**”) sets out the essential terms and conditions upon which Quebecor Inc. (“**Quebecor**”), Rogers Communications Inc. (“**Rogers**”), and Shaw Communications Inc. (“**Shaw**”) and Shaw Telecom Inc. (“**Shaw Telecom**”, and, together with Quebecor, Rogers and Shaw, the “**Parties**”) will implement and effect (or cause to be implemented and effected) the transaction and other arrangements described in the Term Sheet (collectively, the “**Transaction**”), including the acquisition of all of the shares (the “**Purchased Shares**”) of Freedom Mobile Inc. by the Buyer (as defined in the Term Sheet).

This Agreement and the Transaction are being entered into in connection with the acquisition by Rogers of all of the outstanding shares of Shaw (the “**Shaw Transaction**”) pursuant to the Arrangement Agreement dated March 13, 2021 between Rogers and Shaw (as it may be amended from time to time, the “**Arrangement Agreement**”). Capitalized terms used in this letter that are not otherwise defined have the meanings given to them in the Term Sheet.

1. Purchase and Sale

At the Closing (as defined below), subject to the terms and conditions set forth in this Agreement, the Parties shall consummate and give effect to the Transaction and, without limiting the foregoing, Shaw shall cause (and Rogers shall exercise its rights under the Arrangement Agreement to cause) Shaw Telecom to sell, transfer, assign, convey and deliver to the Buyer, and Buyer shall (and Quebecor, if it is not the Buyer, shall cause the Buyer to) purchase from Shaw Telecom, in consideration for the purchase price set forth in the Term Sheet, all right, title and interest in and to the Purchased Shares (and, directly or indirectly, the Freedom Assets (as defined in the Term Sheet)), free and clear of all encumbrances (other than customary permitted encumbrances). For purposes of this Agreement, “**Closing**” shall mean the closing of the Transaction, which shall occur substantially concurrently with the closing of the Shaw Transaction.

2. Documentation.

The Parties will use their respective commercially reasonable efforts to finalize, execute and deliver (and to cause their respective subsidiaries to execute and deliver, as applicable) the Definitive Agreement and detailed term sheets for the ancillary agreements described in the Term Sheet (including ancillary agreements relating to transport, Ongoing Services, transition services

and reverse transition services) (the “**Ancillary Agreements**”) to implement and effect the Transaction on the terms set forth in this Agreement and such other commercially reasonable terms and conditions that are customary for transactions and arrangements of this nature (to the extent not inconsistent with the terms set forth herein) as soon as practicable (and to the extent possible on or prior to July 15, 2022 or such later date as Rogers and Buyer reasonably agree to in writing). For greater certainty, the Parties acknowledge and agree that the finalization, execution and delivery of definitive or long-form Ancillary Agreements is not a condition to Closing, and in the event that any such Ancillary Agreement is not finalized, executed or delivered on or prior to Closing:

- (a) the Parties shall consummate the Transaction on the terms set forth in the Definitive Agreement and will continue to use their commercially reasonable efforts to finalize each such Ancillary Agreement (including through the procedure described in Section 2(c) below if necessary) as promptly as practicable following Closing;
- (b) the services to be provided between the parties under each such Ancillary Agreement as set forth in the Term Sheet shall be provided to each other in good faith as at and from Closing according to the terms described in the applicable term sheet attached to the Definitive Agreement until the applicable definitive Ancillary Agreement is finalized, at which time the applicable Ancillary Agreement shall continue to govern such services; and
- (c) the terms of such Ancillary Agreement shall be determined as promptly as practicable following Closing by final and binding arbitration in accordance with the Arbitration Act, 1991 (Ontario) and having regard to the terms of this Agreement, and the Parties shall take all actions as are necessary to give full effect to such Ancillary Agreement as if it had been in effect as of Closing. Each Party agrees that notwithstanding the provisions of the Arbitration Act, 1991 (Ontario),
 - (i) the arbitrators shall be appointed within 5 Business Days following Closing and
 - (ii) the arbitration shall proceed as expeditiously as reasonably possible.

3. Regulatory Approvals.

- (a) The Parties will use their respective commercially reasonable efforts to obtain the Regulatory Approvals (as defined in the Term Sheet) as soon as reasonably practicable with a view to allowing the Closing to occur prior to the Outside Date.
- (b) The Parties will make the appropriate filings for the Regulatory Approvals on a date agreed between the Parties. The Parties will make commercially reasonable efforts to submit responses to any information requests issued by the regulators as soon as practicable.
- (c) Rogers will have primary responsibility for the determination and direction of all efforts and strategy relating to obtaining the Regulatory Approvals, subject to customary rights for the Buyer to review and comment on any submissions and other communications concerning Quebecor’s business. In the event that Rogers

and Quebecor do not agree as to the contents of any such submission or other communication, Rogers and Quebecor shall act reasonably to identify a resolution satisfactory to both parties. For greater certainty, no changes to the terms of the Transaction as set out in the Term Sheet may be offered to any governmental entity without the prior written consent of Buyer. If requested by the Commissioner, Quebecor shall be a signatory to a consent agreement to confirm Quebecor will conclude the Transaction consistent with the Definitive Agreement, and as may otherwise be acceptable to Quebecor.

- (d) Each Party shall cooperate with and promptly provide to the other Parties such assistance as may reasonably be requested by the other Parties in the preparation of any filings made in connection with the Regulatory Approvals. Each Party shall keep the other Parties reasonably informed, on a timely basis, of the status of discussions with regulators relating to the Regulatory Approvals, and provide the other Party with advance notice and an opportunity to participate at any meetings with regulators (unless, but only to the extent that, it would only be appropriate for such meetings to be attended only by the other Party's external counsel); provided that a Party shall communicate with a regulator without participation of the other Party or its counsel if the regulator so requests.

4. Term and Termination.

- (a) This Agreement becomes effective and binding upon the Parties' upon execution and delivery by each of the Parties and will remain in full force and effect until terminated in the circumstances set forth opposite the heading "Termination" in the Term Sheet (the "**Term**").
- (b) If this Agreement is terminated pursuant to Section 4, this Agreement shall be of no further force or effect, provided that, this Section 4(b), Sections 6 and 7 paragraphs (a), (c), (d), (d), (g), (l), (n), (o) and (p) of Section 8 shall survive termination of this Agreement.

5. Representations and Warranties.

- (a) Each Party hereby represents and warrants to the other Parties, and acknowledges and agrees that the other Parties are relying upon such representations and warranties in entering into this Agreement and performing their obligations hereunder, that:
 - (i) it has the requisite organizational power and authority to enter into and perform its obligations under this Agreement;
 - (ii) the execution, delivery and performance by it of its obligations under this Agreement have been duly authorized by all necessary organizational action and no other organizational proceedings are necessary to authorize this Agreement; and

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- (iii) this Agreement has been duly executed and delivered by it, and constitutes a legal, valid and binding agreement enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

6. Notices.

Any notice, direction or other communication given pursuant to this Agreement must be in writing, sent by hand delivery, courier or email and is deemed to be given and received (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day, or (ii) if sent by email (with confirmation of transmission) on the date of transmission if it is a Business Day and transmission was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like notice):

- (a) to Rogers at:

Rogers Communications Inc.
333 Bloor Street East, 10th Floor
Toronto, Ontario
M4W 1G9

Attention: Mahes Wickramasinghe and Marisa Wyse
Email: [REDACTED]

with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario, M5H 2S7

Attention: Chris Sunstrum and David Rosner
Email: csunstrum@goodmans.ca; drosner@goodmans.ca

- (b) to Quebecor at

Quebecor Media Inc.
612 rue Saint-Jacques, 17th floor
Montreal, Quebec, H3C 4M8

Attention: Hugues Simard and Jonathan Lee Hickey
Email: [REDACTED]

with a copy to:

Osler, Hoskin & Harcourt LLP
1000 rue de la Gauchetière West, Suite 1000
Montreal, Quebec, H3B 4W5

Attention: Niko Veilleux and Sophie Amyot
Email: nveilleux@osler.com; samyot@osler.com

(c) to Shaw or Shaw Telecom at

Shaw Communications Inc.
630 – 3rd Avenue S.W., Suite 900
Calgary, Alberta
T2P 4L4

Attention: Trevor English, Executive Vice President, Chief Financial &
Corporate Development Office and Peter Johnson, Executive Vice-
President, Chief Legal and Regulatory Officer
Email: [REDACTED]

with a copy to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, Ontario
M5V 3J7

Attention: Vincent A. Mercier and Brett Seifred
Email: vmercier@dwpv.com; bseifred@dwpv.com

Rejection or other refusal to accept, inability to deliver because of changed address of which no notice was given, shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party. For purposes of this Agreement, "**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta, Toronto, Ontario or Montreal, Québec.

7. Public Announcements.

- (a) The Parties agree to issue a press release with respect to this Agreement as soon as practicable after its due execution.
- (b) No Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement or the Transaction, without the prior written consent of the other Parties hereto; provided, however, that, notwithstanding anything to the contrary in this Agreement or the confidentiality agreement dated May 13, 2022 among Rogers, Shaw and Quebecor (the “**Confidentiality Agreement**”), each Party shall be permitted to make any disclosure or filing in accordance with applicable laws, and if, in the opinion of its outside legal counsel, such disclosure or filing is required and the other Parties have not reviewed or commented on the disclosure or filing, the Party shall use its commercially reasonable efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing. The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their respective counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. Notwithstanding the foregoing, a Party (i) may make internal announcements to employees and have discussions with its shareholders, financial analysts and other stakeholders relating to this Agreement or the Transaction, and (ii) may make public announcements in the ordinary course of business that do not relate specifically to this Agreement or the Transaction, provided that, in each case, such announcements or discussions, as applicable, are not inconsistent with the most recent press releases, public disclosures or public statements that were approved by the Parties prior to filing or release, as applicable.
- (c) The Parties acknowledge that each of Shaw, Rogers and Quebecor may file this Agreement (with such redactions as the Parties may jointly determine) and a material change report relating thereto on SEDAR.

8. General.

- (a) The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa. The words “including”, “includes” and “include” mean “including (or includes or include), without limitation”. The phrase “to the extent” means the degree to which the subject matter thereof relates and does not simply mean “if”. Except as the context otherwise requires, the phrase “or” is not exclusive and has the inclusive meaning of “and/or”. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (b) A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last

day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Party is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day. References to days means calendar days, unless stated otherwise. References to time are to local time in Calgary, Alberta unless otherwise stated.

- (c) This Agreement may, at any time and from time to time, be amended by the mutual written agreement of Rogers and Quebecor, provided that to the extent that any such amendment would otherwise be adverse to the interests of Shaw or its affiliates, then such amendment shall require the prior written consent of Shaw (such consent not to be unreasonably withheld, conditioned or delayed).
- (d) The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person, other than the Parties, and that no person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.
- (e) Each of the Parties shall be responsible for and pay their own respective legal, financial advisory, accounting and other costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and the performance of their respective obligations under this Agreement.
- (f) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with its specific terms or is otherwise breached by a Party. The Parties accordingly agree (and agree not to take any contrary position in any litigation concerning this Agreement) that (i) each Party shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement, and to specifically enforce compliance with, or performance of, the terms of the provisions of this Agreement against the other Parties without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at law or in equity, and (ii) the right of specific performance is an integral part of the transactions contemplated by this Agreement and, without such right, none of the Parties would have entered into this Agreement.
- (g) Nothing in this Agreement shall amend, vary, modify or derogate from the rights and obligations of Rogers and Shaw to each other under any other legally binding agreement entered into between Rogers and Shaw, whether prior to, on or after the date hereof, all of which remain in full force and effect, including Section 4.5 (Regulatory Approvals) of the Arrangement Agreement. As between Rogers and Shaw, to the extent of any conflict, inconsistency or ambiguity between the terms

of this Agreement and the Arrangement Agreement, the terms of the Arrangement Agreement shall prevail and be paramount.

- (h) No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.
- (i) This Agreement and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the Transaction and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or the Confidentiality Agreement. None of the Parties has relied or is relying on any other representation, warranty, information, discussion or understanding in entering into this Agreement.
- (j) This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.
- (k) If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that this Agreement is fulfilled to the fullest extent possible.
- (l) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. Any legal proceedings arising out of this Agreement shall be conducted in the English language only.
- (m) Each Party hereto shall, from time to time and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and

provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

- (n) The Parties to this Agreement waive the application of any law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.
- (o) No director, officer or employee of any of any Party or any of its affiliates shall have any personal liability whatsoever to any other Party under this Agreement or any other document delivered on behalf of such first Party under this Agreement.
- (p) The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. *Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.*
- (q) This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other method of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile, PDF or similarly executed electronic copy of this Agreement, and such facsimile, PDF or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

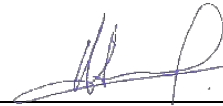
[Signature pages follow]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

QUEBECOR INC.



Name: Pierre Karl Péladeau
Title: President and Chief Executive Officer



Name: Hugues Simard
Title: Chief Financial Officer

ROGERS COMMUNICATIONS INC.

Name:
Title:

Name:
Title:

SHAW COMMUNICATIONS INC.

Name:
Title:

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

QUEBECOR INC.

Name:
Title:

Name:
Title:

ROGERS COMMUNICATIONS INC.



Name: Anthony Staffieri
Title: President & Chief Executive Officer



Name: Glenn Brandt
Title: Chief Financial Officer

SHAW COMMUNICATIONS INC.

Name:
Title:

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

QUEBECOR INC.

Name:
Title:


Name:
Title:

ROGERS COMMUNICATIONS INC.

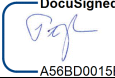
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Title:

Name:
Title:

SHAW COMMUNICATIONS INC.

DocuSigned by:

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Name:
Title:

DocuSigned by:

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Name:
Title:

SHAW TELECOM INC.

DocuSigned by:

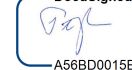


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Name:

Title:

Signature page to letter agreement

EXHIBIT A

(see attached)

BINDING TERM SHEET

This binding term sheet sets forth the essential terms of the transactions and definitive agreements described below (collectively, the “**Transaction**”). This term sheet is confidential and is subject to the confidentiality agreement entered into among Rogers Communications Inc. (“**Rogers**”), Shaw Communications Inc. (“**Shaw**”) and Quebecor Inc. (“**Quebecor**”).

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| Transaction Perimeter: | <p>The Transaction involves the acquisition by Quebecor or one of its direct or indirect wholly-owned subsidiaries (“Buyer”) of the Freedom Mobile Wireless and Internet business (collectively, the “Freedom Business”) operated by Freedom Mobile Inc. and its wholly-owned subsidiary, Freedom Mobile Distribution Inc. (collectively “Freedom” or the “Freedom Entities”), including the Freedom Assets (as defined below) in accordance with the essential terms set out below. For greater certainty, the Freedom Business excludes the Excluded Assets (as defined below).</p> <p>Freedom and Rogers (or their respective affiliates) will also provide each other with certain transition services and reverse transition services described below to facilitate an effective separation of the Freedom Business from the other businesses and operations of Shaw and its affiliates (including Shaw Mobile).</p> <p>Rogers (or its affiliates) will also provide to Buyer (or its affiliates) various services described below (the “Ongoing Services”).</p> <p>For the purpose of this Term Sheet, Buyer shall be deemed to include Quebecor and all of its direct or indirect wholly-owned subsidiaries.</p> |
| Transaction Structure: | <p>The Transaction structure (including the purchase of the Freedom Business and the separation of the Freedom Business from the other businesses and operations of Shaw and its affiliates (including Shaw Mobile)) will involve an acquisition of all of the outstanding shares of Freedom Mobile Inc. as well as (i) the transfer of certain Freedom Assets to Freedom or Buyer and (ii) the transfer of all Excluded Assets held by the Freedom Entities to Rogers or Shaw (and/or one or more of their affiliates), in each case, free and clear of all encumbrances (other than customary permitted encumbrances).</p> |
| Consideration: | <p>The purchase price for the Freedom Entities will be CAD\$2,850,000,000 on a cash-free, debt-free basis and assuming a normalized level of working capital, and will be paid in cash at closing. For greater certainty, (a) “indebtedness” for this purpose will include, without limitation, leases recorded under IFRS [REDACTED] but will exclude asset retirement obligations, and (b) “cash” will include income tax installments recoverable. The purchase price will be subject to further adjustment (i.e. a “true-up”) following closing to the extent components of cash, indebtedness and working capital estimated and paid at the closing of the Transaction deviate from actual amounts calculated following closing.</p> |
| Freedom Assets: | <p>The Freedom Business includes the following assets (for greater certainty, other than the Excluded Assets) (the “Freedom Assets”) and all associated contracts and obligations:</p> <ul style="list-style-type: none"> • Mobile Subscribers. All post-paid and pre-paid Freedom-branded mobile wireless subscribers. • Internet Clients. All Freedom-branded internet clients. • Spectrum. All of Freedom’s spectrum licenses, subject to an agreement among Rogers and Freedom to swap certain blocks of spectrum.¹ |

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Rogers will reimburse Freedom

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| | <ul style="list-style-type: none"> • Core Network Equipment. Freedom’s wireless core network and related wireless core network assets (primarily Nokia equipment), including those associated with Freedom’s wireless network operating centre functions. • OEM Inventory. All of the phone inventory of the Freedom Business (store inventory or otherwise). • Mobile Network Codes (“MNCs”). All MNCs for all post-paid and pre-paid Freedom-branded mobile cellular wireless subscribers and any other subscribers or customers of the Freedom Entities or Freedom Business (other than Shaw Mobile subscribers). • Radio Access Network Equipment. All of Freedom’s radio network equipment (i.e., radios, basebands and related IP network apparatus). • Cell Sites. All of Freedom’s macro cell sites, small cells, and in-building systems, including an assumption of related leaseholds and all related obligations. • Backhaul Assets. All backhaul microwave systems and contracts for backhaul with third parties (including Shaw) at cell sites that are Freedom Assets. • Brand and Distribution. All Freedom-related IP and goodwill associated therewith, all Freedom-branded stores, all contracts with Freedom dealers/franchisees, all contracts with third-party distributors of Freedom, and the rights to www.freedommobile.ca and other domain names of the Freedom Business (other than those relating to the Shaw Mobile business). • IT Systems. Operations support systems, business support systems, billing systems, customer care systems, call centre systems and HR systems, including hardware, software and related systems that are either dedicated to the Freedom Business or separable from Shaw’s other businesses and related to the Freedom Business. • Roaming Agreements. All of Freedom’s domestic and international roaming agreements with third parties. • Business Functions. Marketing, pricing, strategy, network, human resources (including contractors), customer care and other business teams that are either dedicated to the Freedom Business or separable from Shaw’s other businesses and related to the Freedom Business. • Leases. Freedom’s key real estate leases, sufficient to conduct the Freedom Business in the ordinary course (including, for the avoidance of doubt, all retail locations of Freedom Mobile). |
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for all reasonable and documented out-of-pocket costs incurred by Freedom as a result of the swap. For greater certainty, completion of this spectrum swap may occur after closing of the Transaction and will not be a condition precedent to closing.

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| <p>Excluded Assets:</p> | <p>The Freedom Business and Freedom Assets will not include any of the following assets (collectively, the “Excluded Assets”):</p> <ul style="list-style-type: none"> • Shaw’s private network arrangements (which are a component of Shaw's wireline business), including those that utilize Freedom’s spectrum; • the Shaw Mobile branded cellular wireless business (including subscribers); and • Certain real estate assets set forth in Schedule A. <p>Buyer and Rogers will enter into an agreement, on commercially reasonable terms (including pricing), [REDACTED] for the continued operation of the private network arrangements existing (or, with the consent of the Buyer, not to be unreasonably withheld, conditioned or delayed, under negotiation) as of the date of this Term Sheet in accordance with the terms of such arrangements and for the duration of the term thereof.</p> <p>Shaw will not actively seek nor use any subscriber lists to solicit, to transfer Freedom Mobile wireless customers to Shaw Mobile in the period from signing to the closing of the Transaction.</p> |
| <p>Transport:</p> | <p>Existing agreements pursuant to which Shaw or Rogers provisions transport to Freedom using Shaw’s or Rogers’ network equipment will remain in place in accordance with their terms, provided that (a) any such agreement that would otherwise expire prior to [REDACTED] shall be automatically extended until such date, and (b) transport services under such agreements shall be provided [REDACTED]. Following [REDACTED] Rogers will agree to extend such existing transport agreements for [REDACTED].</p> <p>[REDACTED] Buyer shall have the option to terminate any existing transport agreement at any time upon reasonable notice to Rogers.</p> <p>If at any time prior to [REDACTED], Freedom reasonably requires additional transport capacity for the provision of mobile wireless network capacity at cell sites where there is an existing agreement between Shaw or Rogers and Freedom, upon request by Freedom, Rogers shall use commercially reasonable efforts to provision additional on-net capacity [REDACTED].</p> <p>If at any time prior to [REDACTED], Freedom reasonably requires additional transport capacity for the provision of mobile wireless network capacity at (a) existing cell sites developed by Freedom after [REDACTED], or (b) new cell sites deployed by Freedom at any time after closing, then in either case upon request by Freedom, Rogers shall use commercially reasonable efforts to provision such additional capacity [REDACTED] for each circuit’s architecture and specific capacity.</p> <p>Upon the expiry or termination of any contract existing as of closing pursuant to which a third party (i.e., other than Rogers, Shaw and their respective subsidiaries) provides transport to cell sites that are Freedom Assets, at the request of Freedom made at any time prior to [REDACTED], Rogers will, subject to availability, use commercially reasonable efforts to provision additional on-net transport capacity to Freedom for the provision of mobile wireless network capacity transport substantially equivalent to that provisioned to the Freedom RAN infrastructure located on such cell sites as of closing [REDACTED] for the each circuit’s specific architecture and capacity (and, for clarity, Freedom will be responsible for all costs associated with the expiry or termination of such third party contracts).</p> <p>For greater certainty and only in respect of any off-net sites (i.e., sites requiring the construction of a physical/external optical fiber network), [REDACTED], Freedom shall be responsible for and shall pay applicable non-recurring engineering costs and the costs of construction of new transport facilities incurred by Rogers and its subsidiaries in providing any additional transport capacity to Freedom pursuant to the above arrangements [REDACTED]. Rogers or its applicable subsidiary shall, at the time of conception and assessment of construction costs, allocate</p> |

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| | <p>and transfer to Freedom such number of fibres as determined by Freedom, acting reasonably, in any new cables to be constructed.</p> <p>With respect to providing any additional transport capacity described above, Freedom shall pay the cost of any equipment/electronics required to provide such additional capacity, pro rata based on the additional capacity actually used by Freedom.</p> <p>References herein to “transport” are deemed to include backhaul, backbone and all transport services.</p> |
| <p>Transition Services:</p> | <p>At Buyer’s option, Rogers (and/or one or more of its subsidiaries, as designated by Rogers) will provide Buyer with transition services required to operate the Freedom Business, including those set forth in Schedule B, in each case in a manner consistent with the form and scope of services provided by Shaw and its subsidiaries (other than the Freedom Entities) prior to closing. Additional transition services will be provided by Rogers (and/or one or more of its subsidiaries, as designated by Rogers) to the Freedom Business if reasonably required as part of the separation of the Freedom Business from the other businesses and operations of Shaw and its affiliates (including Shaw Mobile), and depending on Buyer’s needs. Buyer will use commercially reasonable efforts to replace the transition services with Buyer’s own or third party capabilities [REDACTED]. The transition services shall be provided [REDACTED].</p> <p>[REDACTED] The parties will agree on reasonable and customary supervisory and dispute resolution mechanisms to ensure efficient delivery and transition of the transition services.</p> |
| <p>Reverse Transition Services:</p> | <p>Reverse transition services set forth in Schedule B will be provided by Freedom (and/or one or more of its affiliates, as designated by Freedom) to Rogers and its subsidiaries as reasonably required to facilitate (a) the separation of the Freedom Business from the other businesses and operations of Shaw and its affiliates (including Shaw Mobile), and (b) the continued service of all Shaw Mobile subscribers and transition those subscribers to Rogers’ network as soon as reasonably practicable. The reverse transition services will be performed to the same standards as the transition services. Rogers will use commercially reasonable efforts to replace the reverse transition services with Rogers’ own or third party capabilities [REDACTED]. The reverse transition services shall be provided [REDACTED].</p> <p>[REDACTED] provided that if Rogers requests that Freedom provide the “Shaw Mobile Services” (described in Schedule B) beyond [REDACTED], then as consideration for the continued provision of such services beyond such date Rogers will pay Freedom [REDACTED]. In addition, the parties will agree on reasonable and customary supervisory and dispute resolution mechanisms to ensure efficient delivery and transition of the reverse transition services.</p> |
| <p>Ongoing Services:</p> | <p>Rogers shall provide to Freedom and/or Buyer the following services (the “Ongoing Services”) in accordance with the terms set out below and otherwise on market terms:</p> <ol style="list-style-type: none"> 1) <u>Retail and Warehousing Connectivity.</u> <ol style="list-style-type: none"> a. Rogers to continue connectivity services that are provisioned by Rogers or Shaw to Freedom retail and warehousing facilities as of closing for [REDACTED]. 2) <u>Shaw “Go Wi-Fi”.</u> <ol style="list-style-type: none"> a. [REDACTED] Shaw’s business “Go Wi-Fi” hotspots (excluding, for greater certainty, home internet gateways) will be provided to Freedom subscribers [REDACTED]. 3) <u>Roaming.</u> <ol style="list-style-type: none"> a. Roaming services to be offered nationwide for a period of [REDACTED]. |

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| | <p>b. Roaming is to be provided on an incidental, non-permanent basis.</p> <p>c. Rogers will use commercially reasonable efforts to provide for seamless one-way handoff of Freedom subscribers onto Rogers' wireless network within [REDACTED]</p> <p>d. [REDACTED]</p> <p>4) <u>TPIA Services.</u></p> <p>a. For a period of [REDACTED] Rogers will provide third-party Internet access (TPIA) services to Buyer at [REDACTED]</p> <p>b. [REDACTED]</p> <p>c. For greater certainty, Freedom's existing home Internet subscribers will be covered by this agreement beginning as of closing.</p> <p>d. Quebecor will grant Rogers TPIA services in the province of Quebec on the same terms.</p> <p>Upon a direct or indirect change of control of Freedom, any terms of the above agreements that are more favourable than market or regulated terms shall be automatically adjusted to market or regulated terms.</p> |
| <p>Representations, Warranties and Covenants:</p> | <p>The Definitive Agreement will include (i) representations and warranties each party with respect to itself and of Shaw with respect to Freedom that are substantially the same as the representations and warranties of Shaw contained in Section 3.1 of the Arrangement Agreement dated March 13, 2021 (the "Arrangement Agreement"), subject to materiality thresholds to be reduced proportionally to reflect the relative size of the Transaction compared to the transaction set forth in the Arrangement Agreement (as well as additional representations that are customary for a carveout transaction (including a customary sufficiency of assets representation (taking into account the transition services and Ongoing Services described herein)) and (ii) covenants of Freedom that are substantially the same as the covenants of Shaw in Section 4.1 of the Arrangement Agreement. Neither the accuracy of any such representations and warranties, nor compliance with such covenants, will be conditions to closing of the Transaction. If the closing occurs, such representations and warranties will survive closing for a period of [REDACTED] (except that fundamental representations² will survive closing for a period of [REDACTED] tax representations will survive closing until the expiration of the applicable statute of limitations and the sufficiency of assets representation shall survive [REDACTED]), and Rogers will agree to customary indemnification rights in respect of losses incurred as a result of any inaccuracy in such representations and warranties, subject to [REDACTED]</p> <p>[REDACTED] Other than as set forth below, there shall be no representation, warranty, indemnity or purchase price adjustment relating to the quantum, existence or use of tax attributes. After the date hereof the Freedom Entities will not take any action outside of the ordinary course of business (other than the transfer of the Excluded Assets and the spectrum swap) which would reasonably be expected to reduce the tax attributes (including non capital losses and UCC (Undepreciated Capital Cost) without reference to the "half year" or "available for use" rules) existing as of the date of this Term Sheet. [REDACTED]</p> <p>[REDACTED] Without limiting the</p> |

² The fundamental representations will consist of the representations that are substantially equivalent to those described in Sections 6.2(a)(i) and 6.2(a)(ii) of the Arrangement Agreement.

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| | <p>foregoing, in respect of any indemnity for representations relating to taxes, tax attributes existing at closing will not be applied to minimize cash taxes payable.</p> <p>The Definitive Agreement will contain specific indemnities by Rogers for:</p> <ul style="list-style-type: none"> • Any liabilities or obligations of the Freedom Entities as a result of any litigation or statutory claims relating to facts and circumstances that arose prior to closing and not taken into account in the final determination of the purchase price [REDACTED] [REDACTED] Rogers will be in charge of the defense of any litigation that is covered by the indemnity and will consult with the Buyer, regarding all decisions in respect of such litigation, and consider the Buyer's feedback in good faith. • [REDACTED] • Any deficiency in the aggregate balance of tax attributes (including non capital losses and UCC (Undepreciated Capital Cost) without reference to the "half year" or "available for use" rules) below [REDACTED]³ • Any liabilities or obligations of the Freedom Entities for taxes in connection with any pre-closing tax period or the transfer of the Excluded Assets and not taken into account in the final determination of the purchase price. |
| <p>Conditions to Closing:</p> | <p>The only conditions to closing will be:</p> <ul style="list-style-type: none"> • Entering into of a Definitive Agreement (and, to the extent long-forms have not been finalized, detailed term sheets of the ancillary agreements (including agreements relating to transport, On-Going Services, transition services and reverse transition services) reflecting the terms of this Term Sheet satisfactory to Rogers, Shaw and Buyer acting reasonably; • Satisfaction (or waiver, where permitted) of the conditions to closing in the Arrangement Agreement; • Absence of any legal impediment to closing, including as a result of any order of the Competition Tribunal; • Absence of a "material adverse effect" in respect of the Freedom Business (the definition of which will be substantially the same as the definition of "Material Adverse Effect" in the Arrangement Agreement, subject to reasonably appropriate tailoring and modifications to address the Freedom Entities and the Freedom Business); and • Receipt of the Regulatory Approvals (as defined below). <p>For the purposes hereof, Regulatory Approvals means:</p> <ol style="list-style-type: none"> (a) Issuance by the Commissioner of an advance ruling certificate or no-action letter in respect of the Transaction, together with a waiver of the notification requirement; and (b) Either: <ol style="list-style-type: none"> (i) Registration of a consent agreement with the Competition Tribunal between, at least, the Commissioner and one or more parties to the Arrangement Agreement on the basis of which the Transaction is permitted to close without modification to the terms set out in this Term Sheet, unless otherwise agreed between the parties to this Term Sheet. If |

³ To be reflected as a purchase price adjustment in the Definitive Agreement (instead of a specific indemnity).

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| | <p>requested by the Commissioner, Buyer shall be a signatory to the consent agreement to confirm Buyer will conclude the Transaction on terms consistent with the Definitive Agreement, and as may otherwise be acceptable to Buyer; or</p> <p>(ii) An order of the Competition Tribunal pursuant to the Commissioner's application under section 92 of the Competition Act in respect of the Arrangement Agreement allowing this Transaction, without modification to the terms set out herein, to proceed; and</p> <p>(c) Receipt of all approvals required from Minister of Innovation, Science and Industry for the transfer or deemed transfer of spectrum licenses in connection with the Transaction (excluding the spectrum swap described above).</p> |
| Financing Matters: | The Definitive Agreement will not include a direct or indirect financing contingency. At the time of executing the Definitive Agreement, Buyer must provide Rogers with satisfactory evidence that it has sufficient funds to satisfy all monetary obligations of Buyer related to the Transaction. For greater certainty, Buyer's obligation to close, and Rogers' right to enforce Buyer's obligations will not be conditional, directly or indirectly, upon Buyer consummating any financing. |
| Definitive Agreement: | Rogers, Shaw, Quebecor and the Buyer will enter into a definitive purchase and sale agreement for the Transaction (a " Definitive Agreement ") and detailed term sheets of the ancillary agreements (including agreements relating to transport, Ongoing Services, transition services and reverse transition services) as soon as practicable (and to the extent possible, on or prior to July 15, 2022 or such later date as Rogers and Buyer reasonably agree to in writing), and will thereafter enter into definitive ancillary agreements as soon as practicable. For greater certainty, if Buyer is a direct or indirect wholly-owned subsidiary of Quebecor, Quebecor will provide a full guarantee of all of the Buyer's obligations arising in connection with the Transaction. |
| Closing: | Closing of the Transaction will occur substantially concurrently with closing of Rogers' acquisition of Shaw (the " Shaw Transaction ") pursuant to the Arrangement Agreement. |
| Collaboration and Access to Information | From the date of this Term Sheet, Rogers, Shaw and the Buyer shall collaborate with each other to complete the Transaction, and Shaw will, subject to any reasonable and customary restrictions and/or procedures, provide the Buyer with all reasonably requested information and documents relating to the Freedom Business or Freedom Entities and permit, and cause the Freedom Entities to permit, the Buyer and its representatives to have access during normal business hours and upon reasonable advance notice the properties and assets of the Freedom Business in a manner that does not unreasonably interfere with the conduct of business of Shaw or its subsidiaries. |
| Termination: | <p>This Term Sheet shall automatically terminate if the Arrangement Agreement terminates for any reason.</p> <p>Rogers, Shaw and the Buyer may terminate this Term Sheet if, each acting reasonably, they jointly determine that the Regulatory Approvals for the Transaction will not likely be issued or obtained by the Outside Date (as defined below).</p> <p>Either Rogers or the Buyer may terminate this Term Sheet if the Definitive Agreement has not been entered into on or prior to July 15, 2022 (or such later date as Rogers and Buyer reasonably agree to in writing), provided that neither party can terminate if it is in breach of the Agreement to which this Term Sheet is attached.</p> |
| Applicable Law: | This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. |
| Outside Date: | The outside date for closing the Transaction (the " Outside Date ") shall be the Outside Date (as defined in the Arrangement Agreement), as it may be extended from time-to-time in accordance with the Arrangement Agreement, provided that the Outside Date shall not exceed December 31, 2022, unless it is extended with the prior consent of Buyer. |

Schedule A

Excluded Real Estate Assets

1. [REDACTED]

Schedule B

Transition Services and Reverse Transition Services

Overview – Forward Transition Services

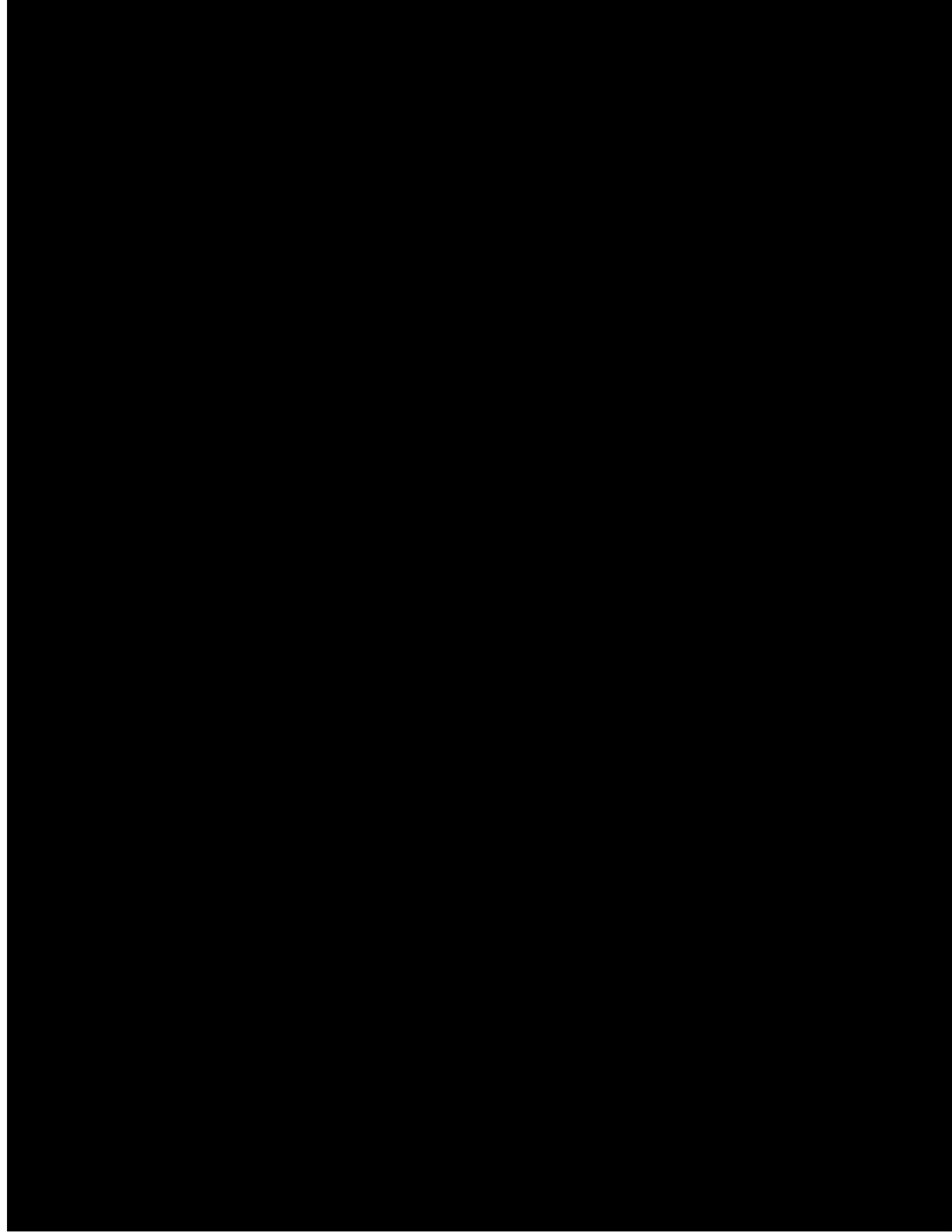
| SOW | Description |
|---|-------------|
| 1. Corporate Services | [Redacted] |
| 2. Finance and Supply Chain Technology Services | [Redacted] |
| 3. Remote Hands Operations, Service and Outage Services | [Redacted] |
| 4. Retail Technology Services (includes Backoffice) | [Redacted] |
| 5. Contact Centre Services | [Redacted] |
| 6. Human Resources IT Support Services | [Redacted] |
| 7. Human Resources Non-IT Support Services | [Redacted] |
| 8. Infrastructure and IT Network Services | [Redacted] |

| SOW | Description |
|---|-------------|
| 9. Supply Chain Warehousing and Distribution Services | [REDACTED] |
| 10. Fleet Management | [REDACTED] |
| 11. Carrier / Long Distance Routing Services | [REDACTED] |
| 12. Freedom Home Internet Services | [REDACTED] |

Overview – Reverse Transition Services

| SOW | Description |
|----------------------------|-------------|
| 1. Shaw Mobile Services | [REDACTED] |
| 2. Authentication Services | [REDACTED] |
| 3. Retail Sales Services | [REDACTED] |
| 4. Credit Check Services | [REDACTED] |
| 5. Chat Platform Services | [REDACTED] |

EXHIBIT 56



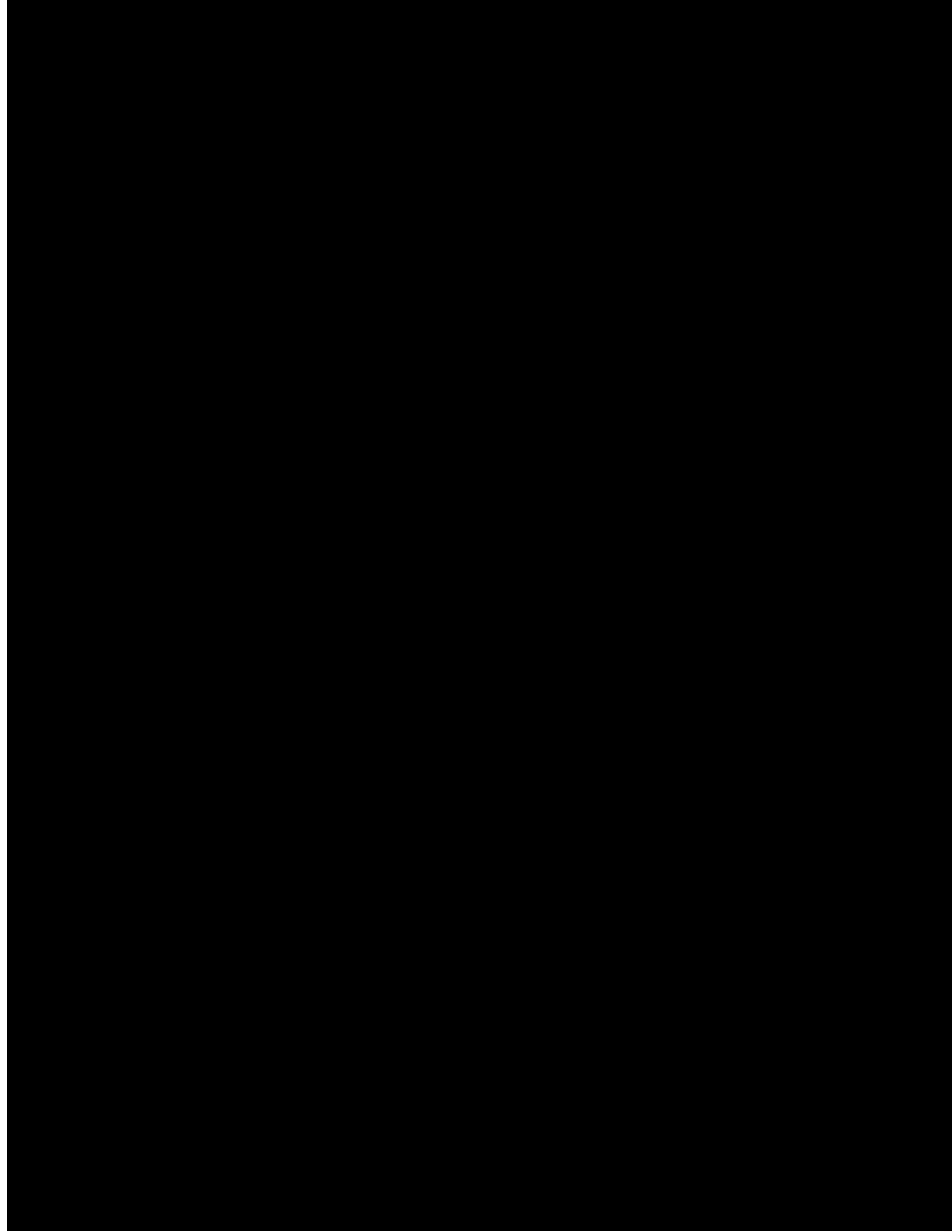
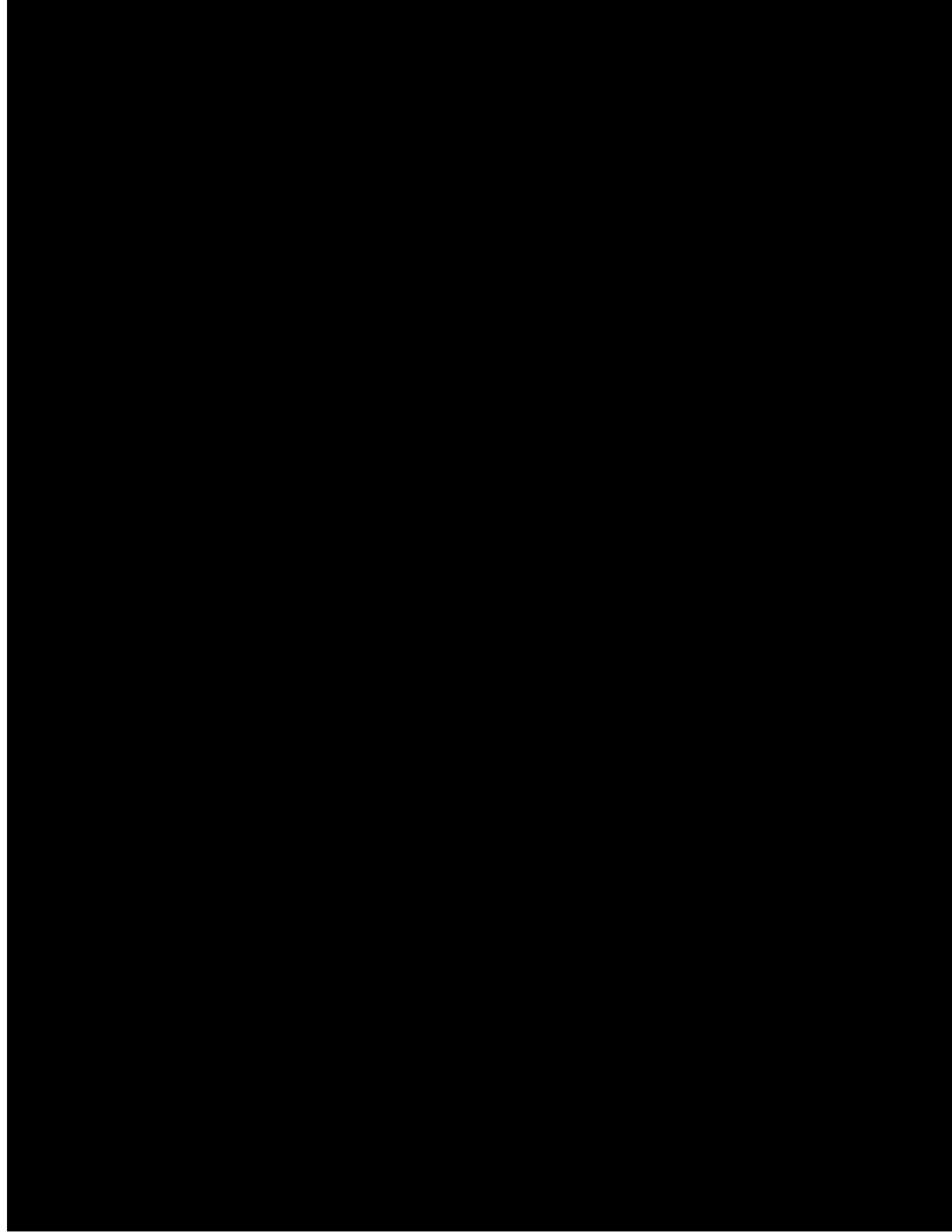
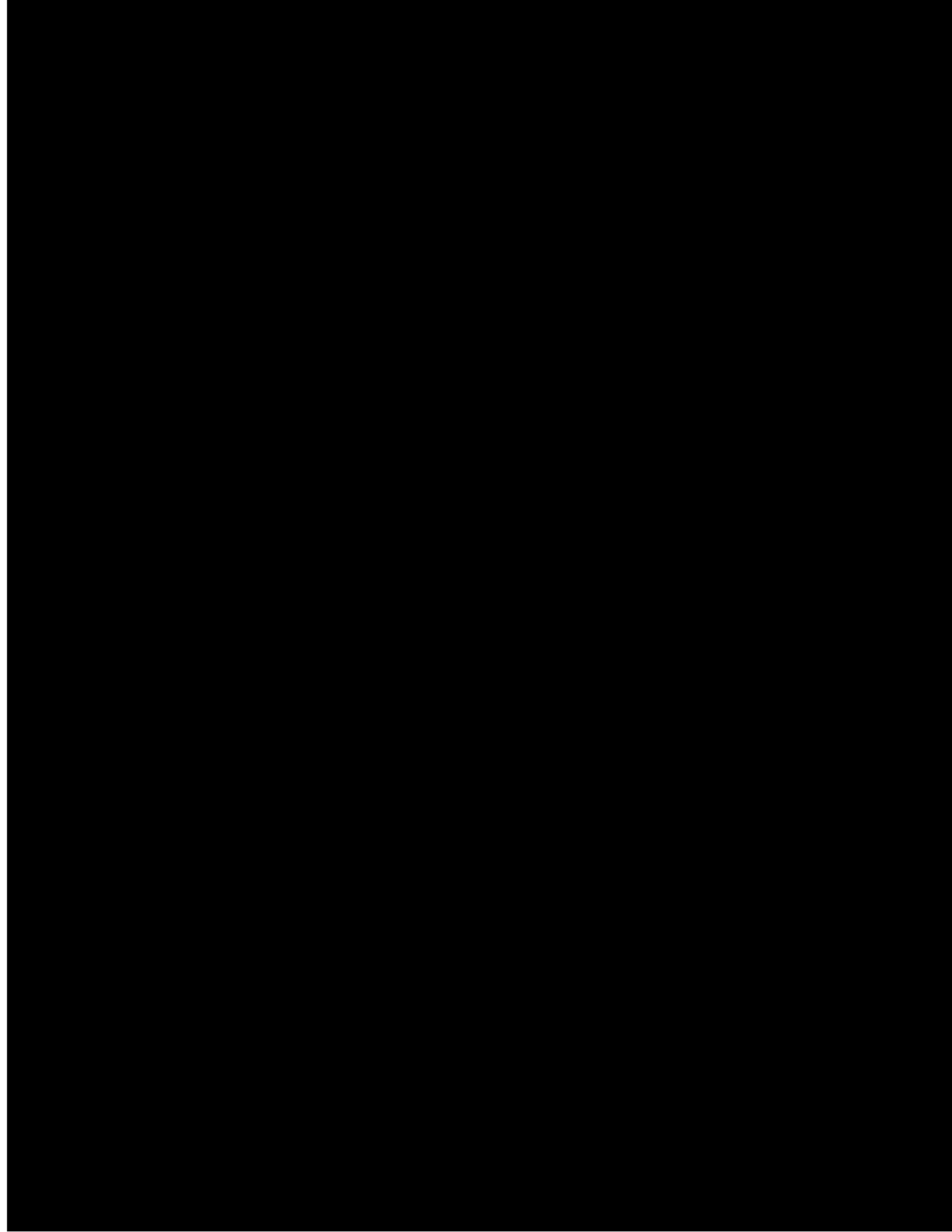
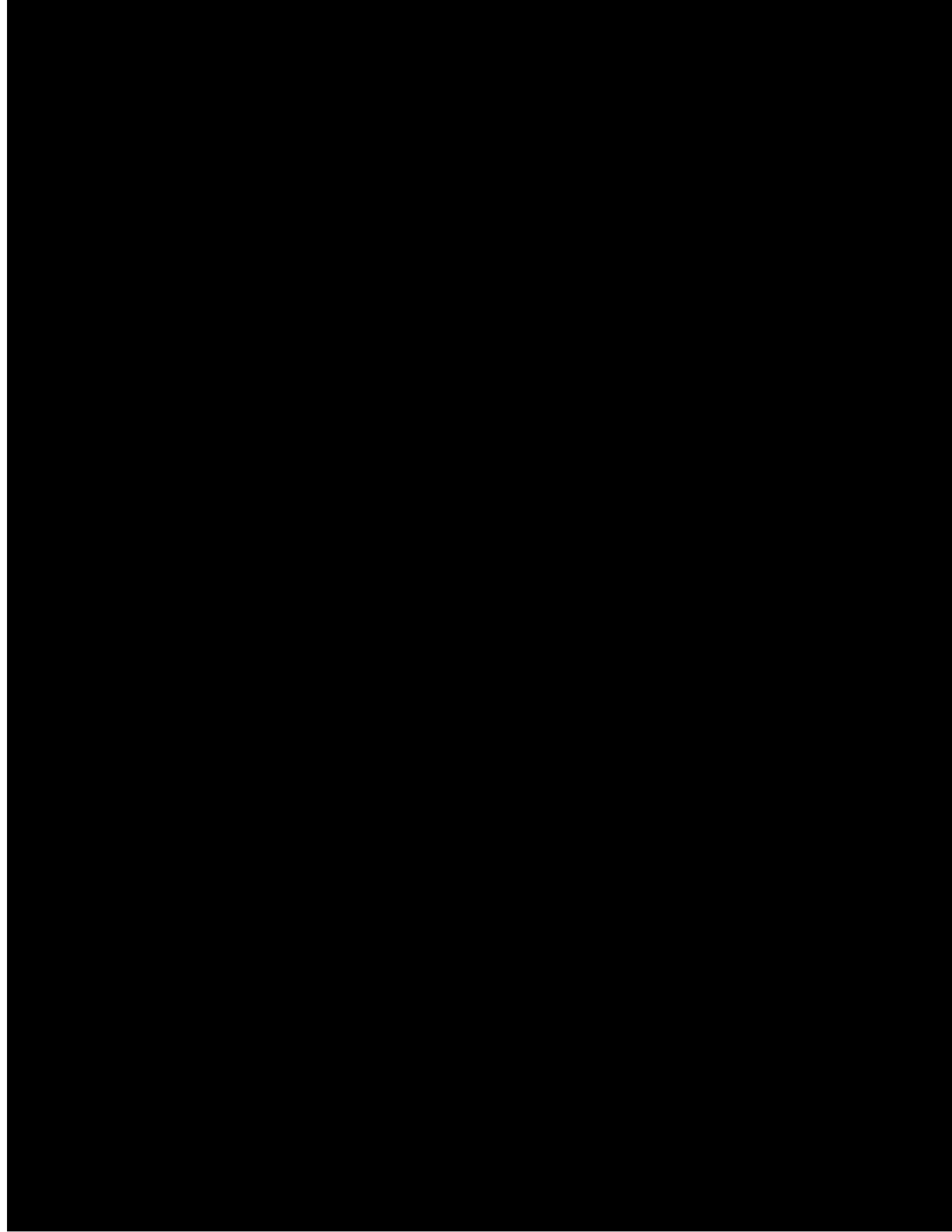
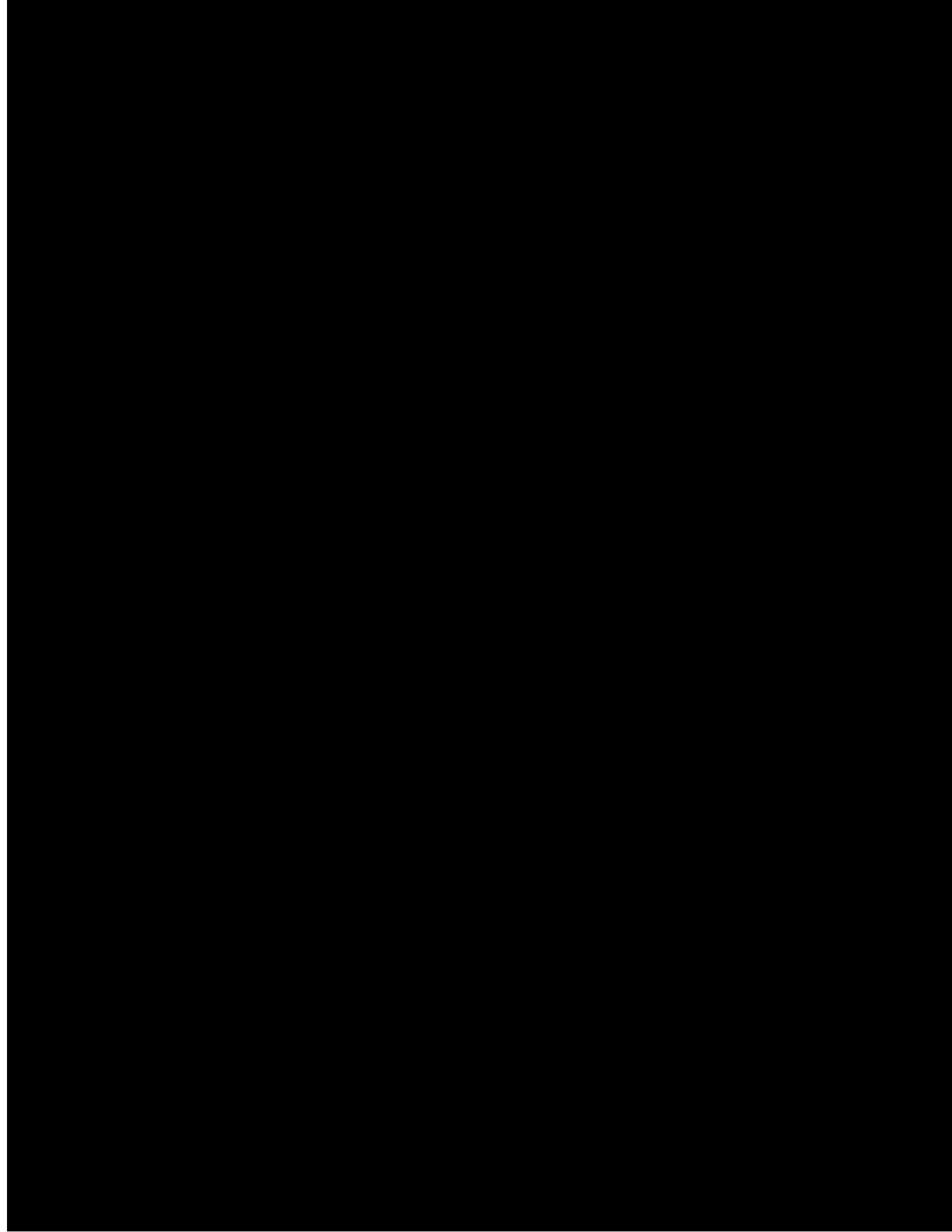


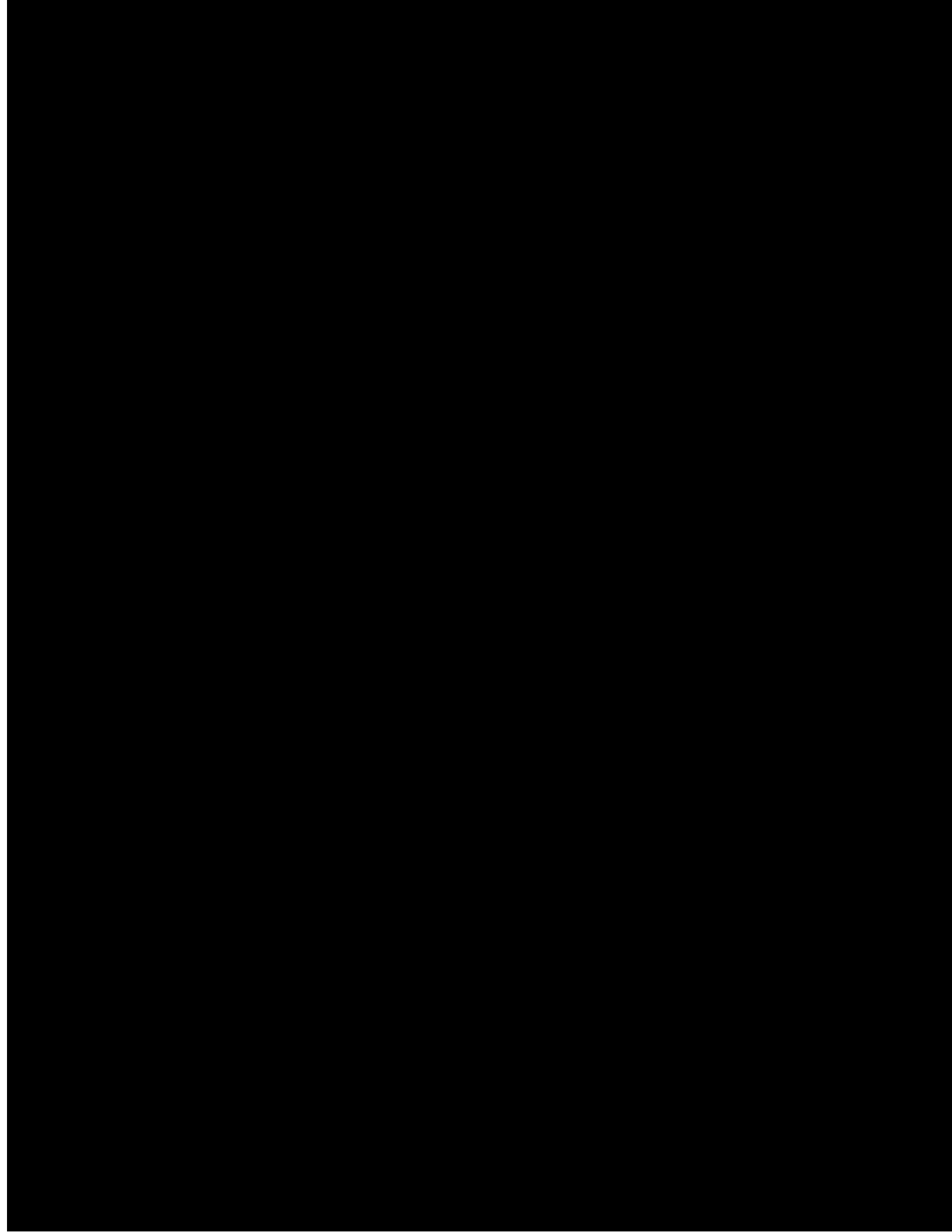
EXHIBIT 57

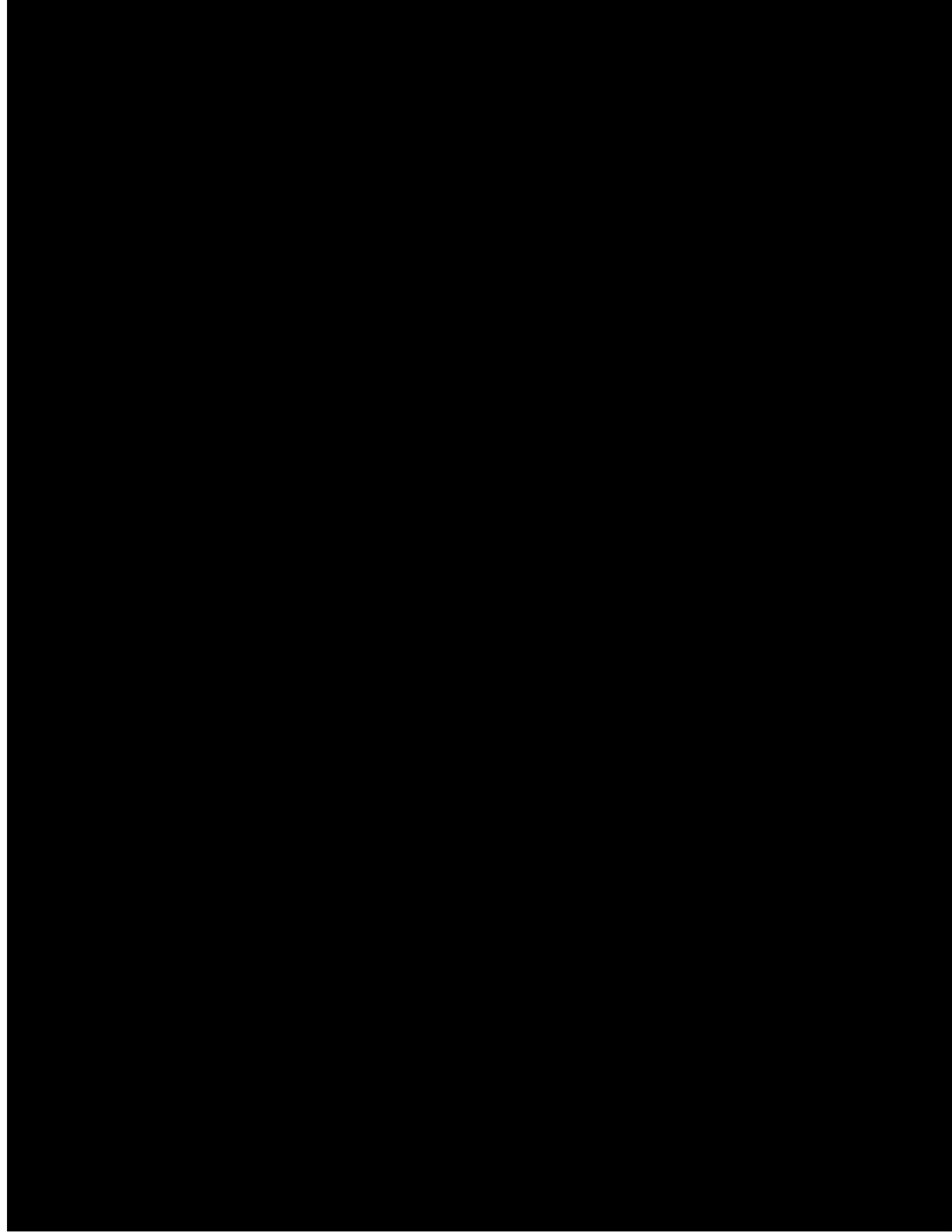


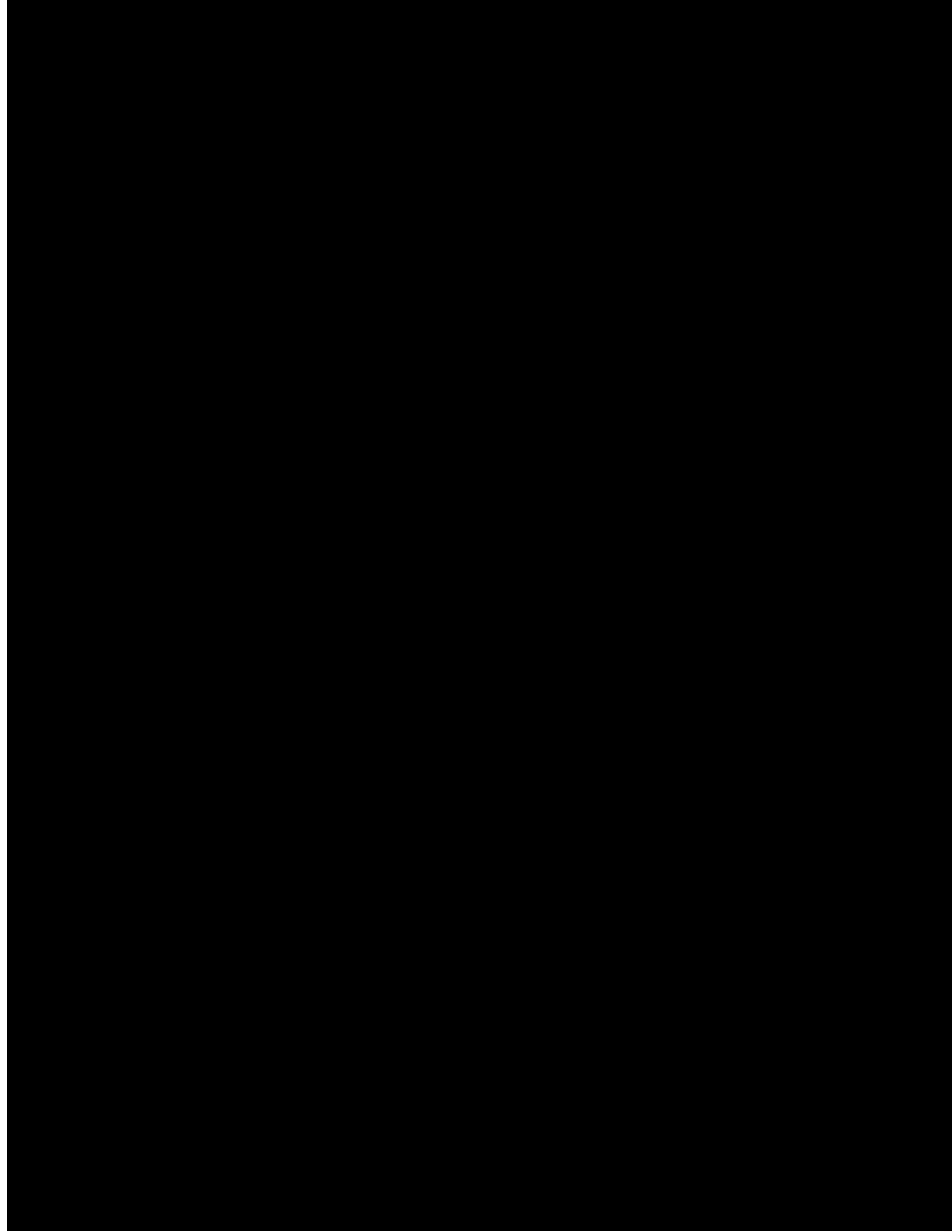


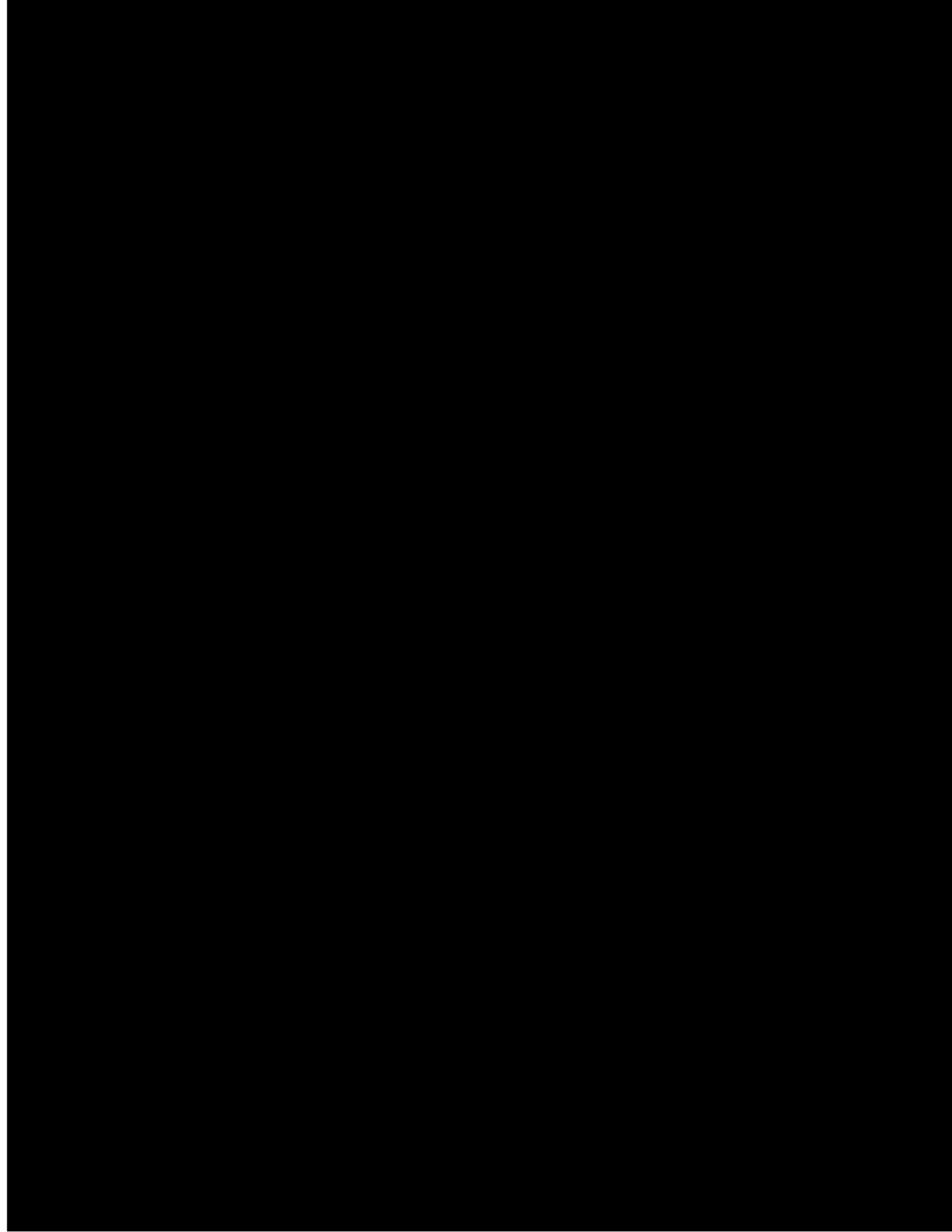


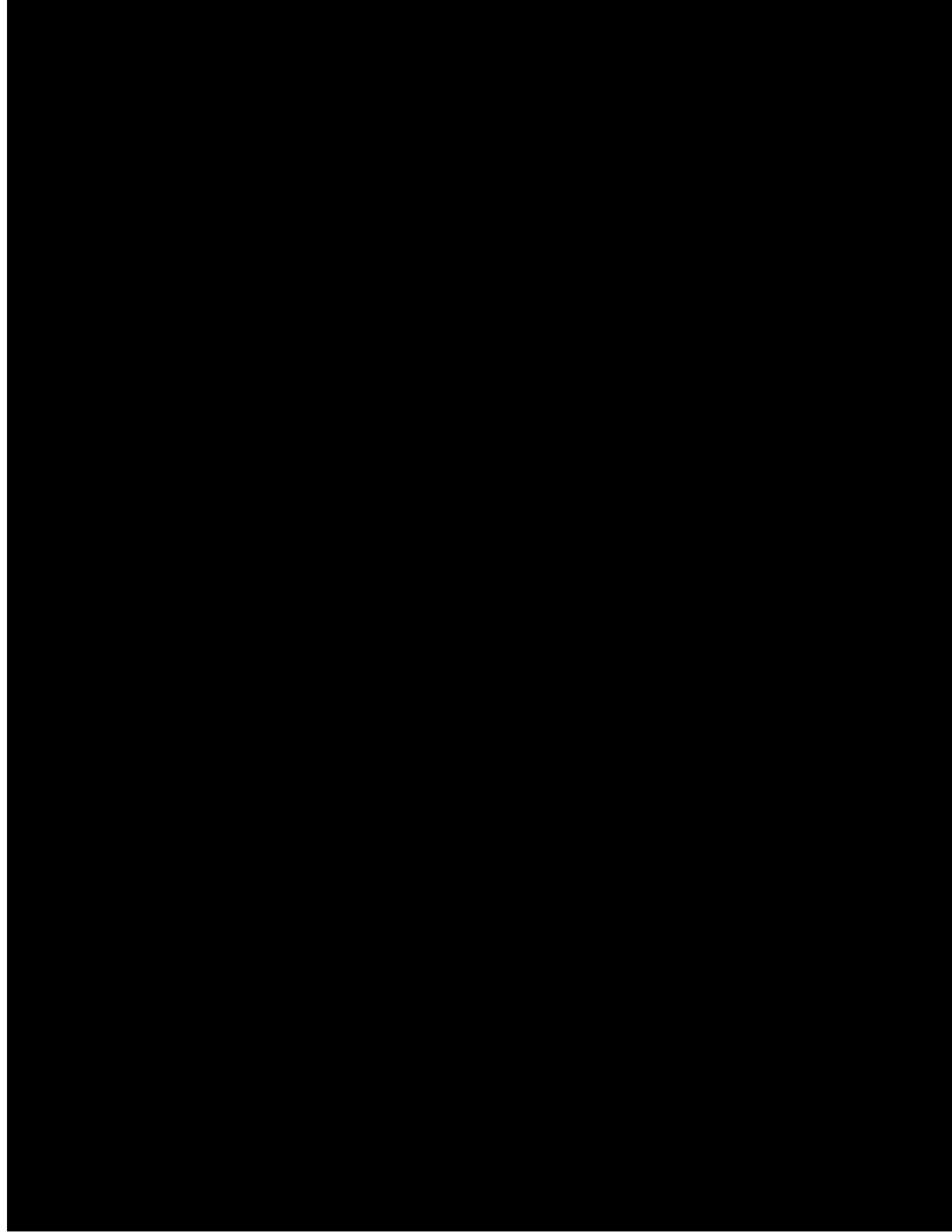


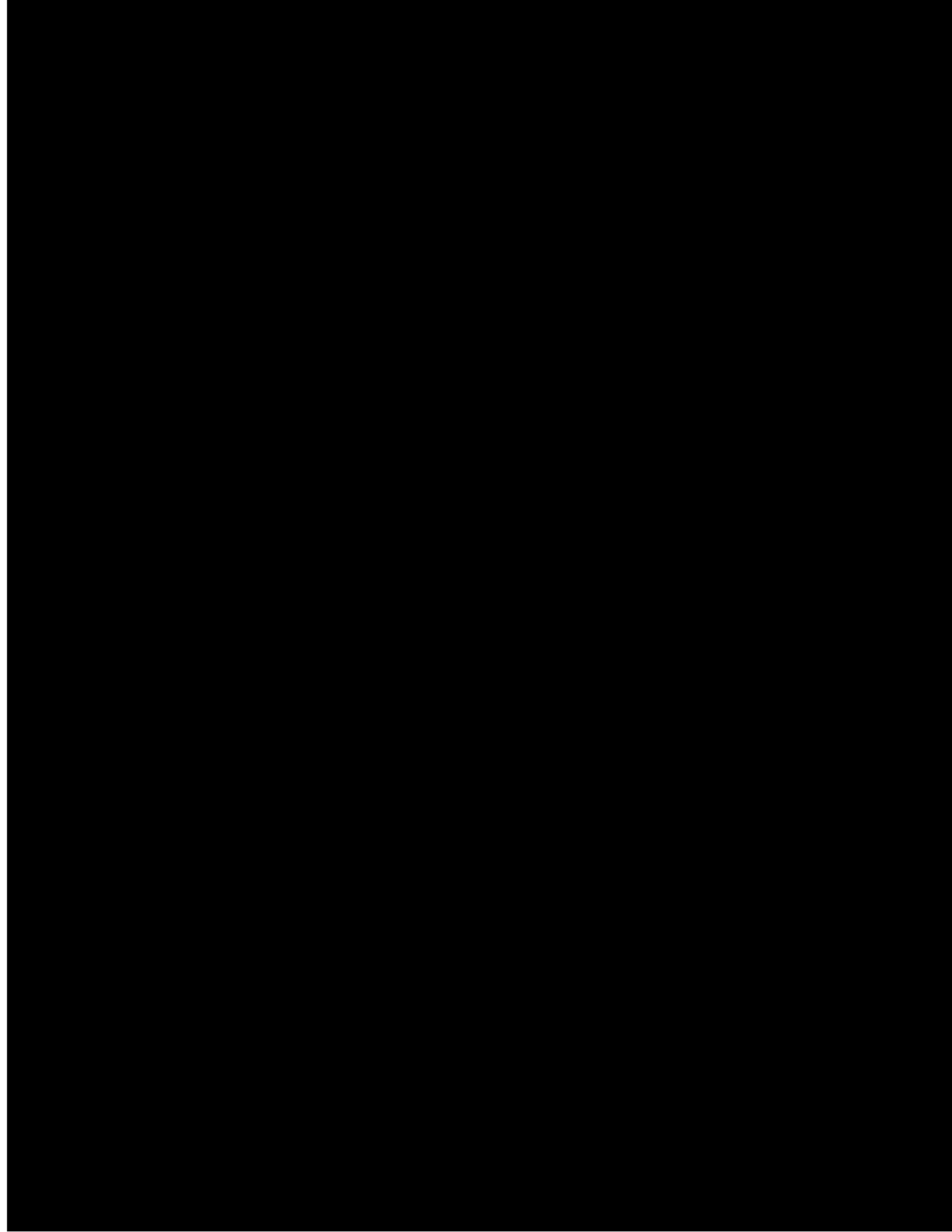


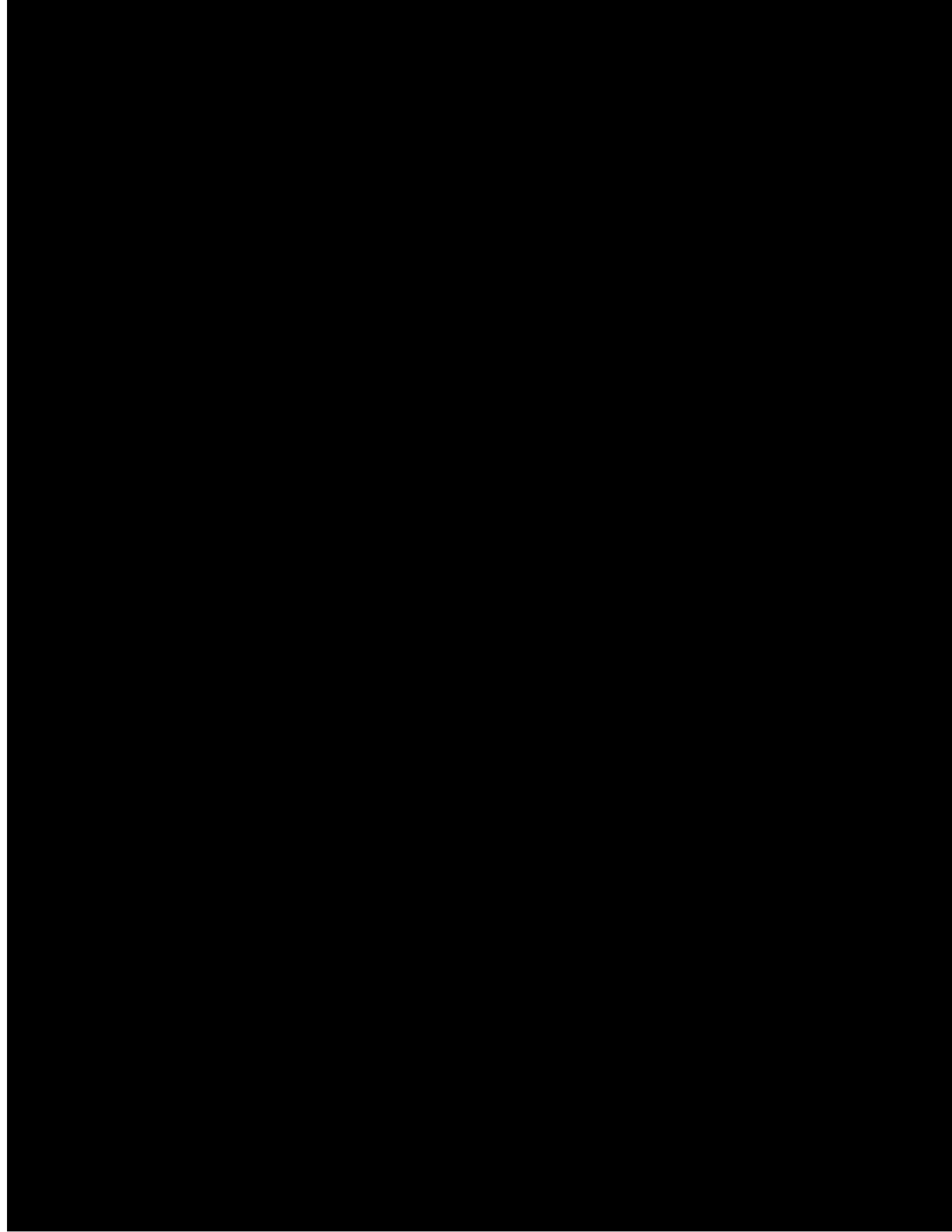


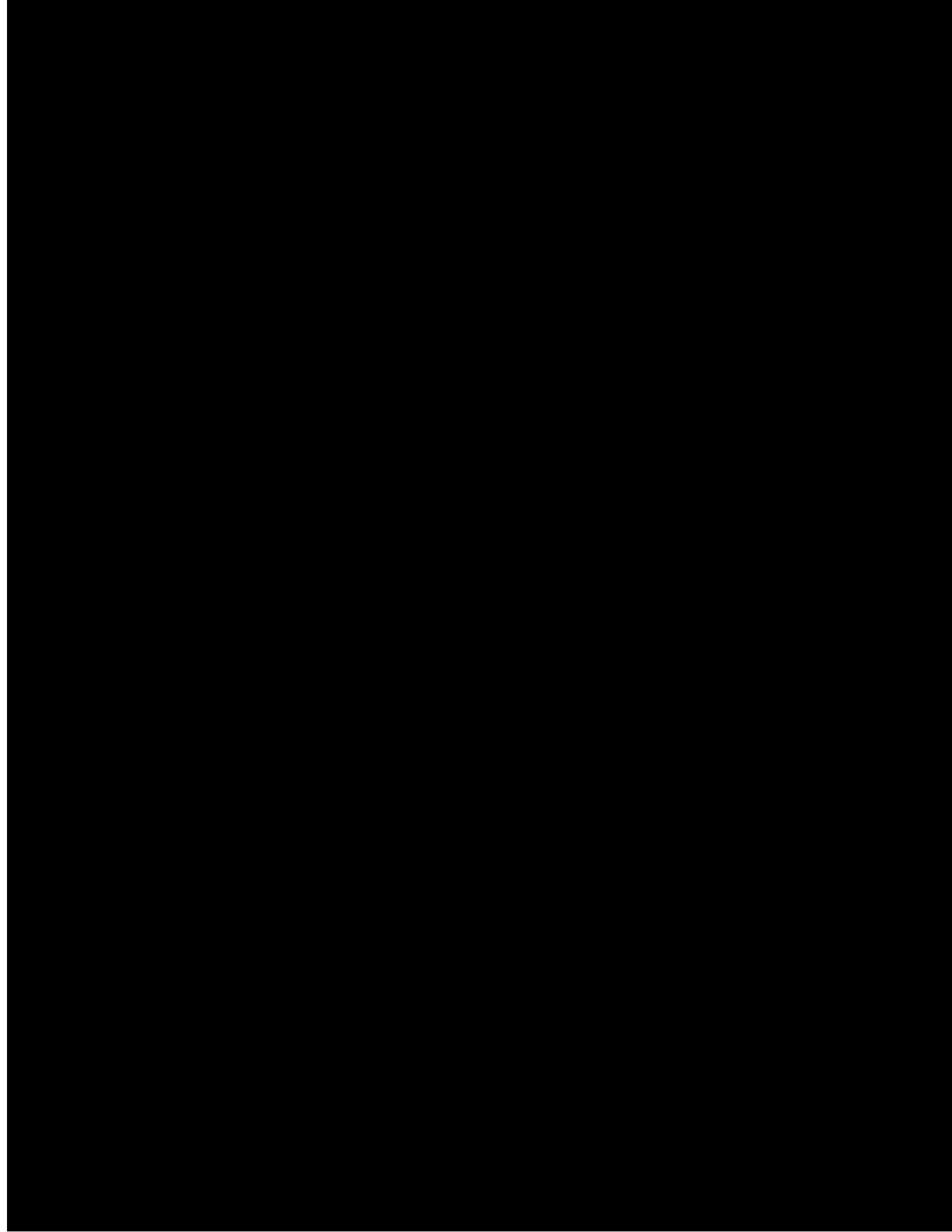


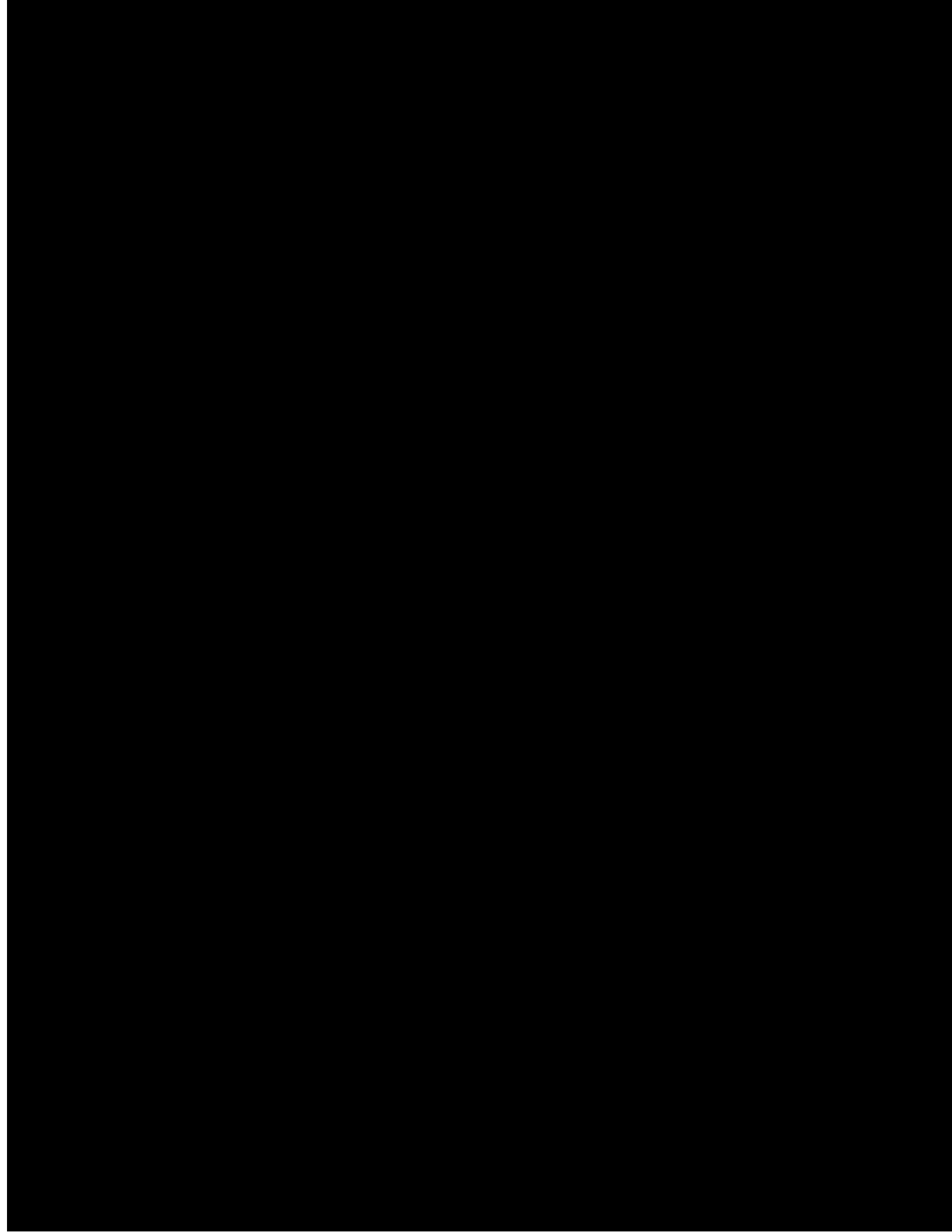


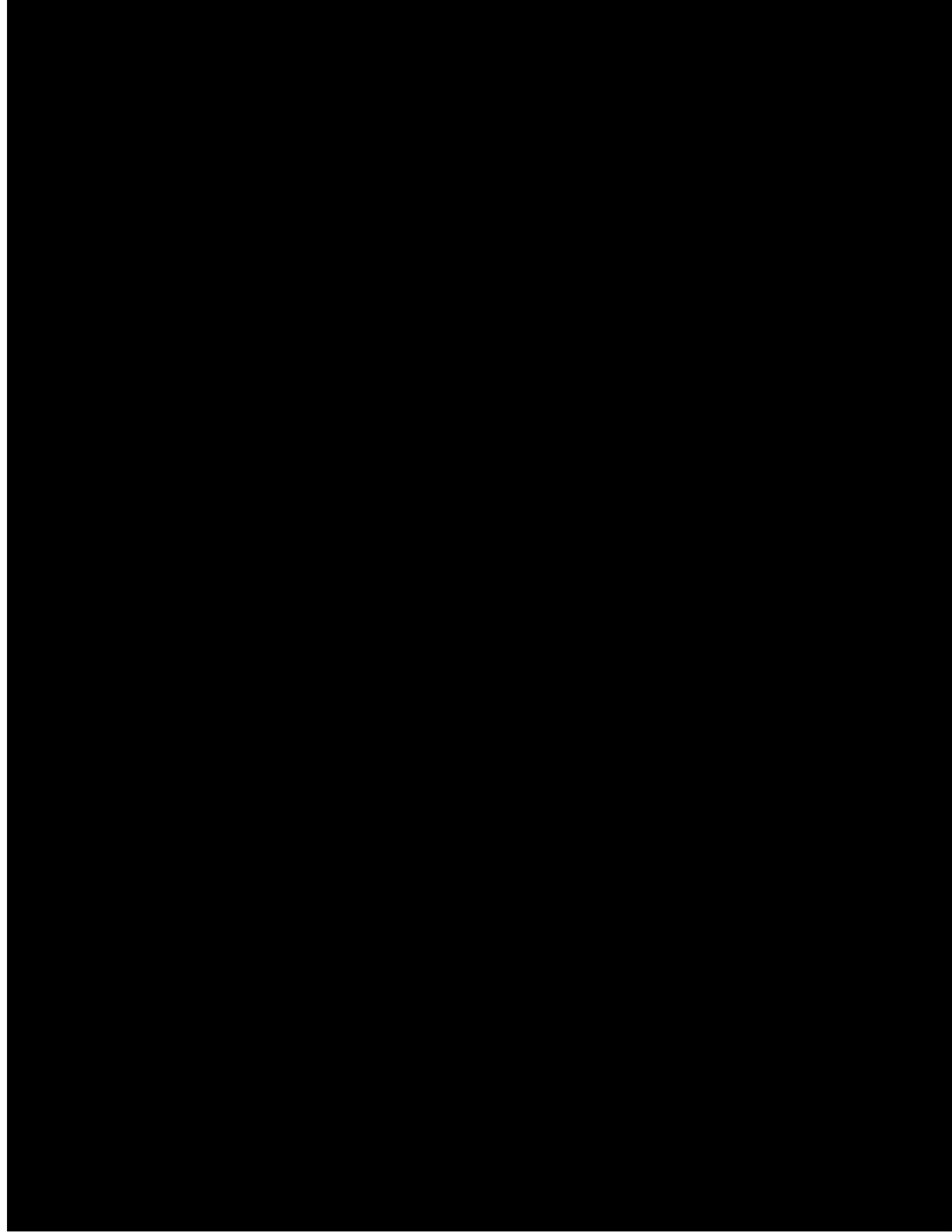


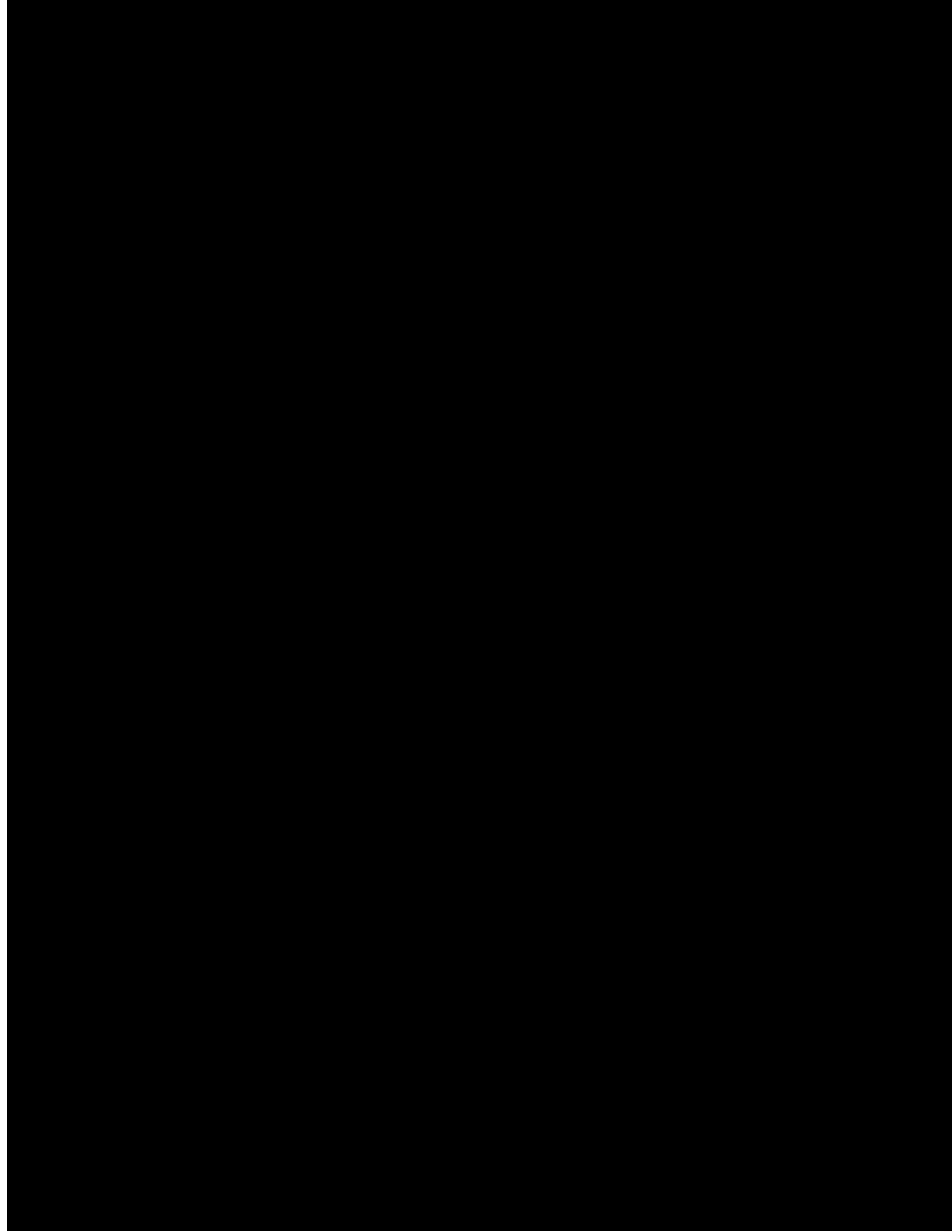


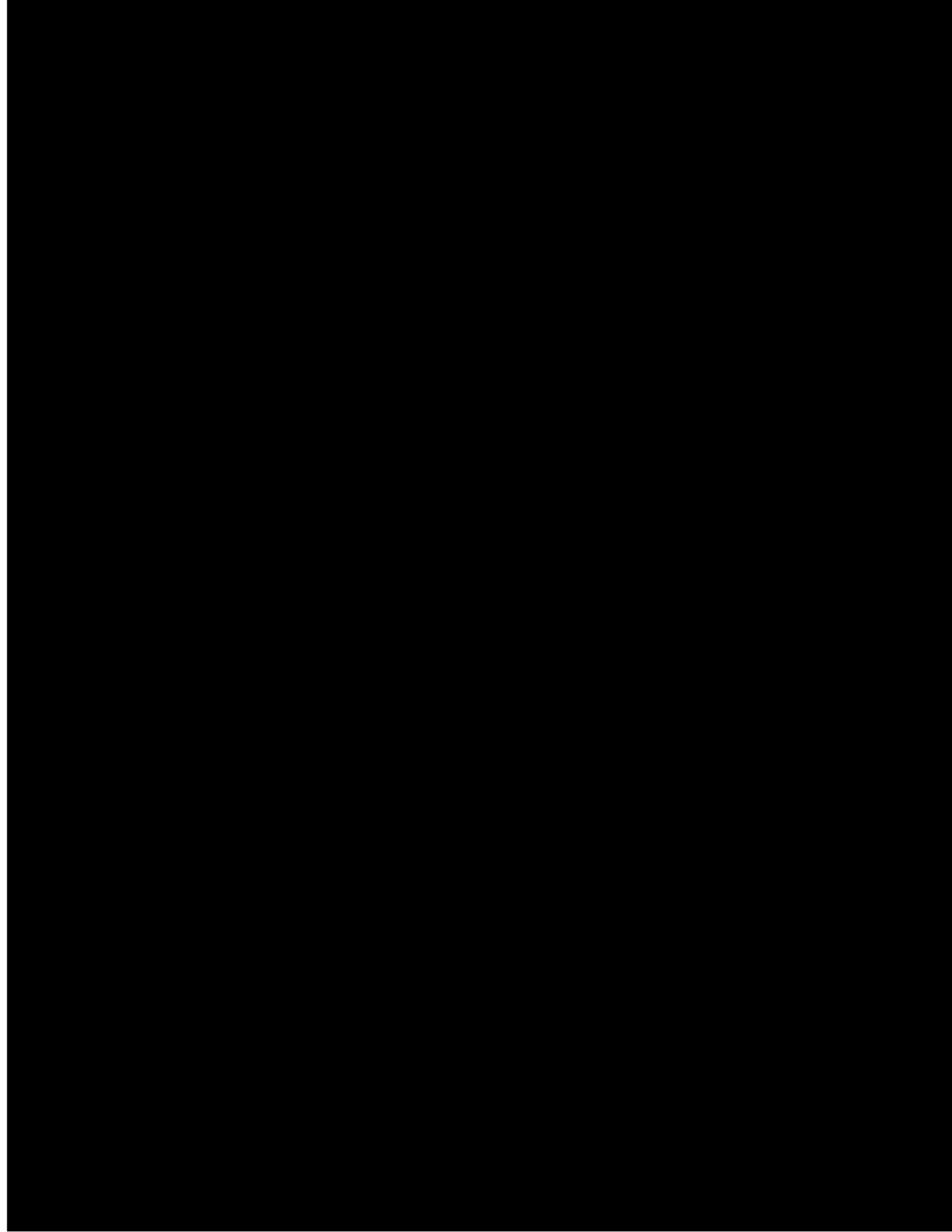


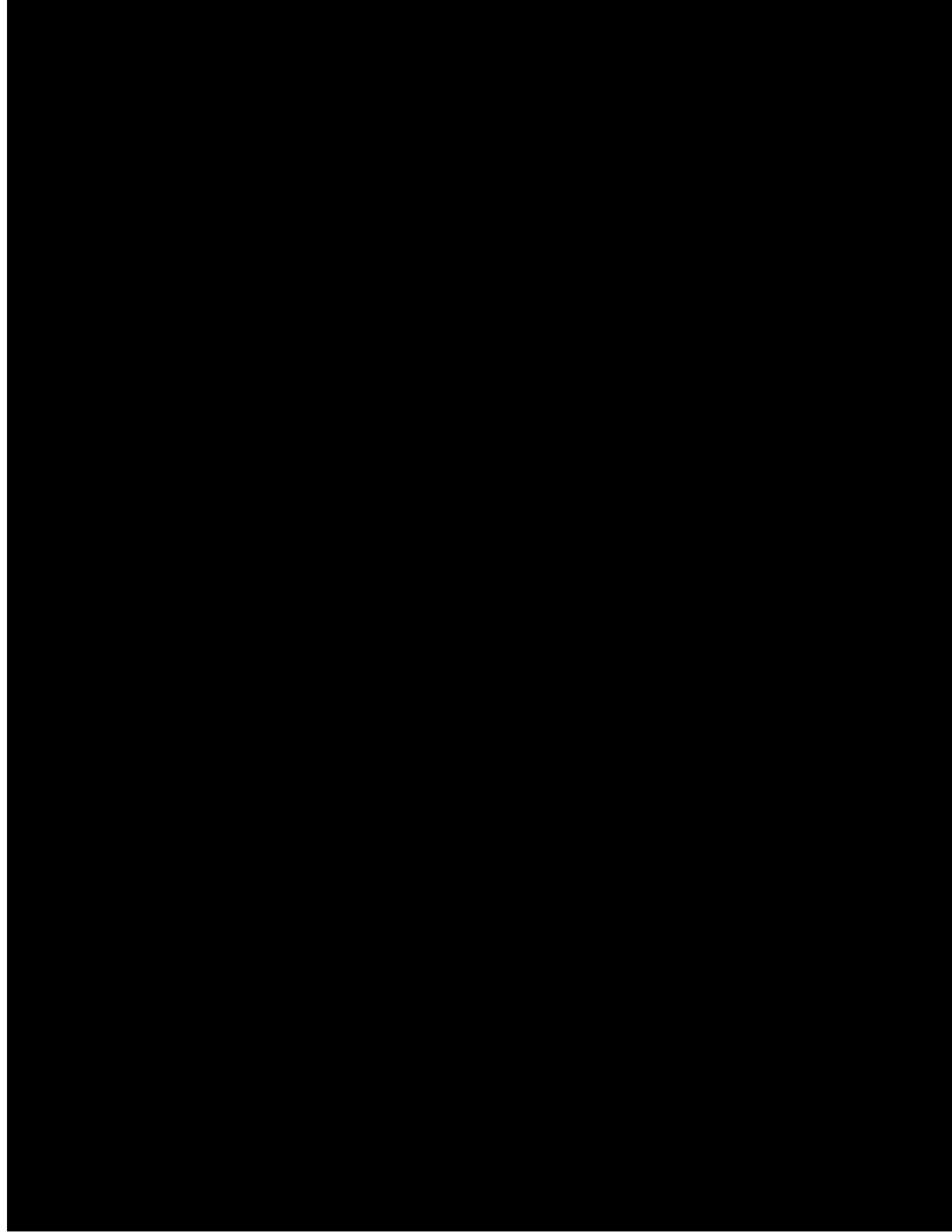


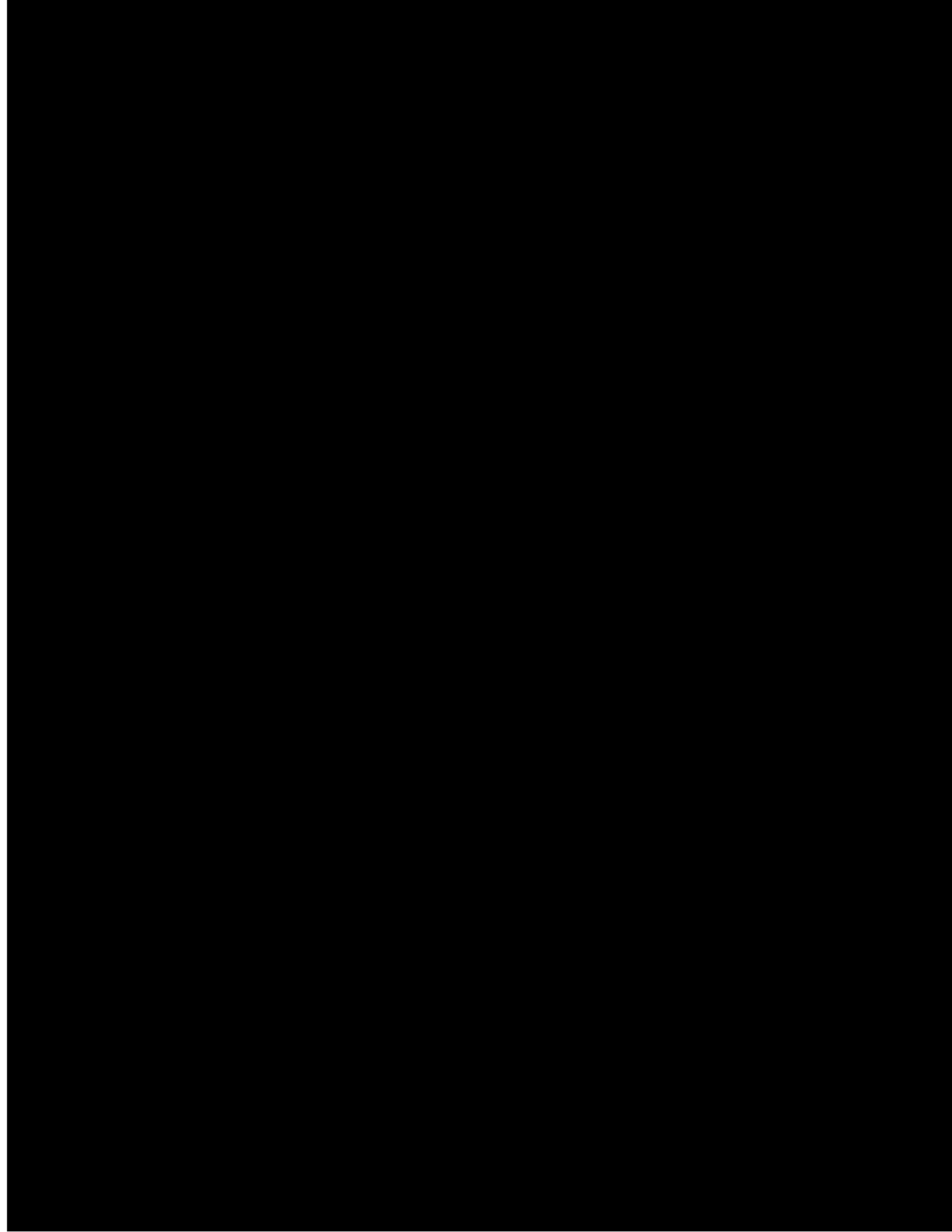


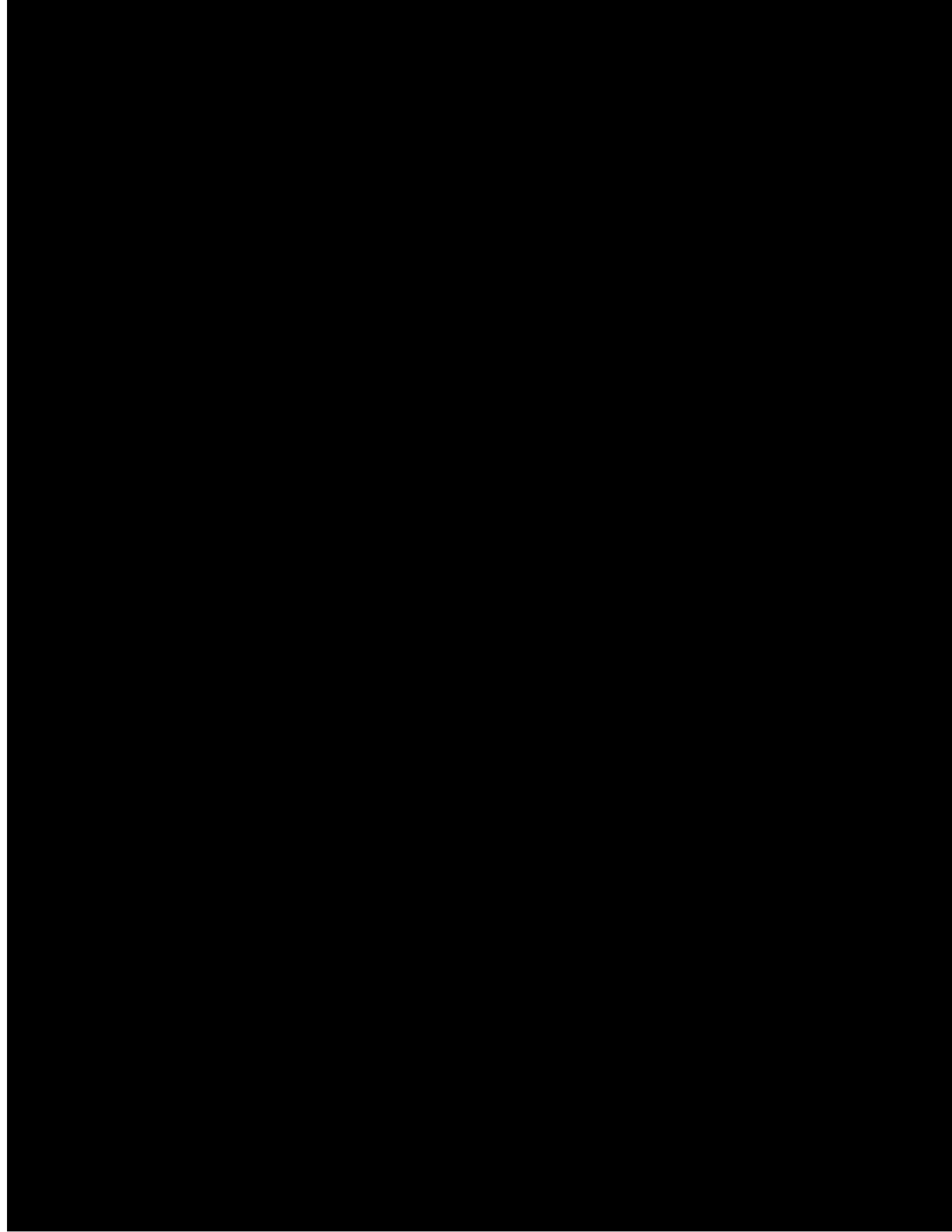


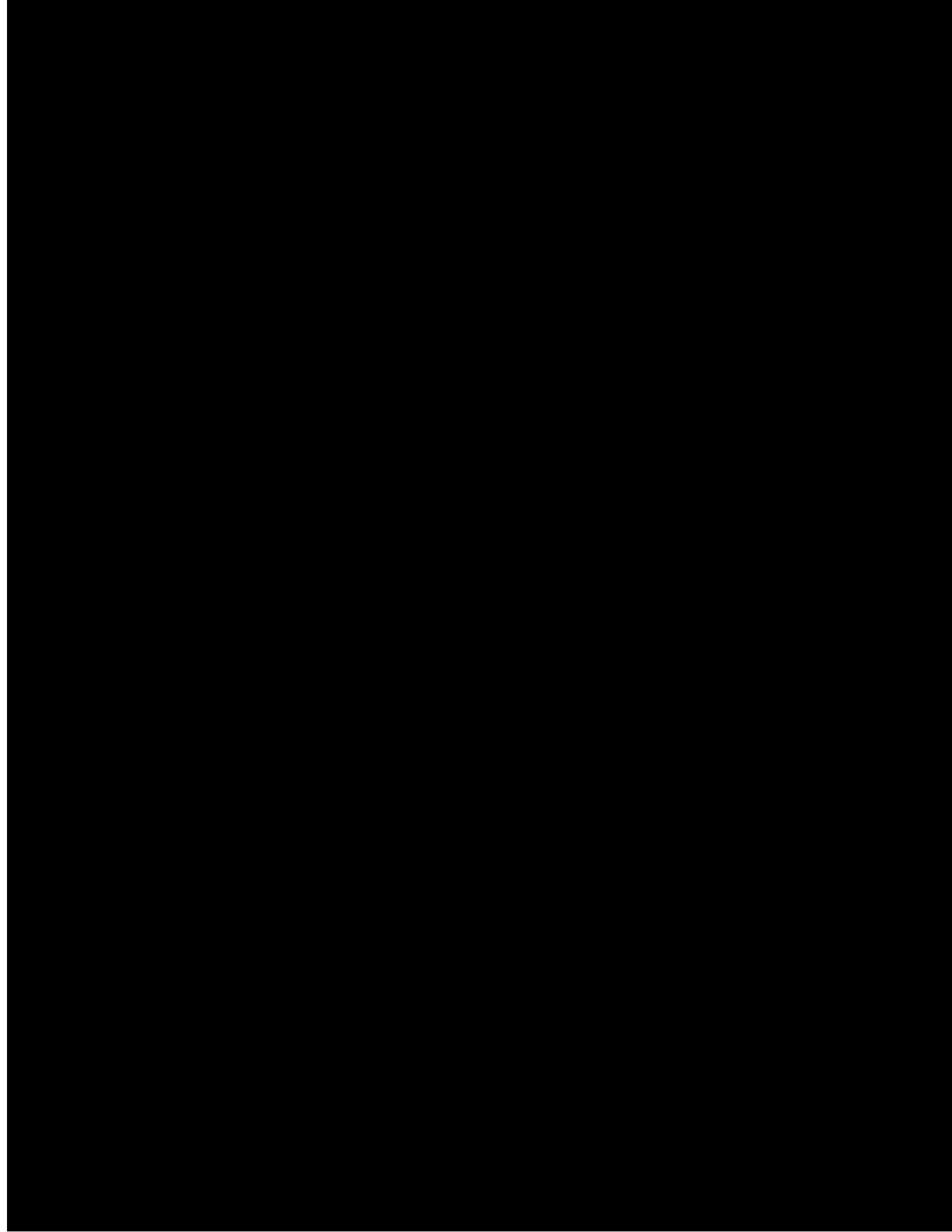


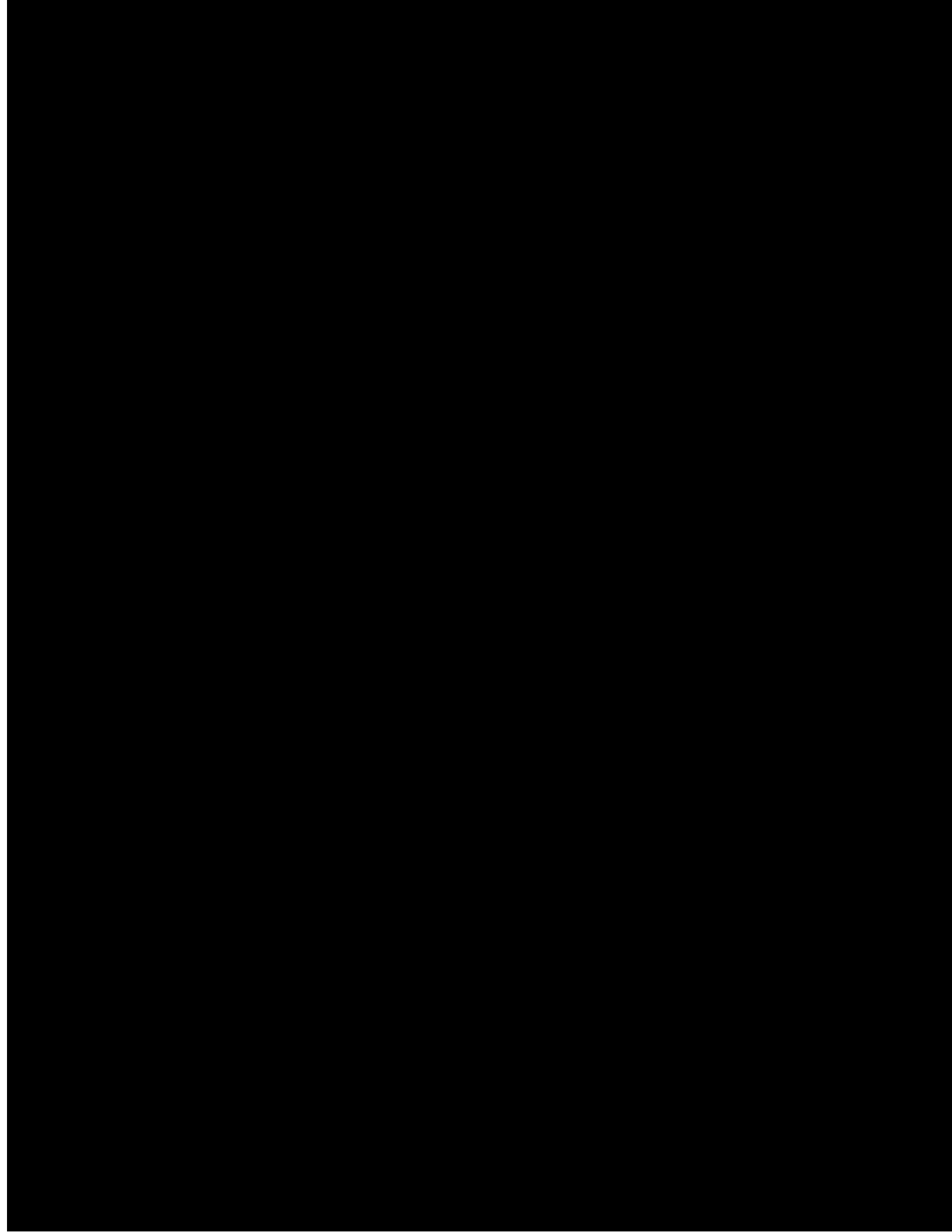


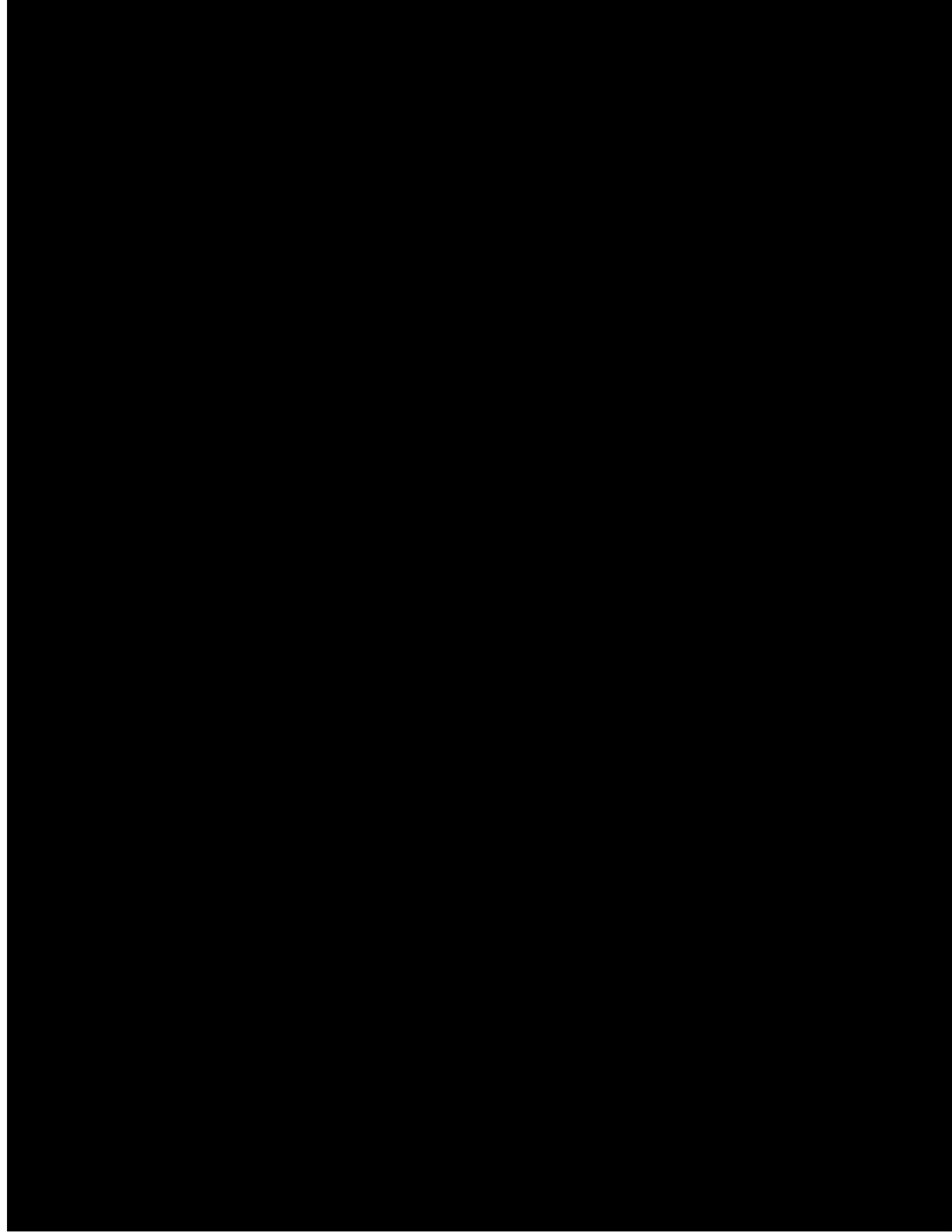












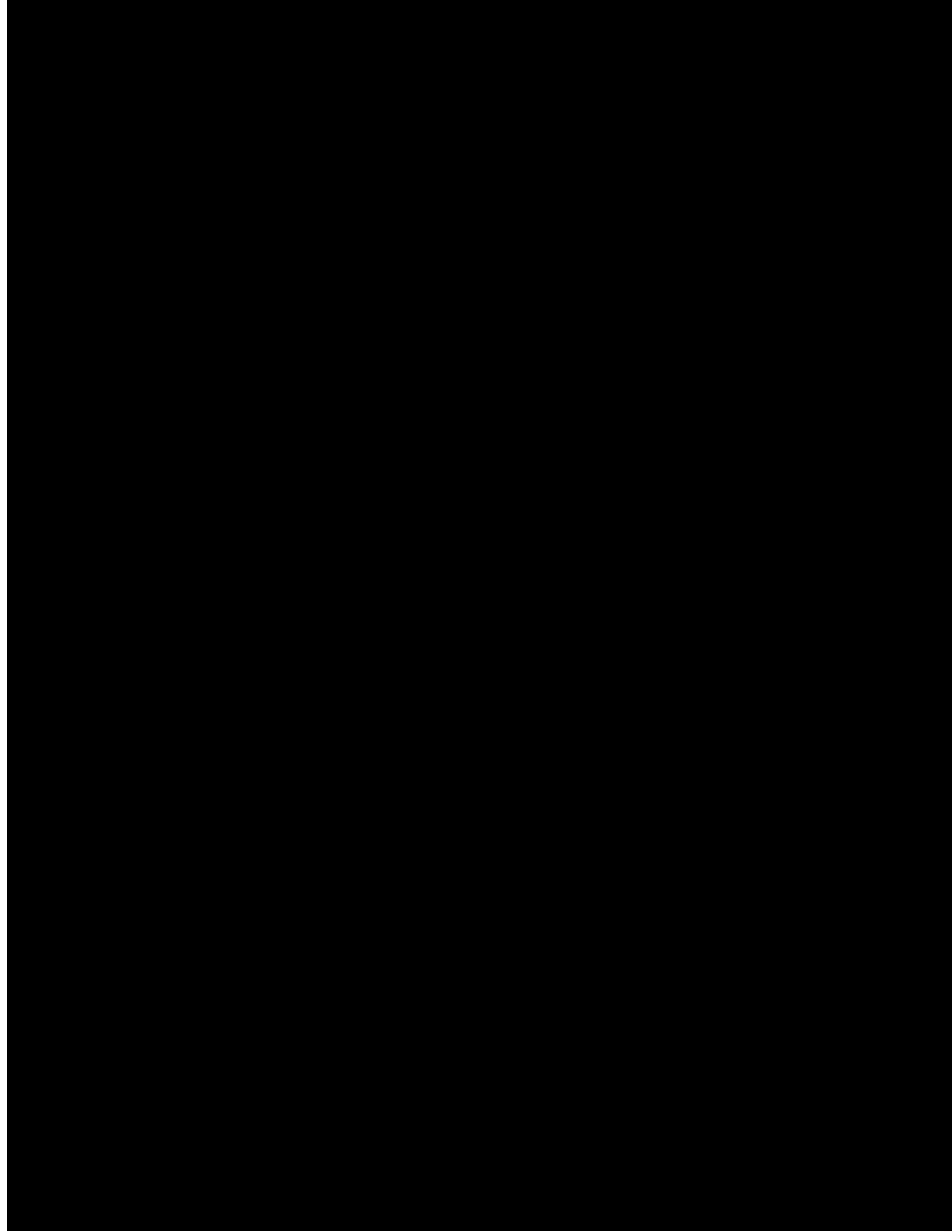
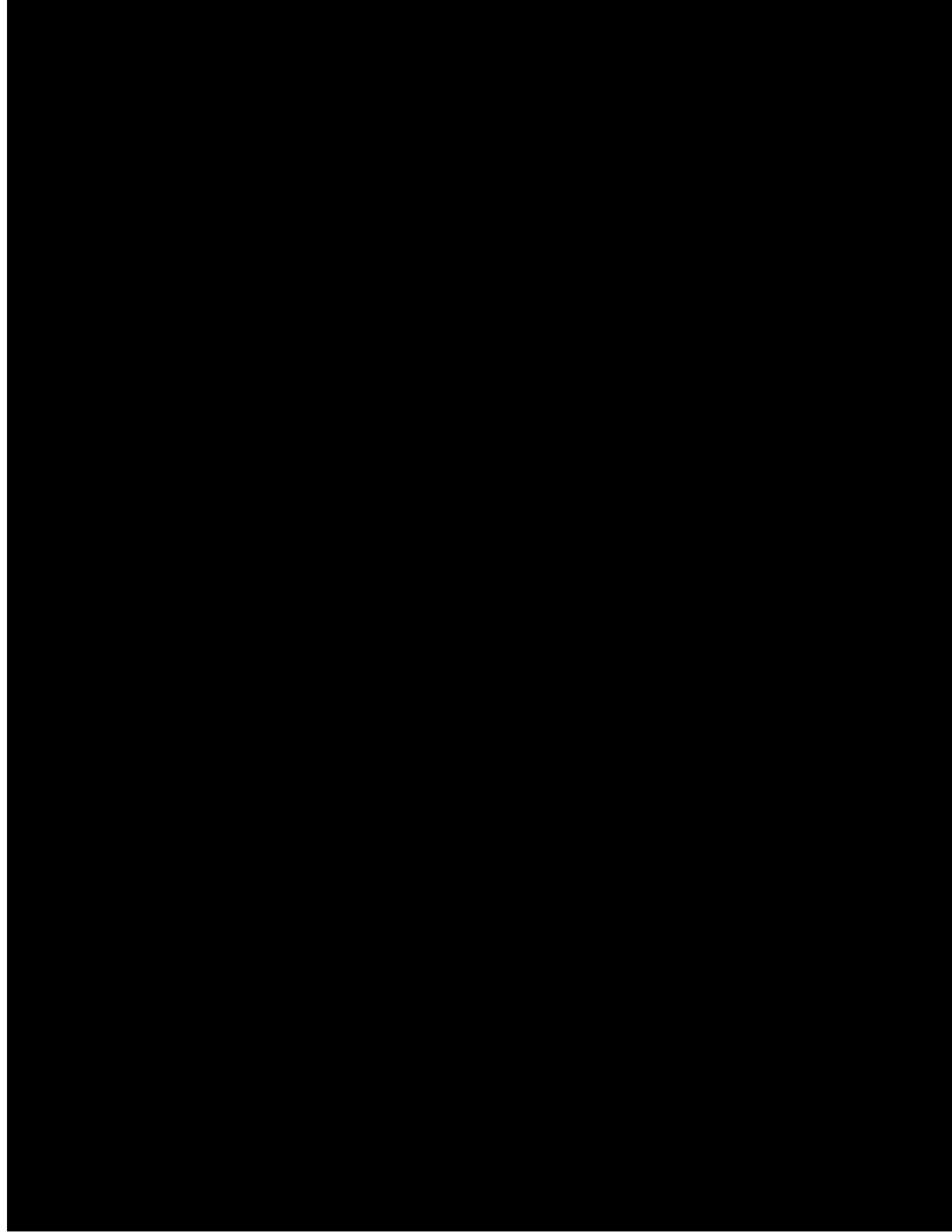
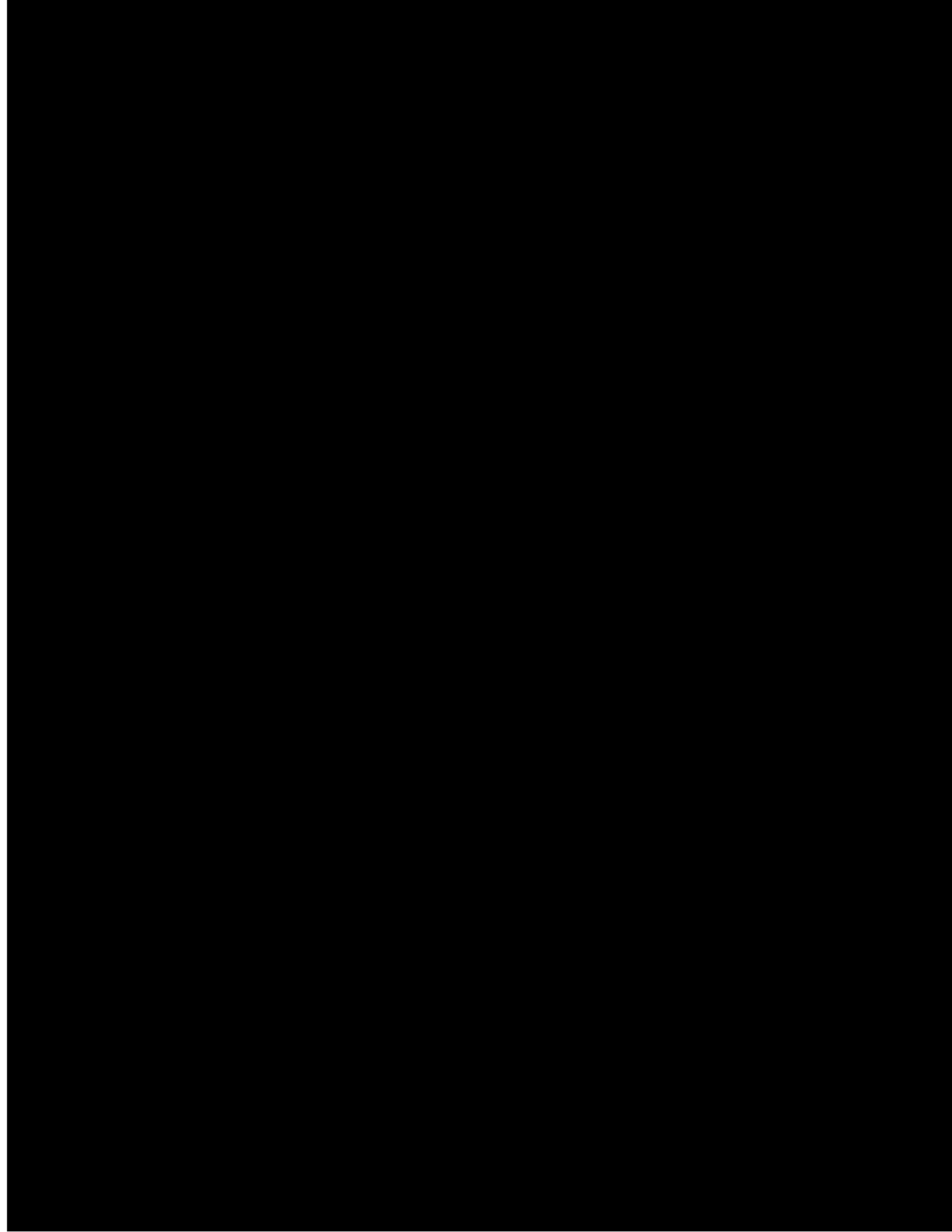
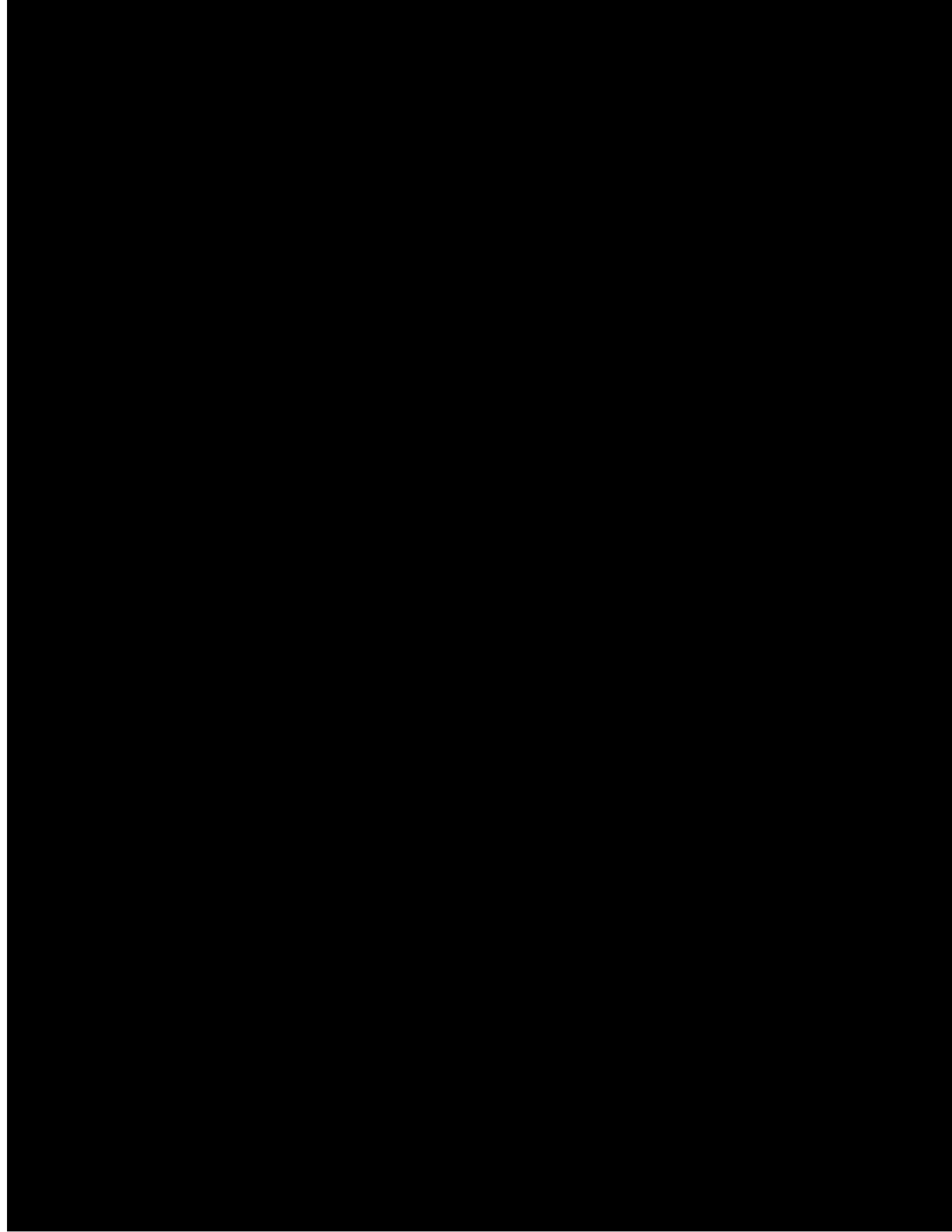
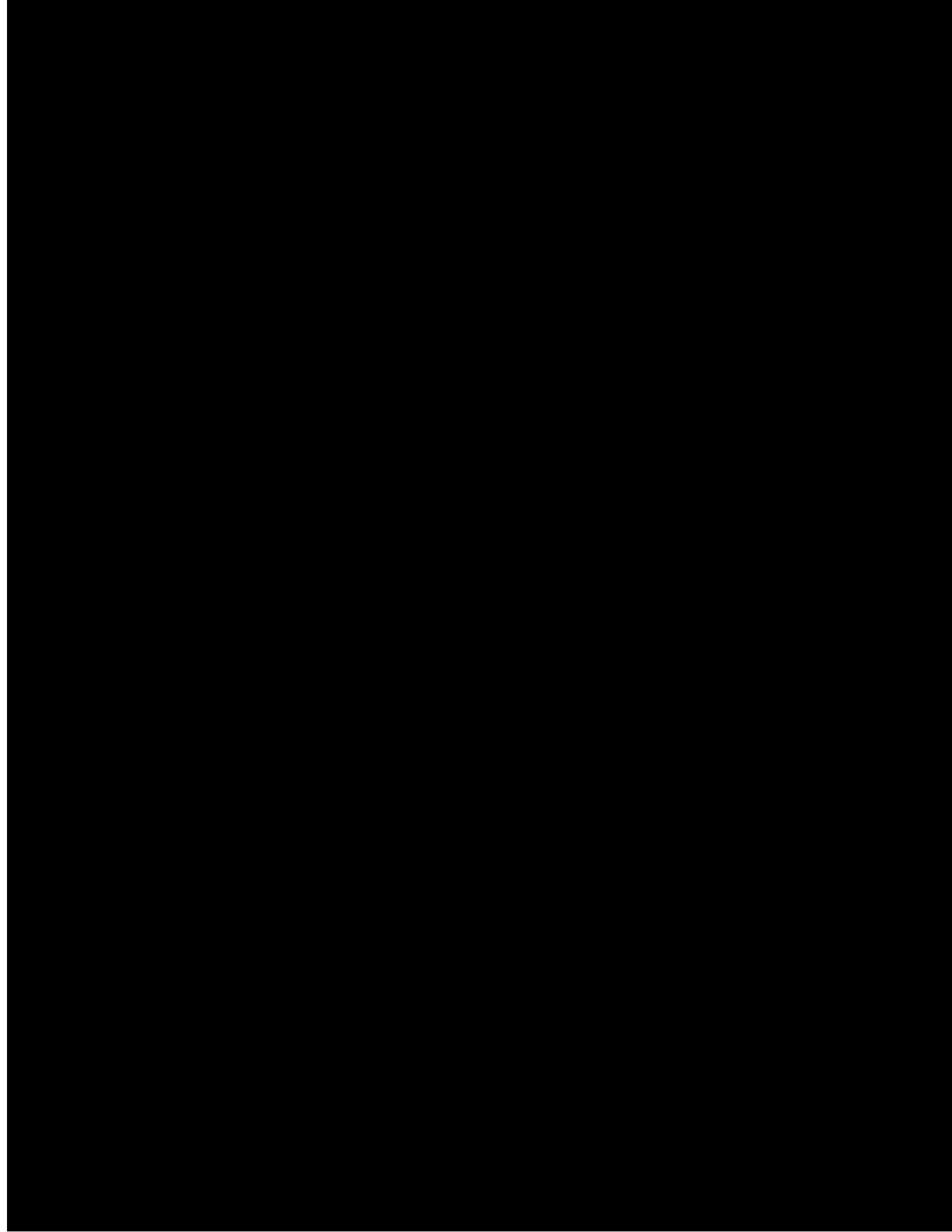


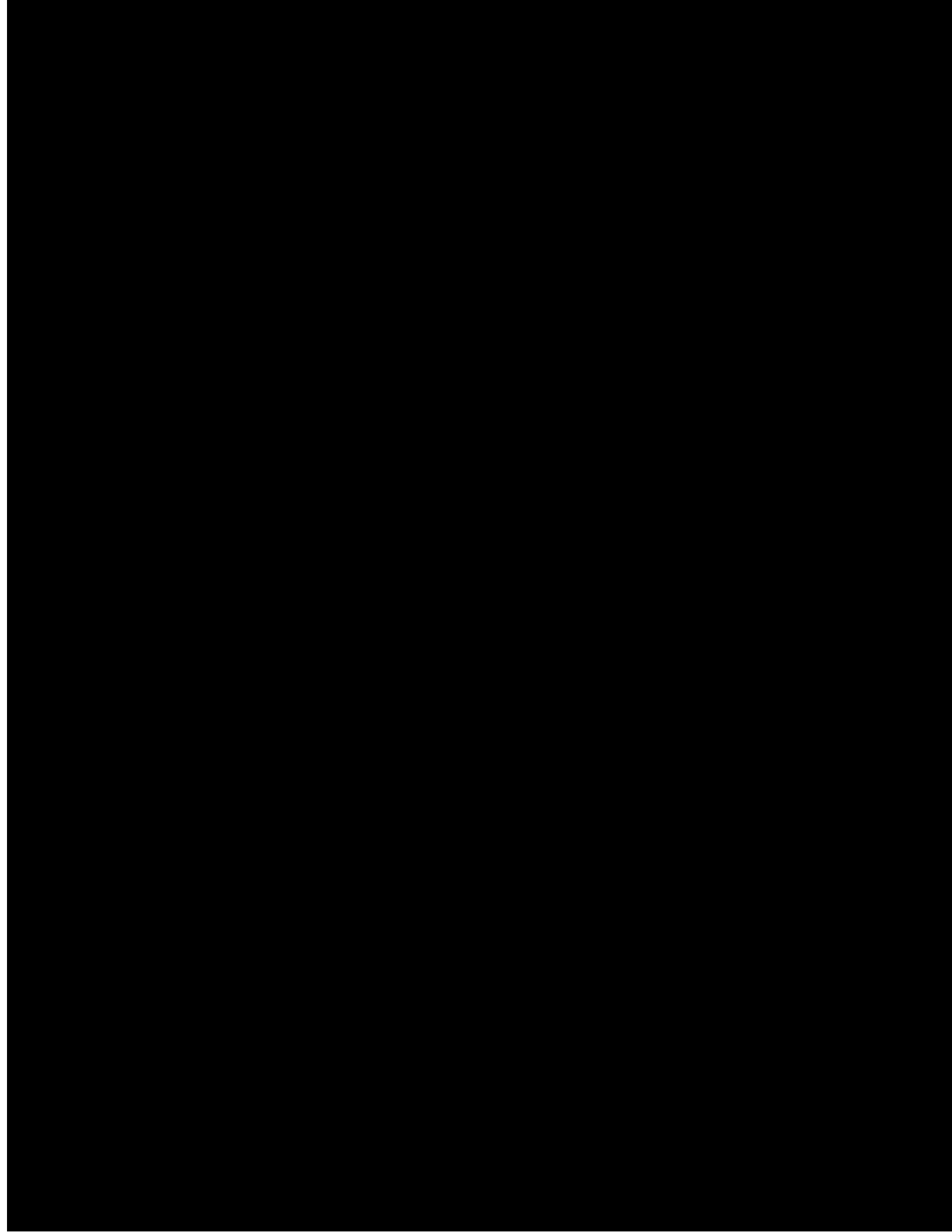
EXHIBIT 58

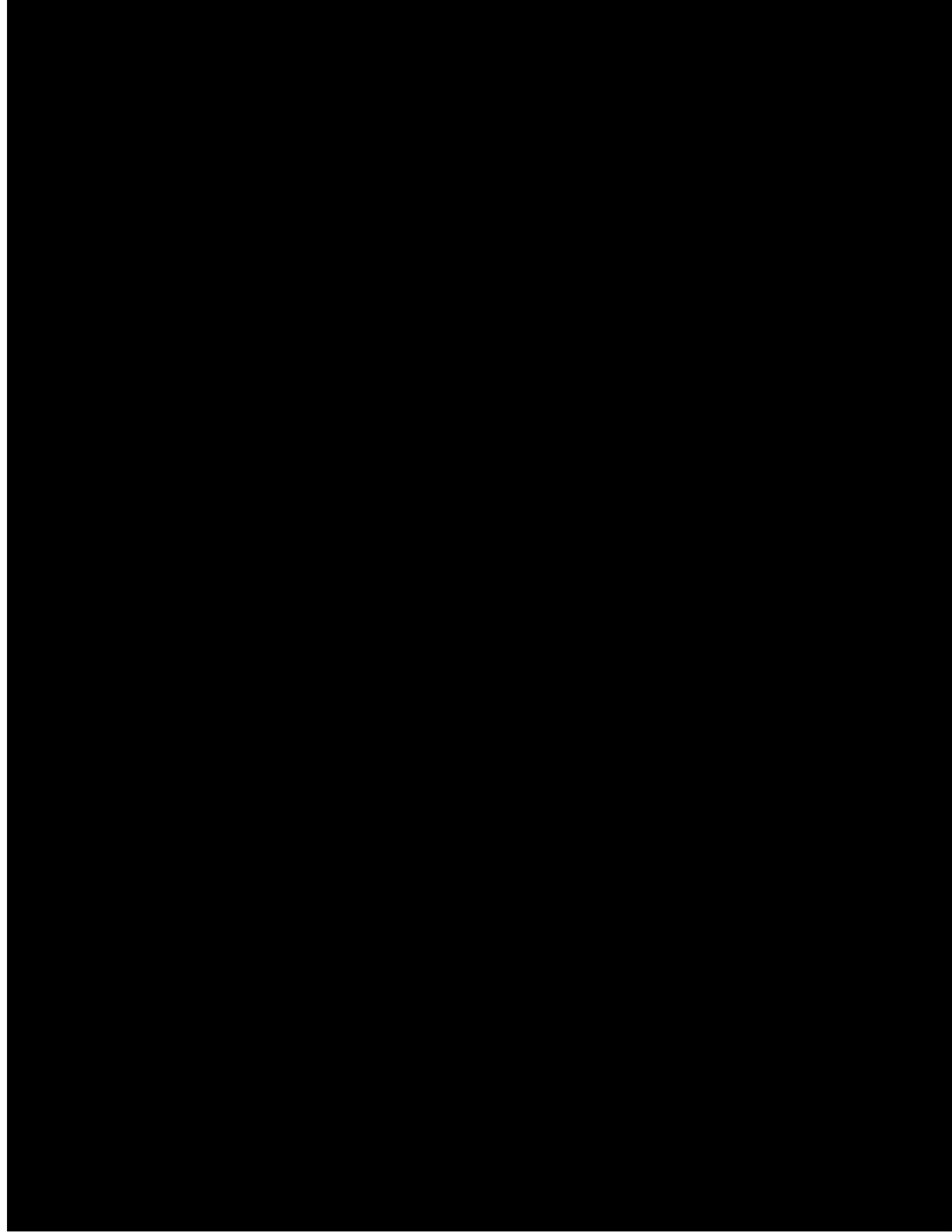


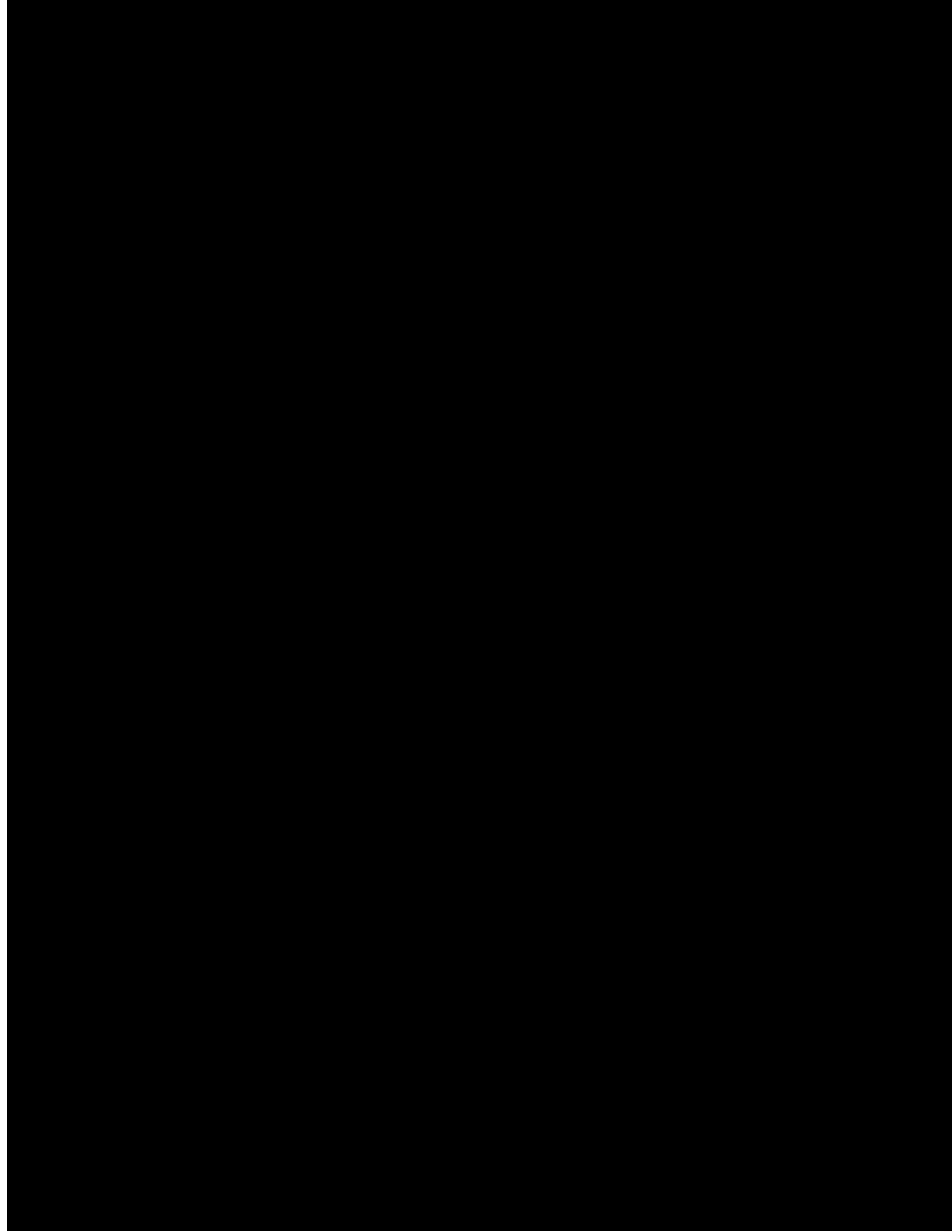


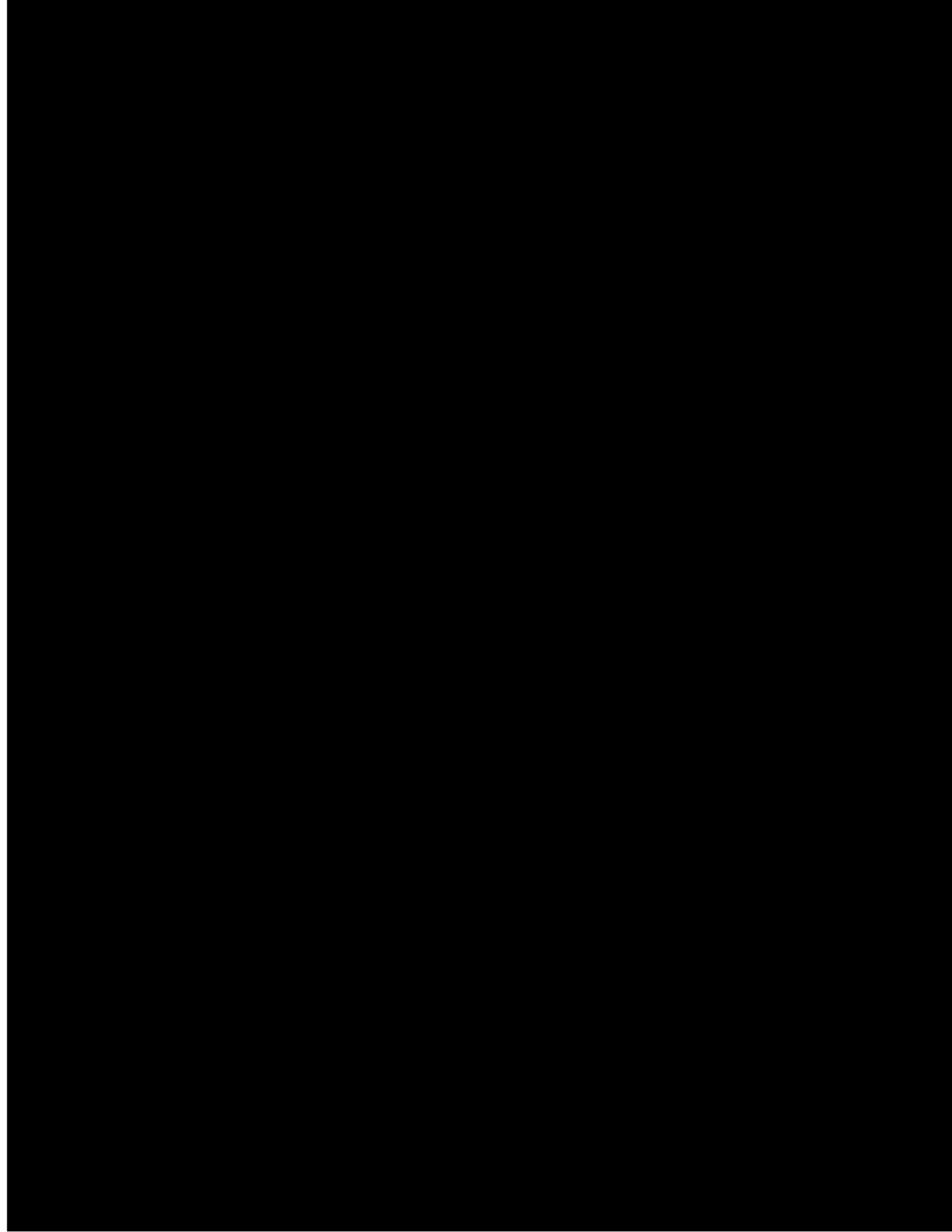


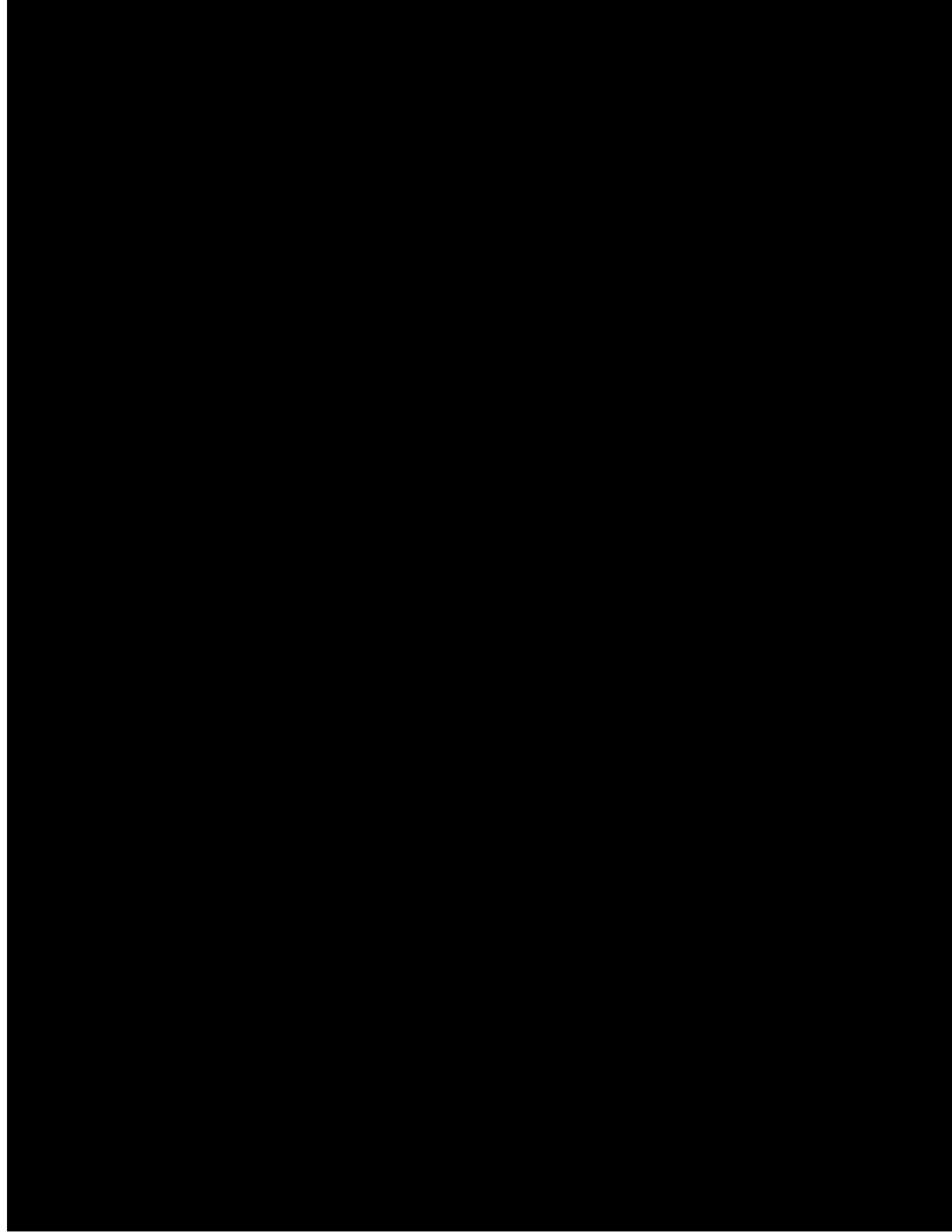


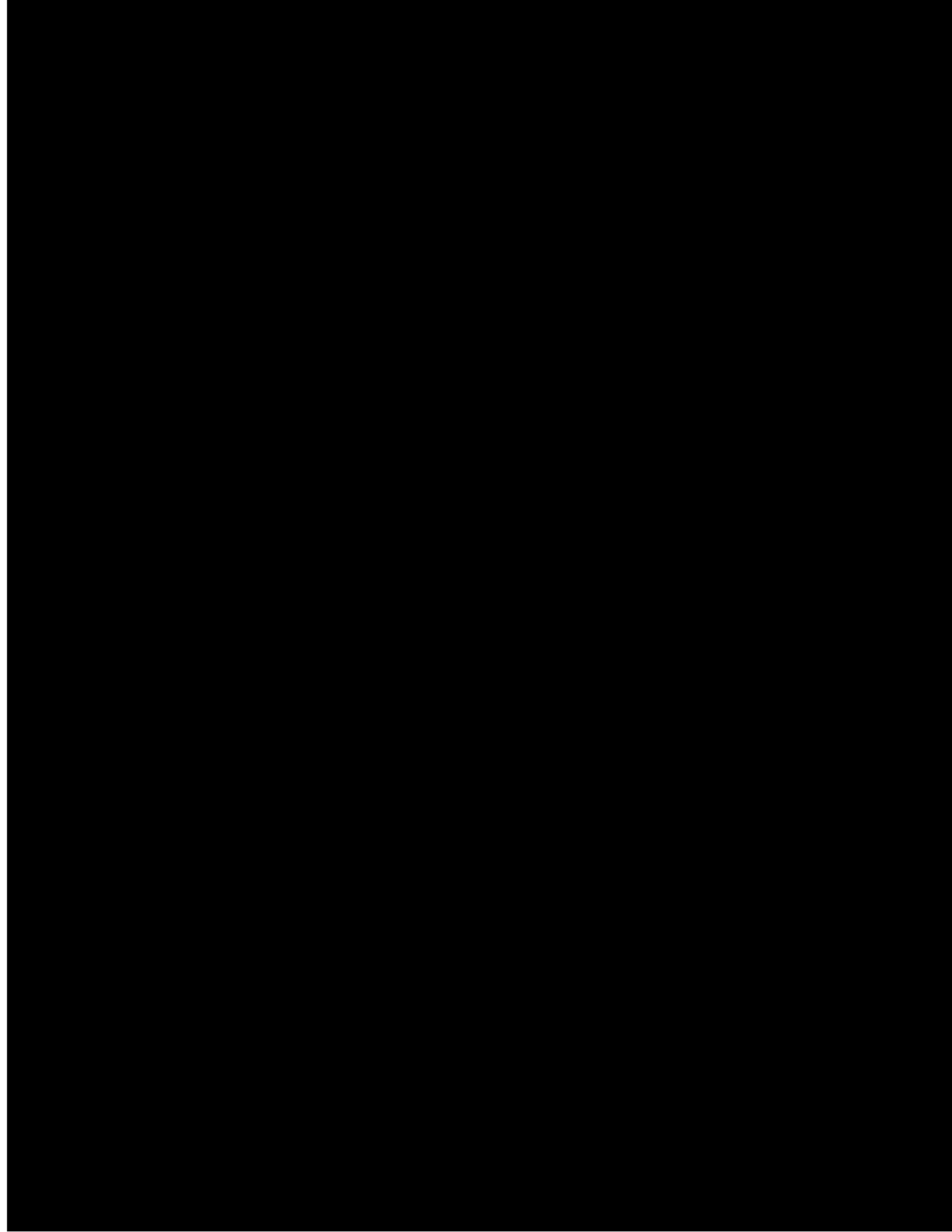


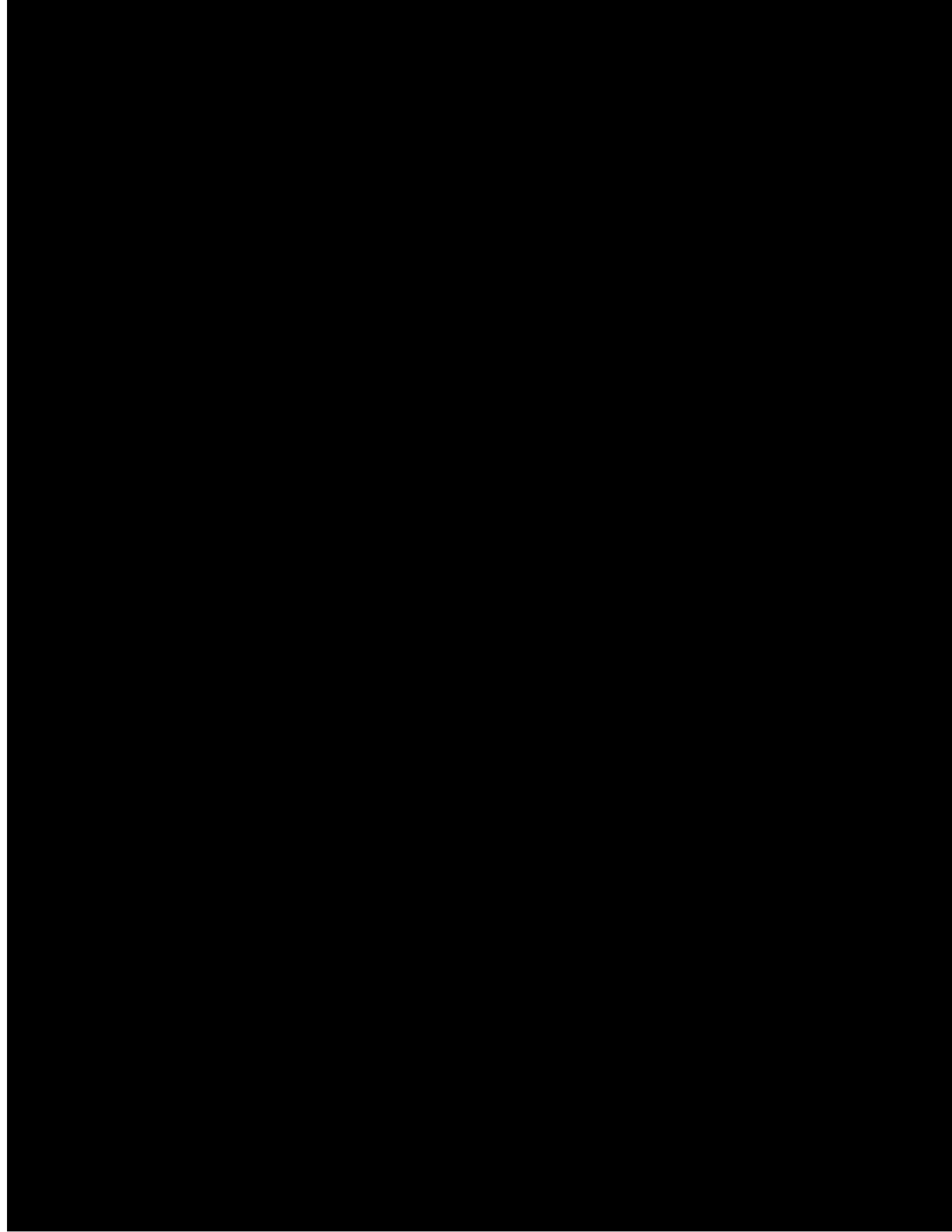


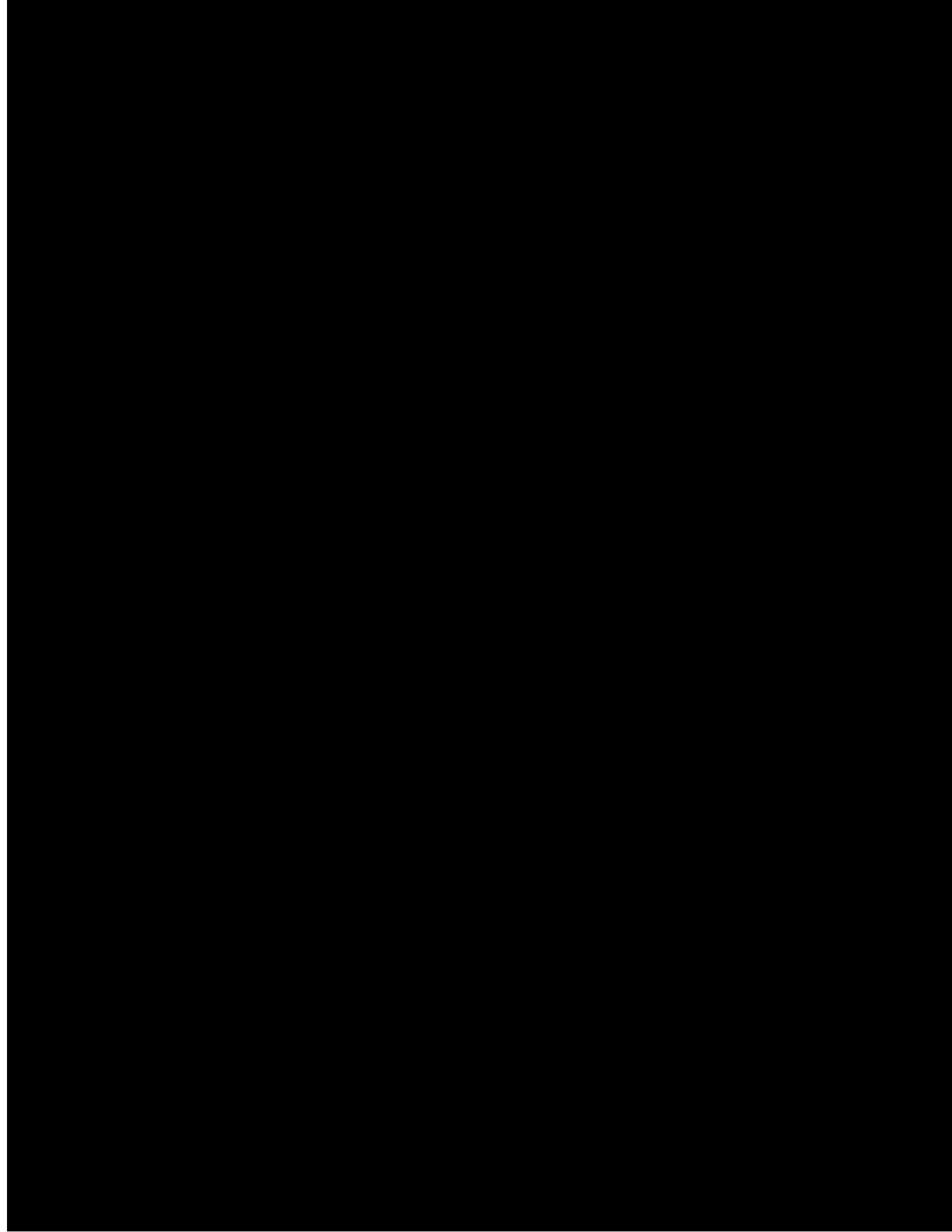












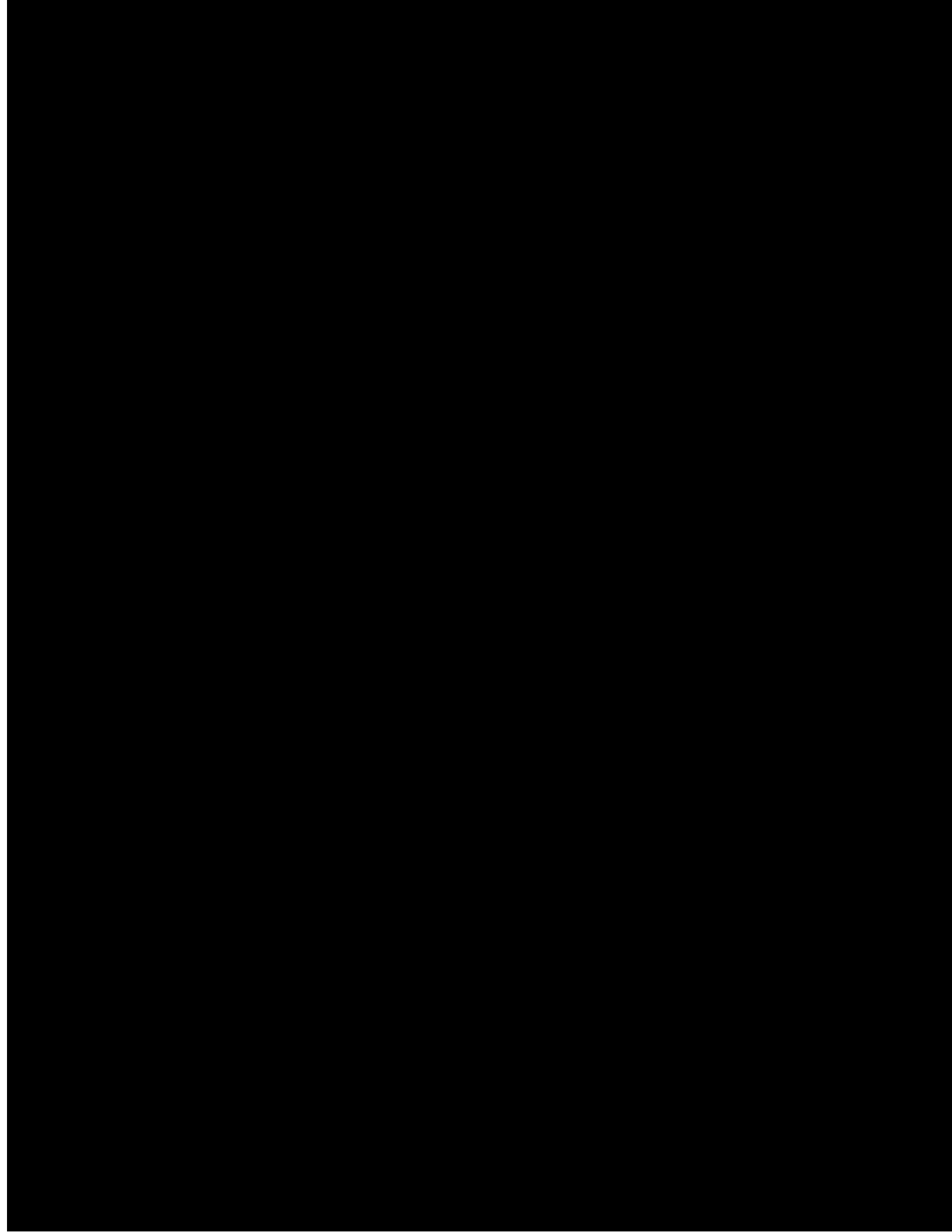
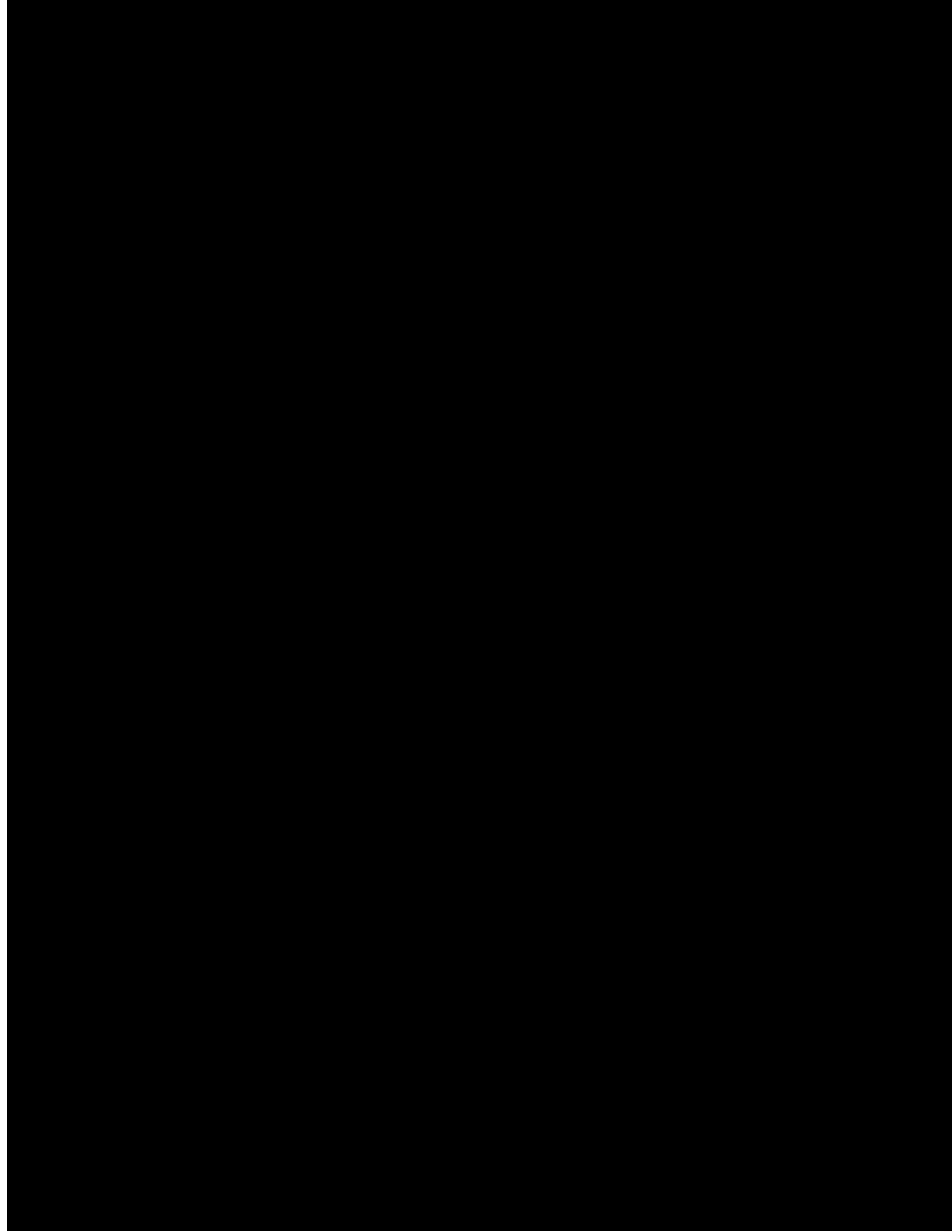
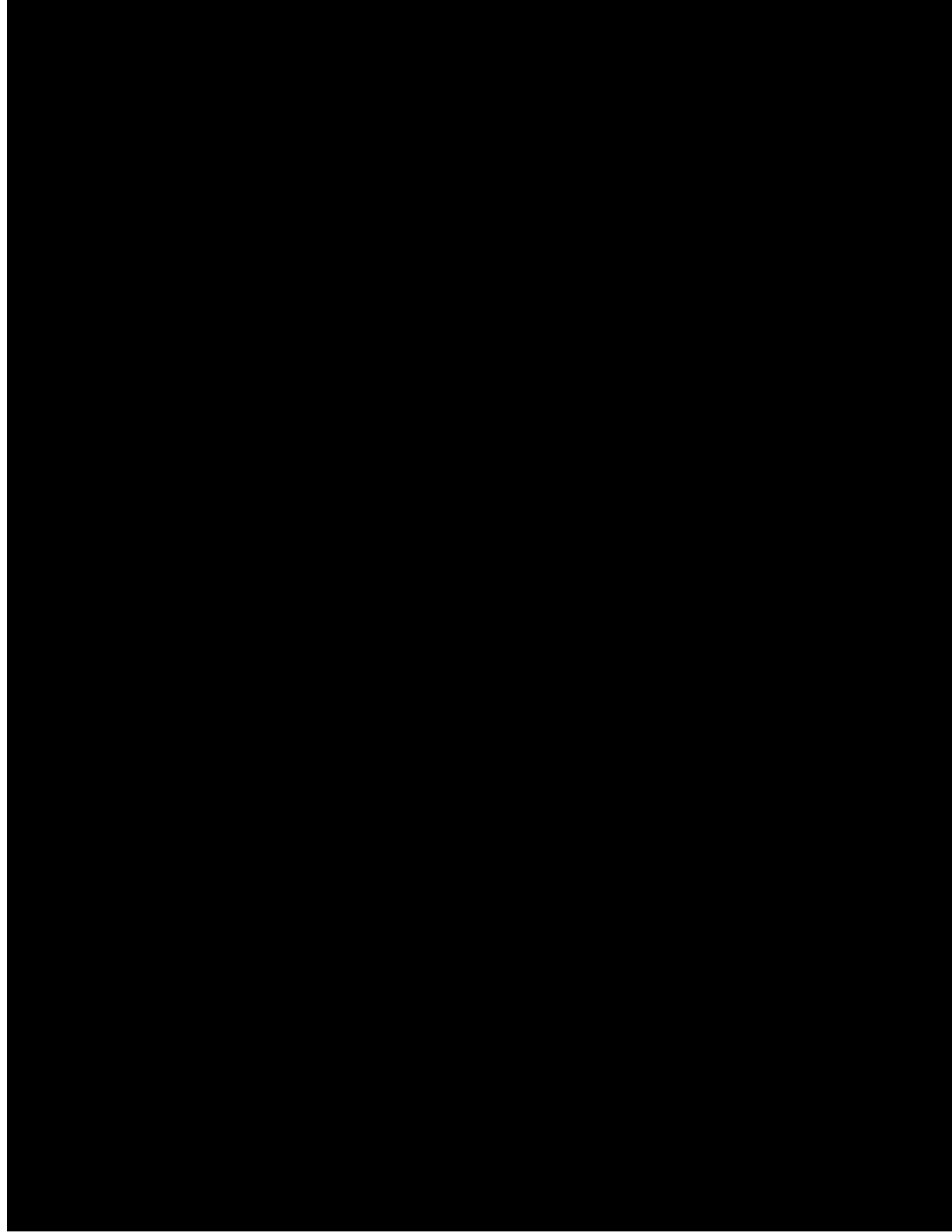
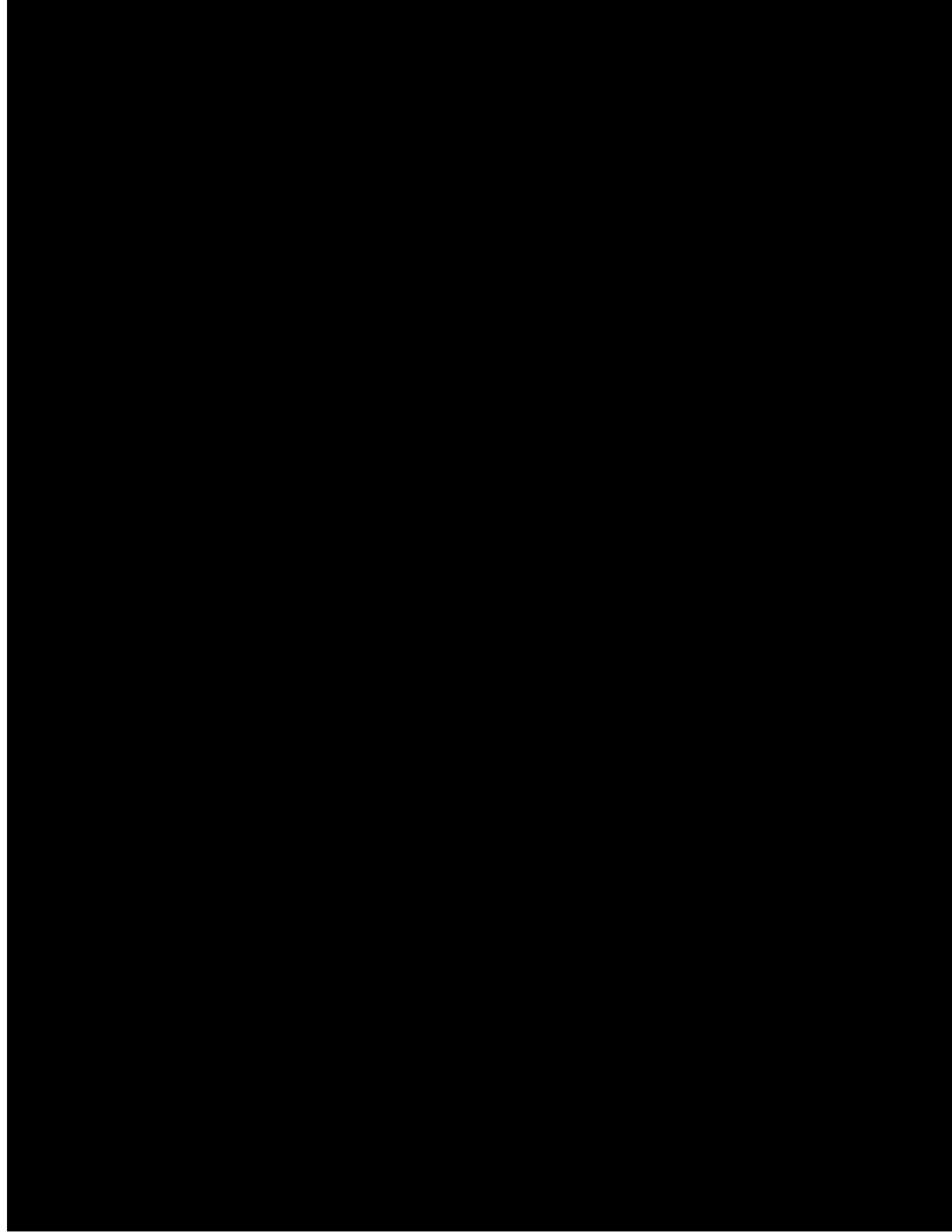
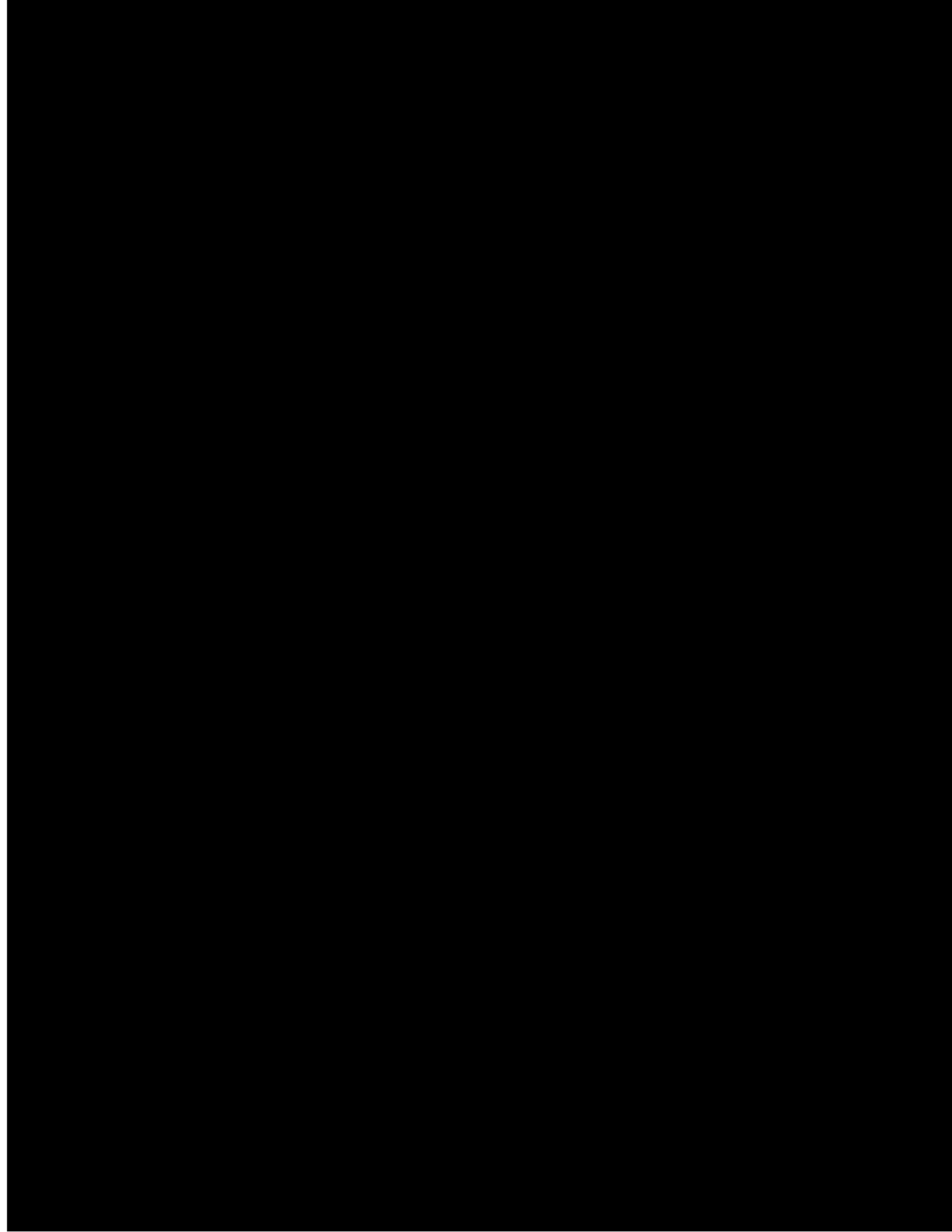


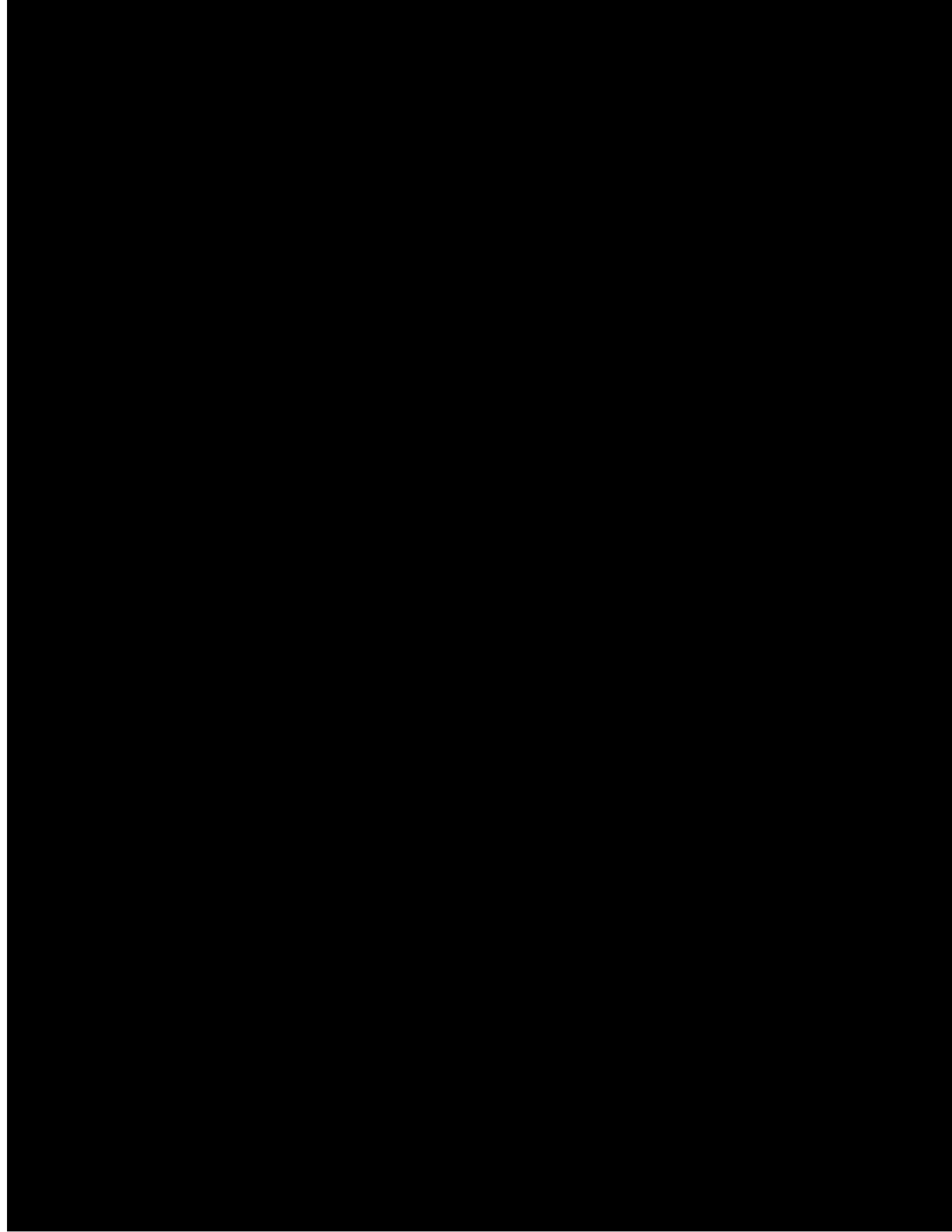
EXHIBIT 59

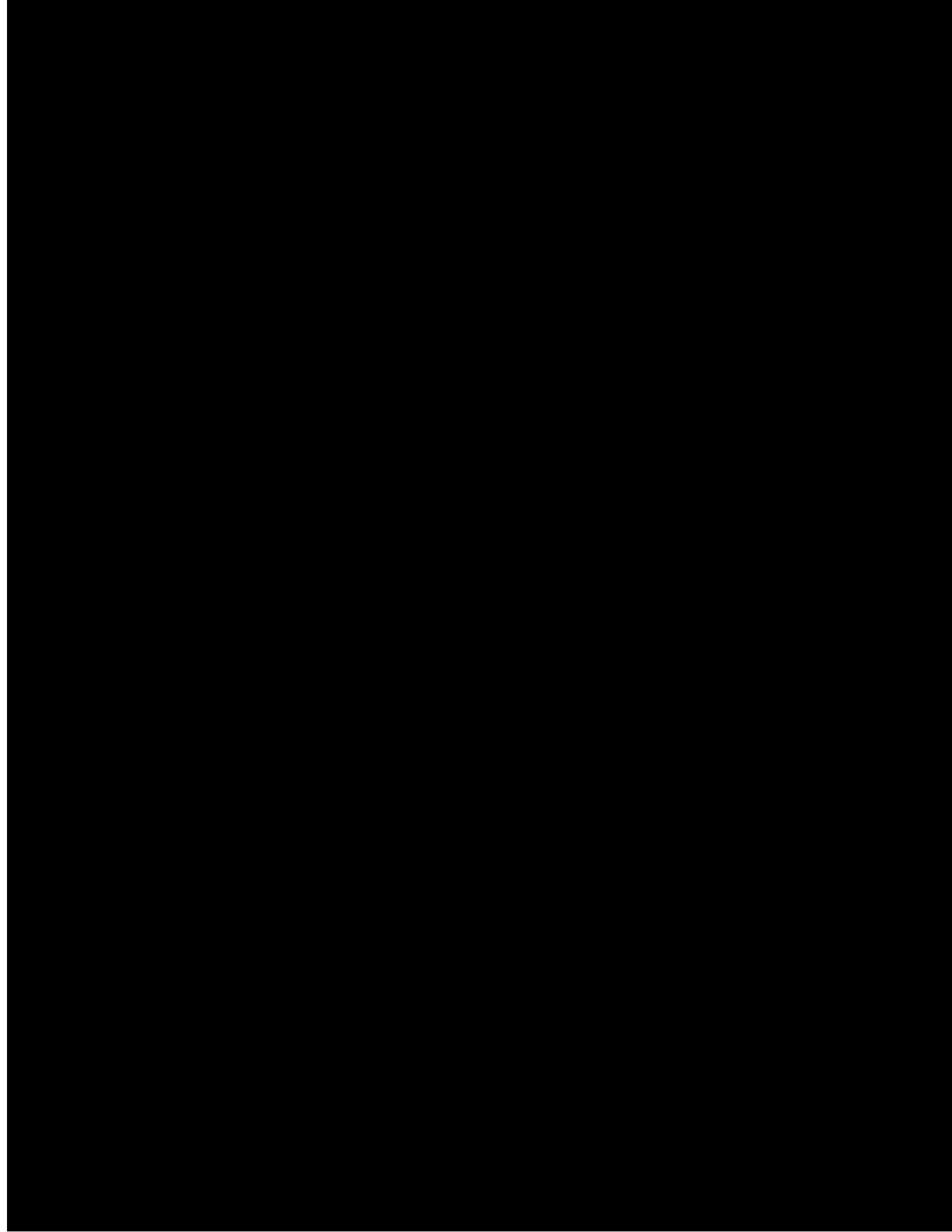


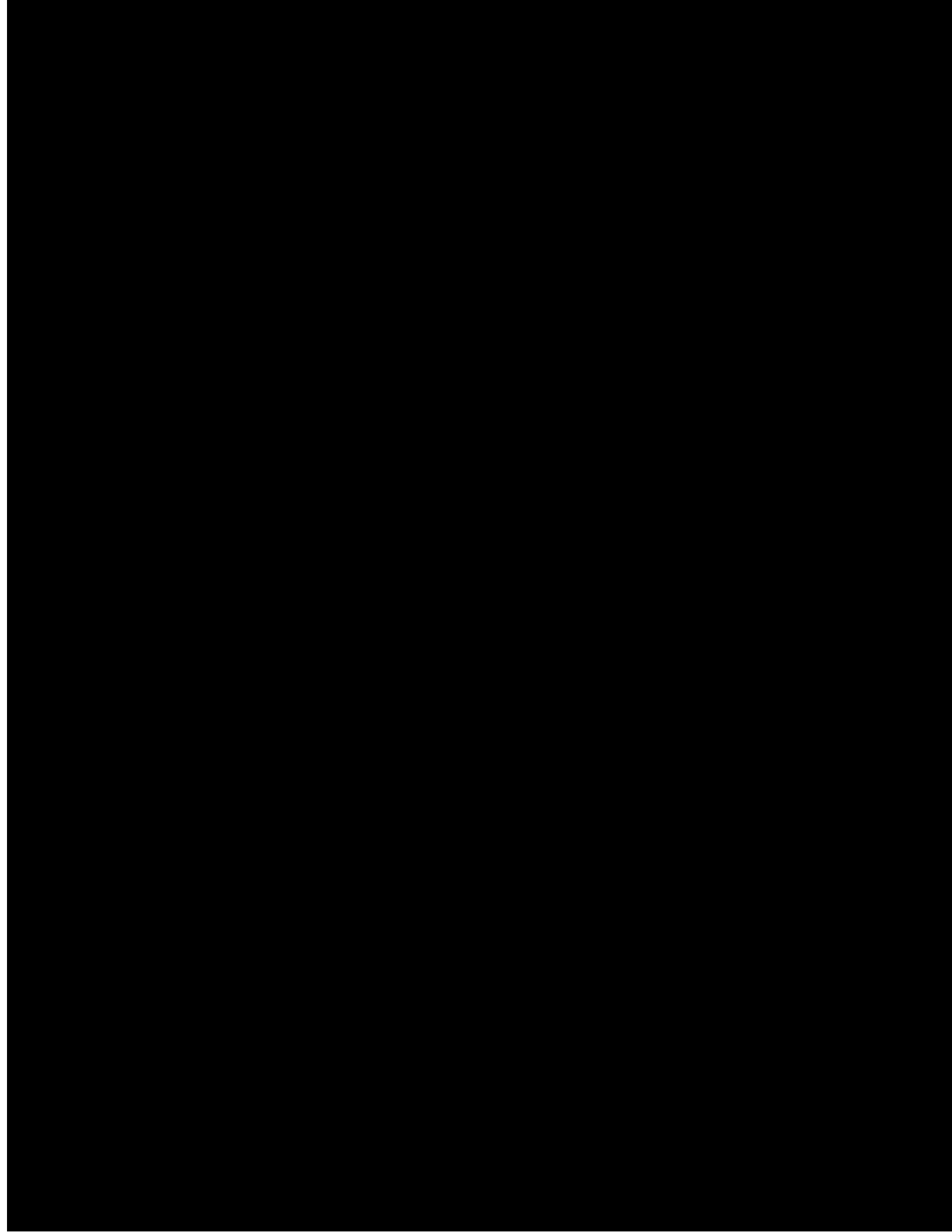


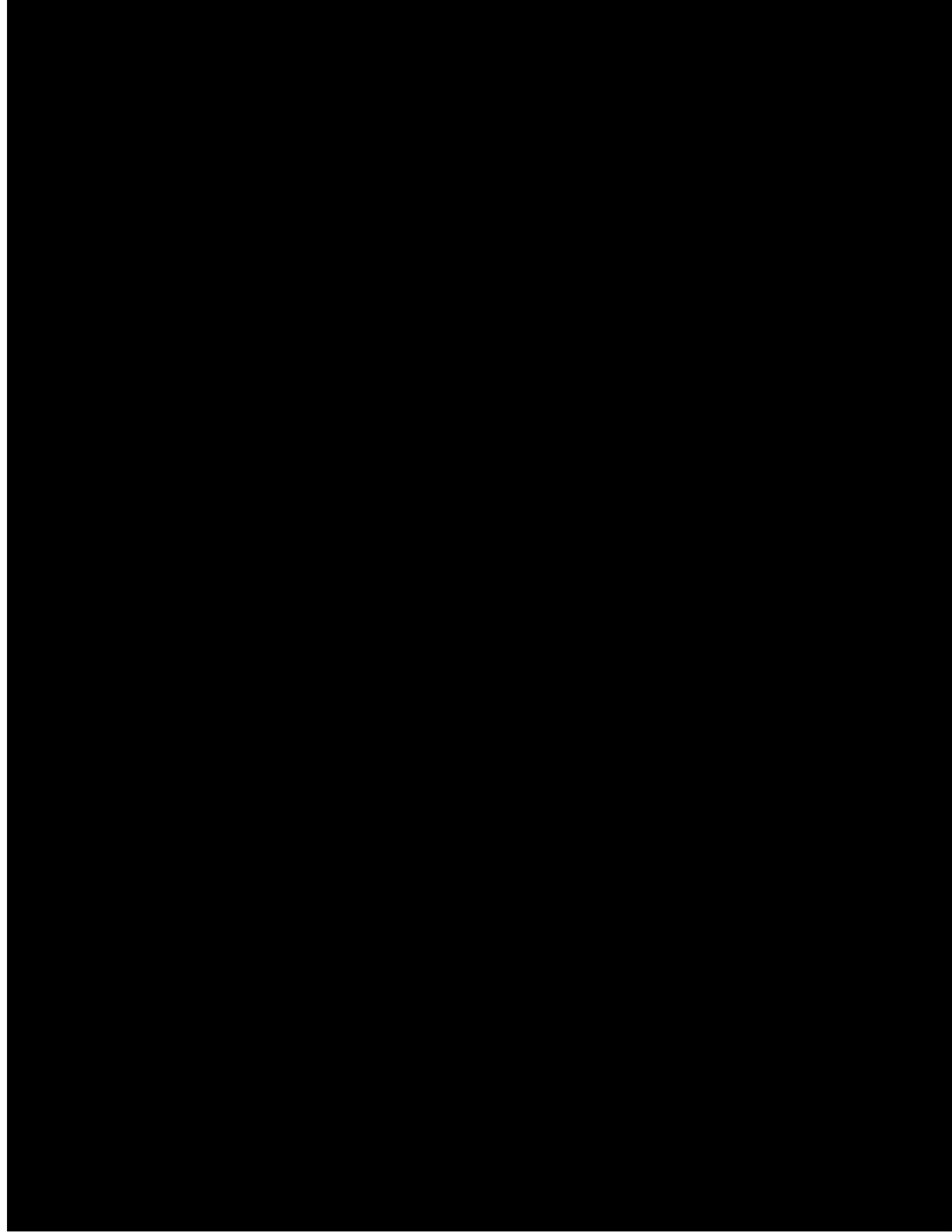


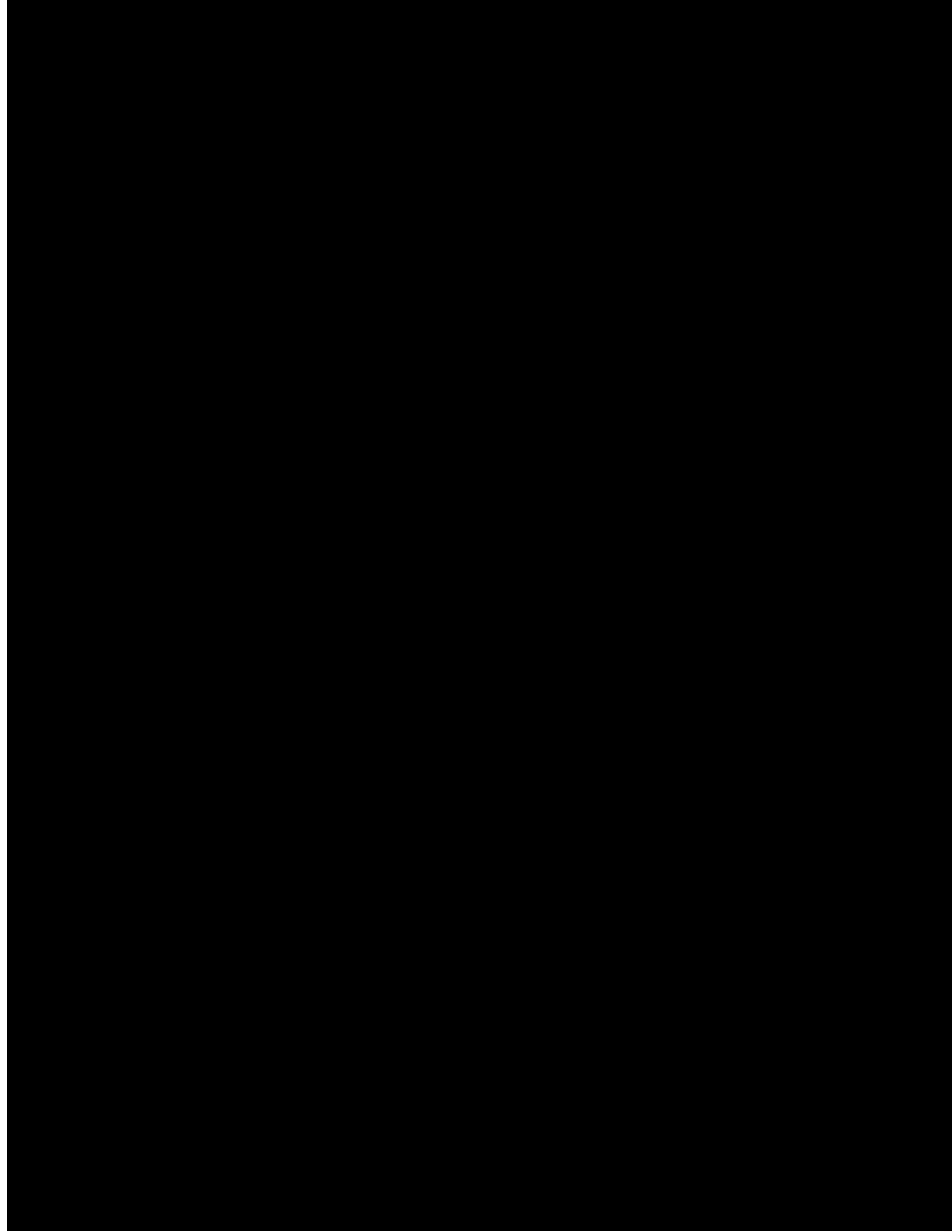


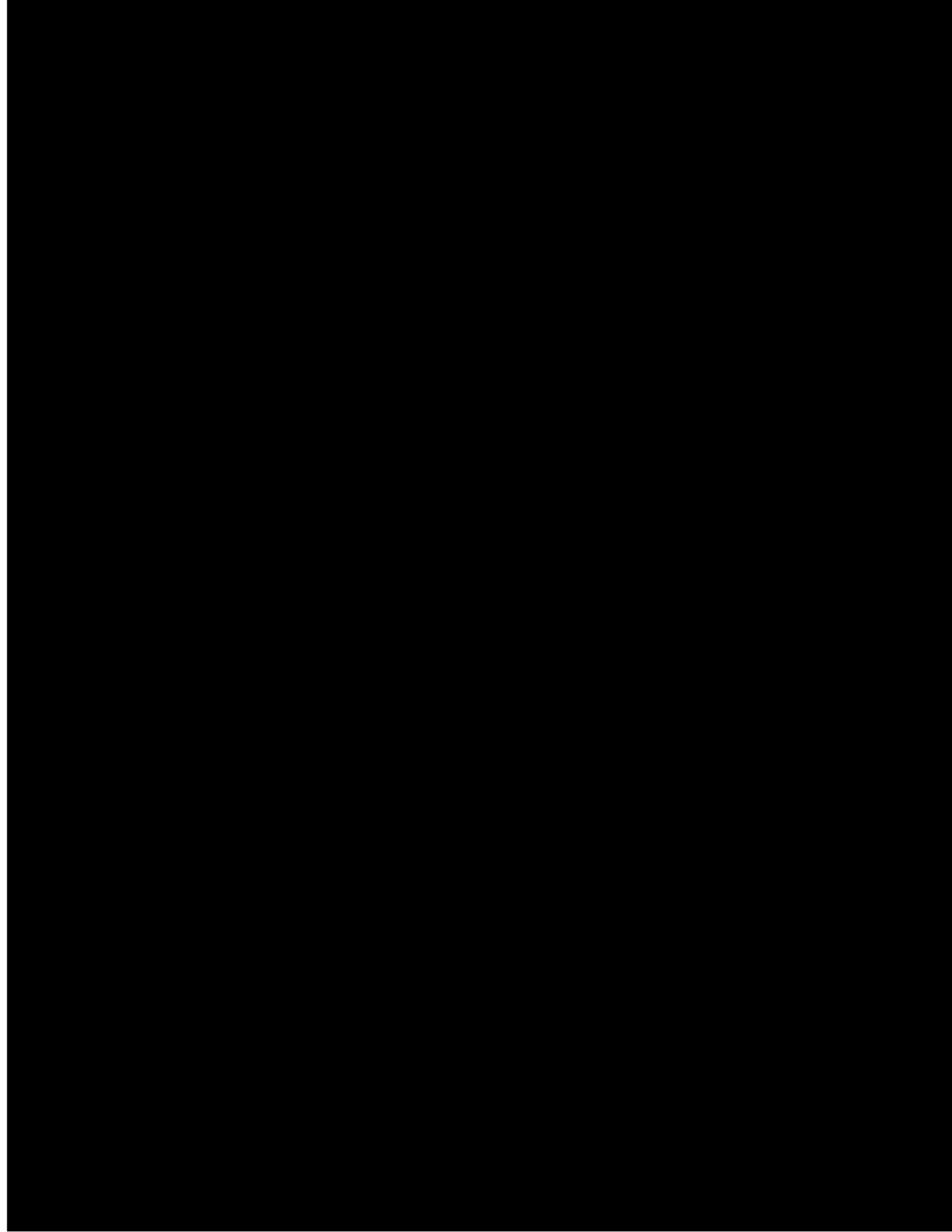


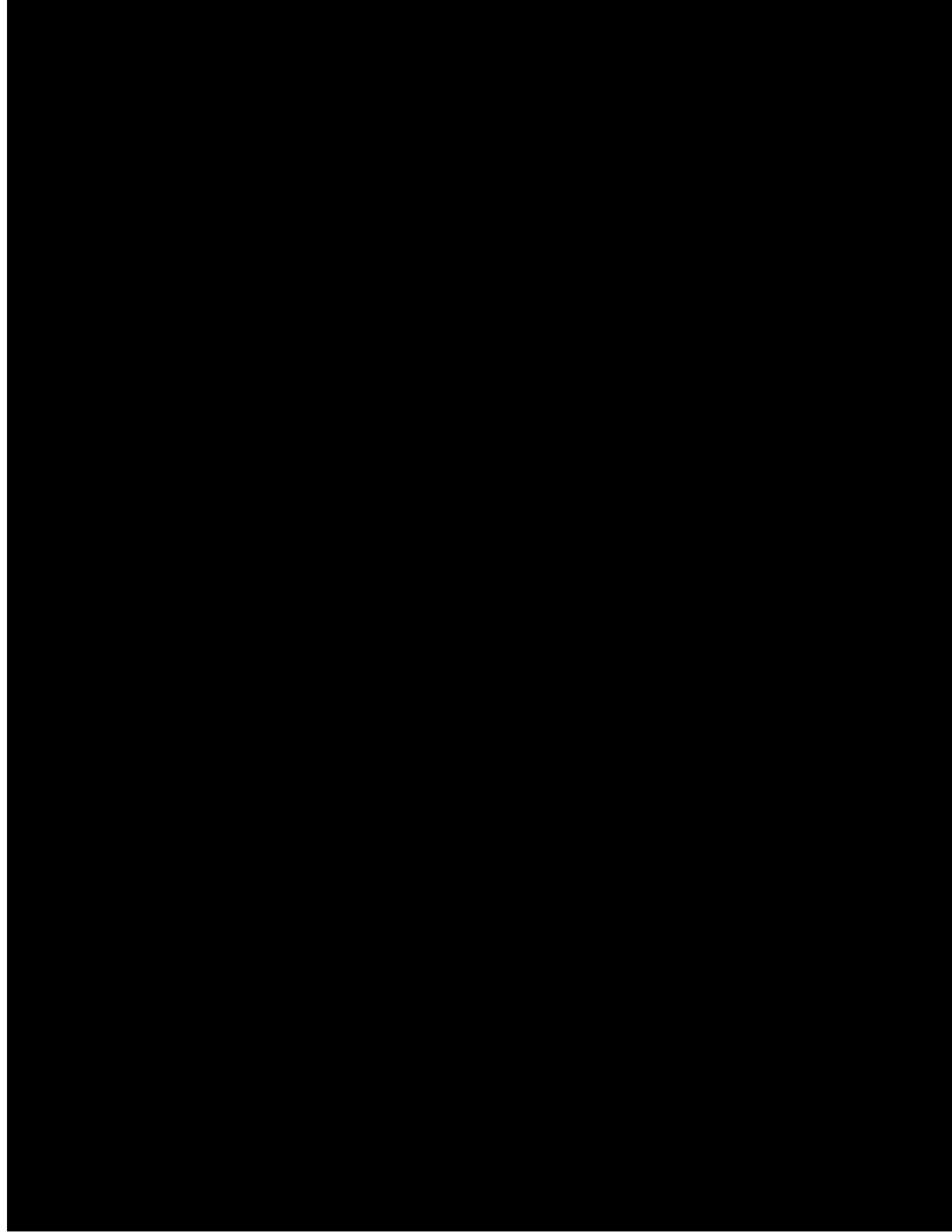


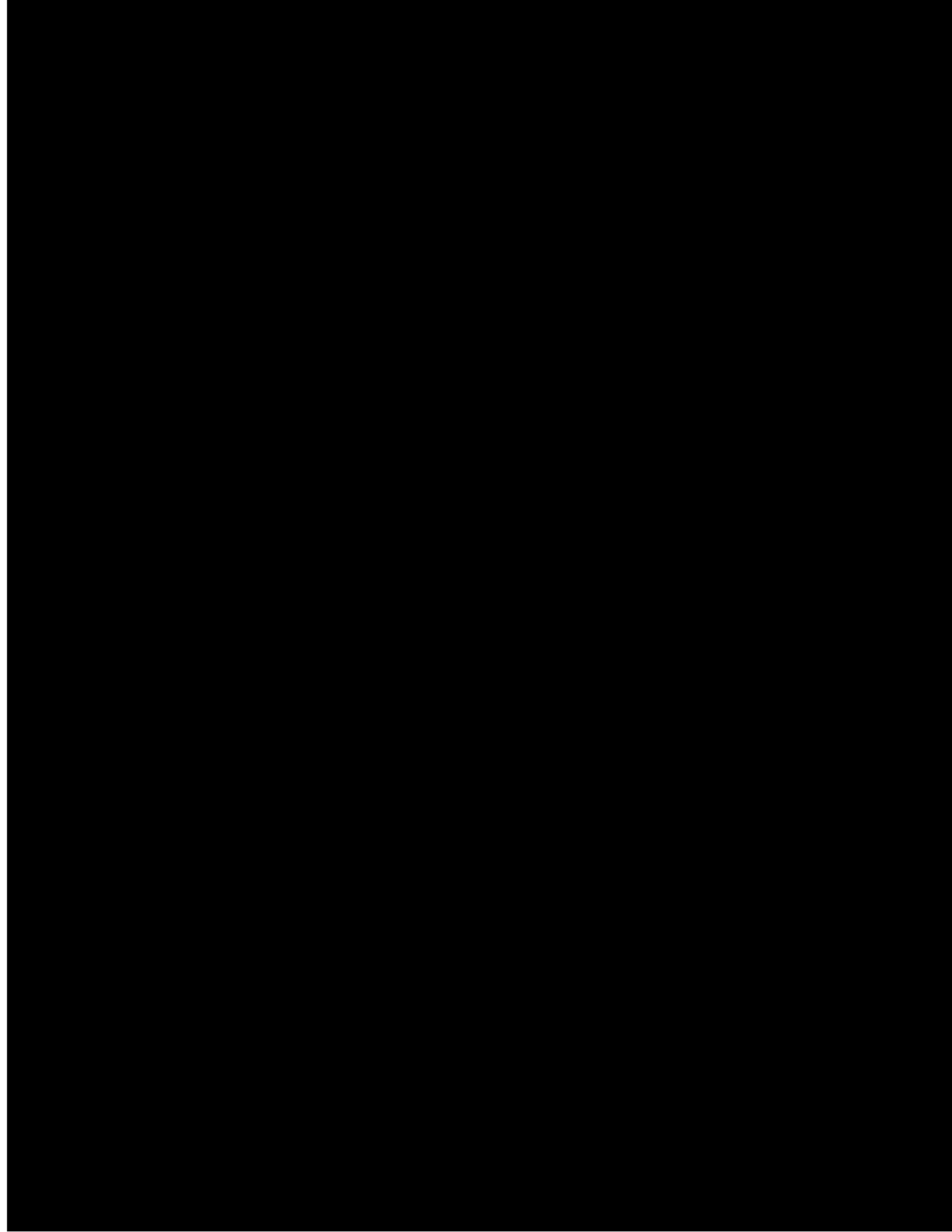


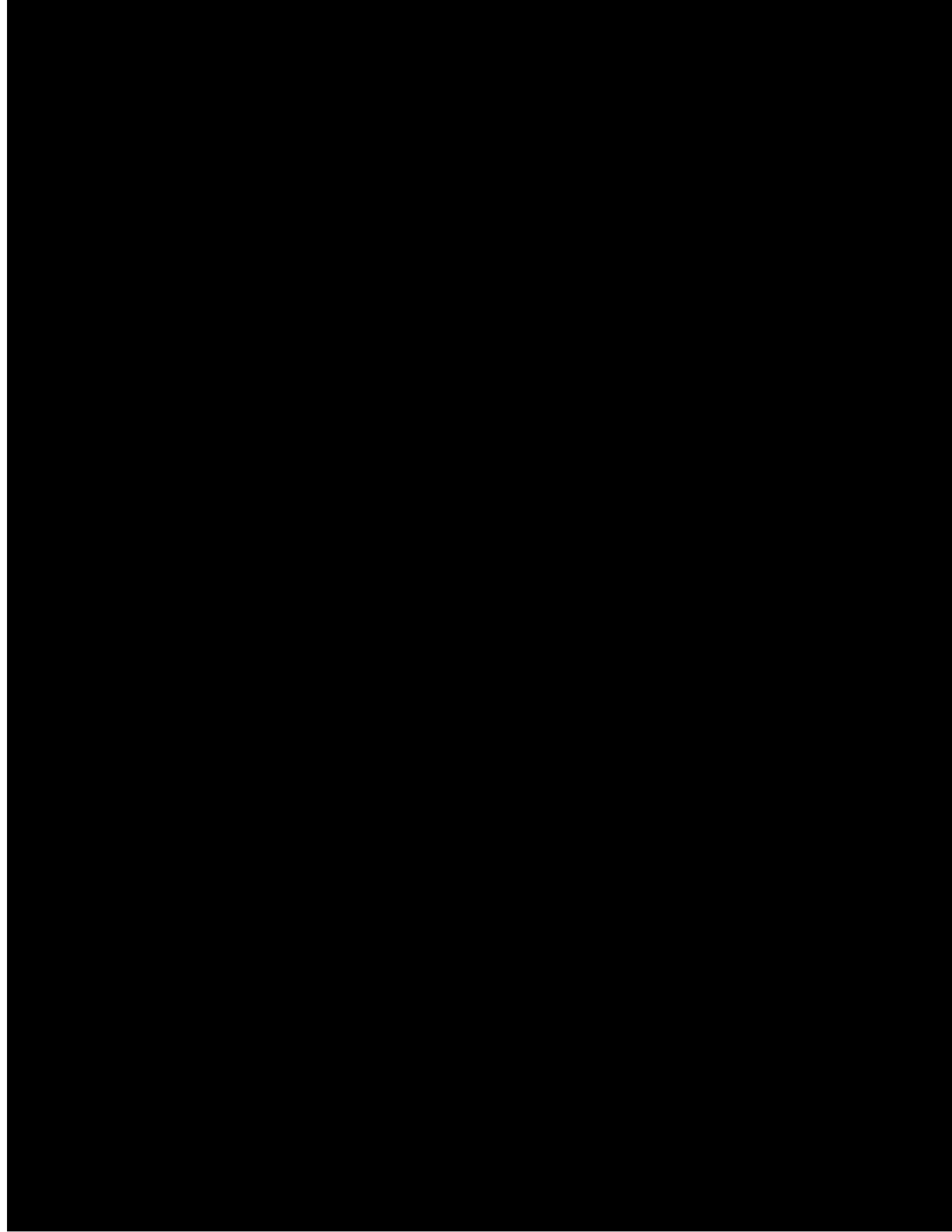


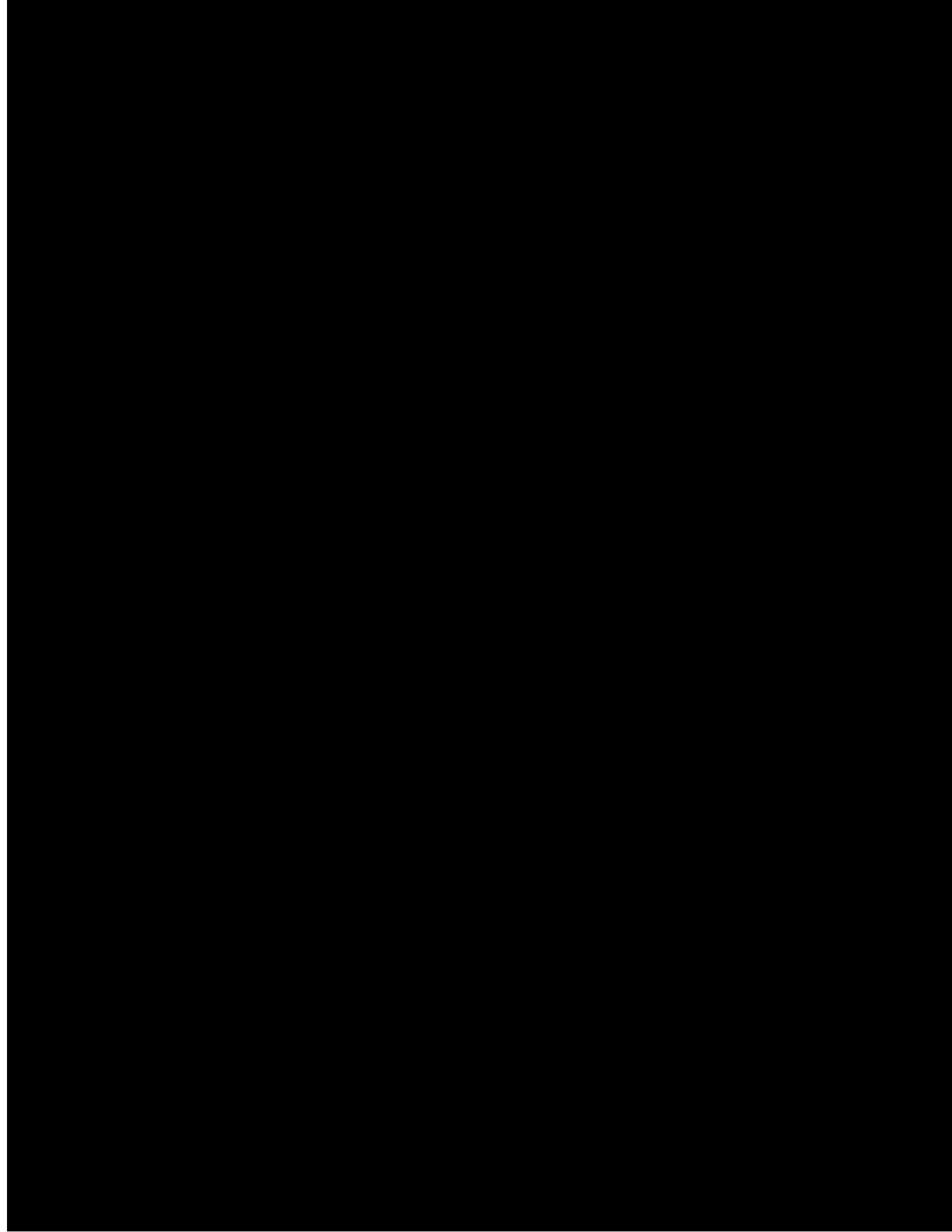


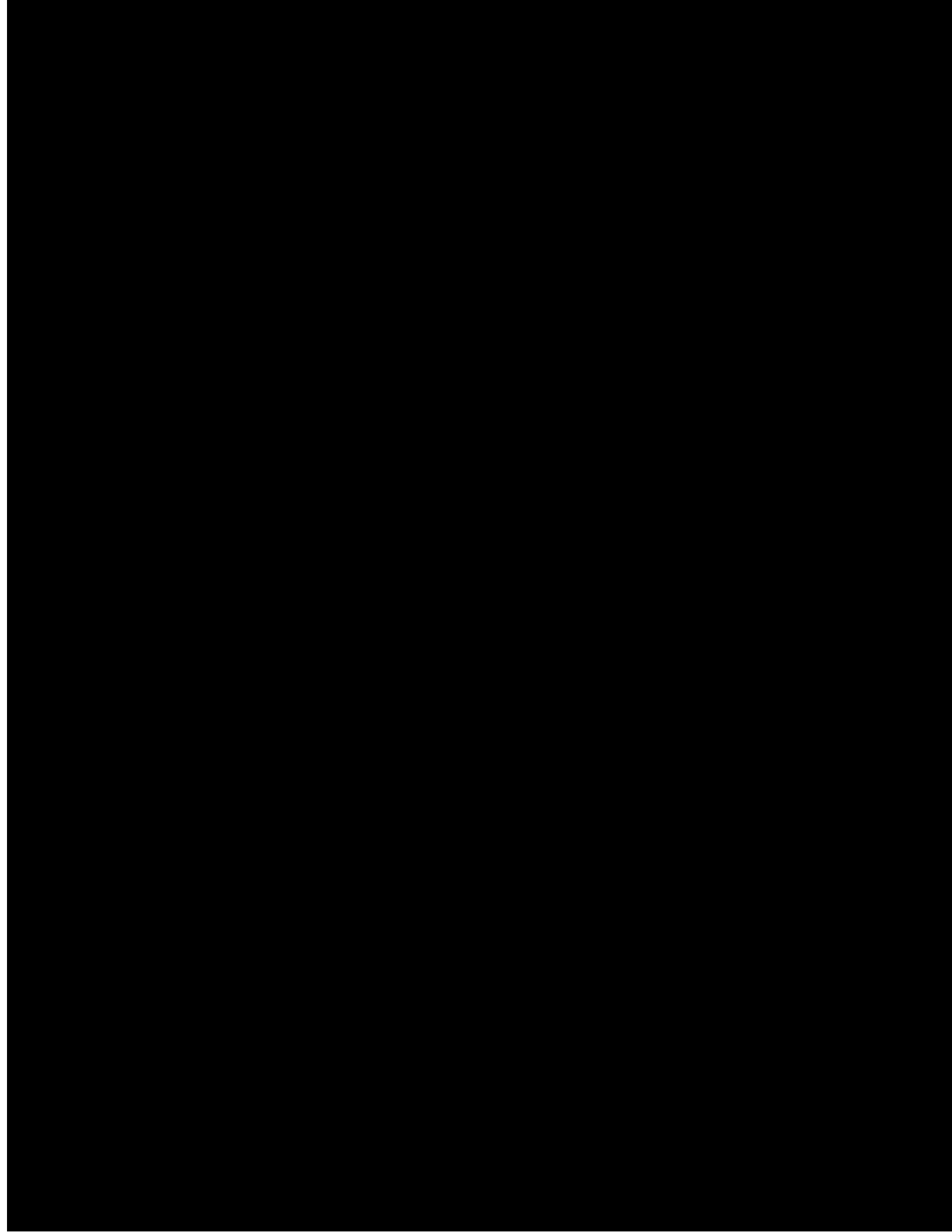


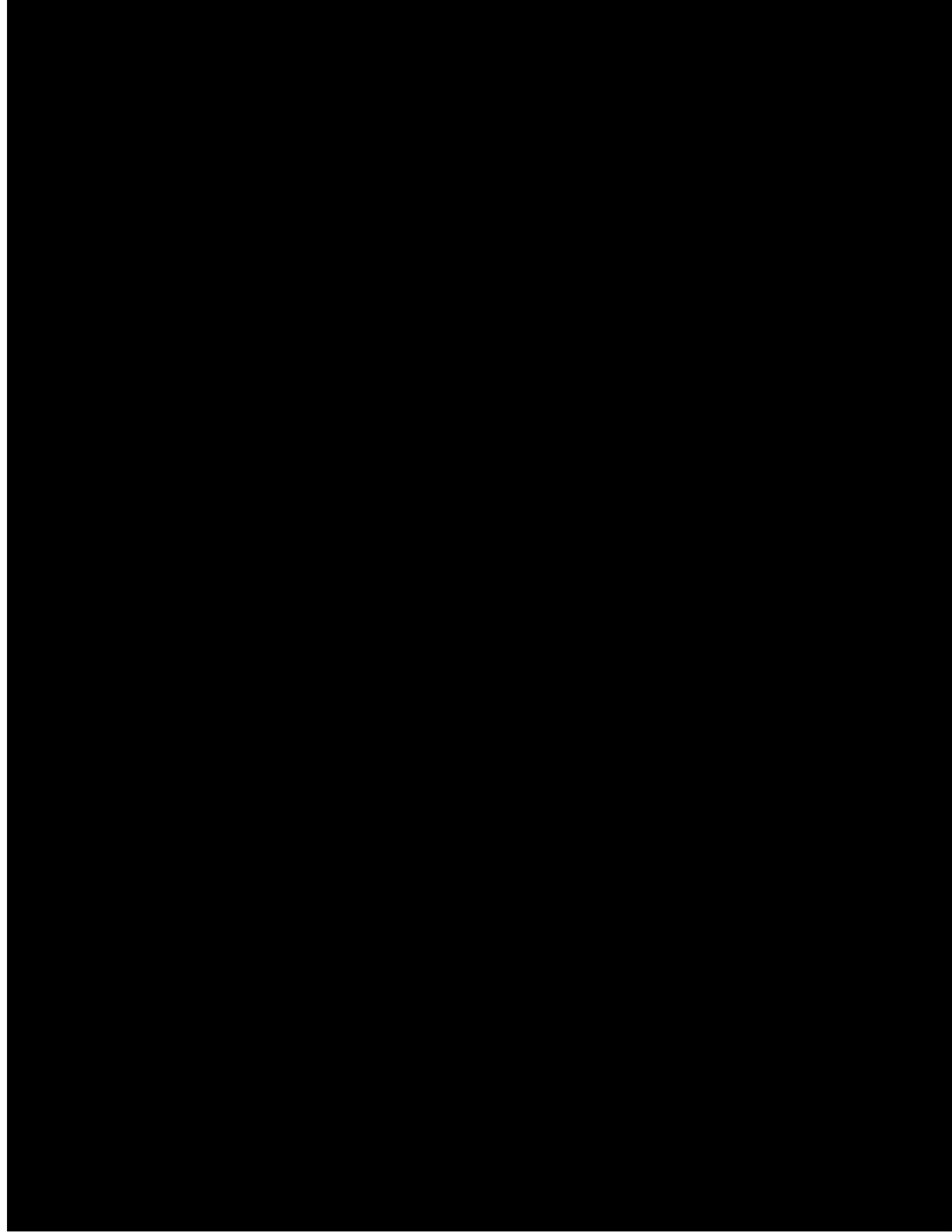


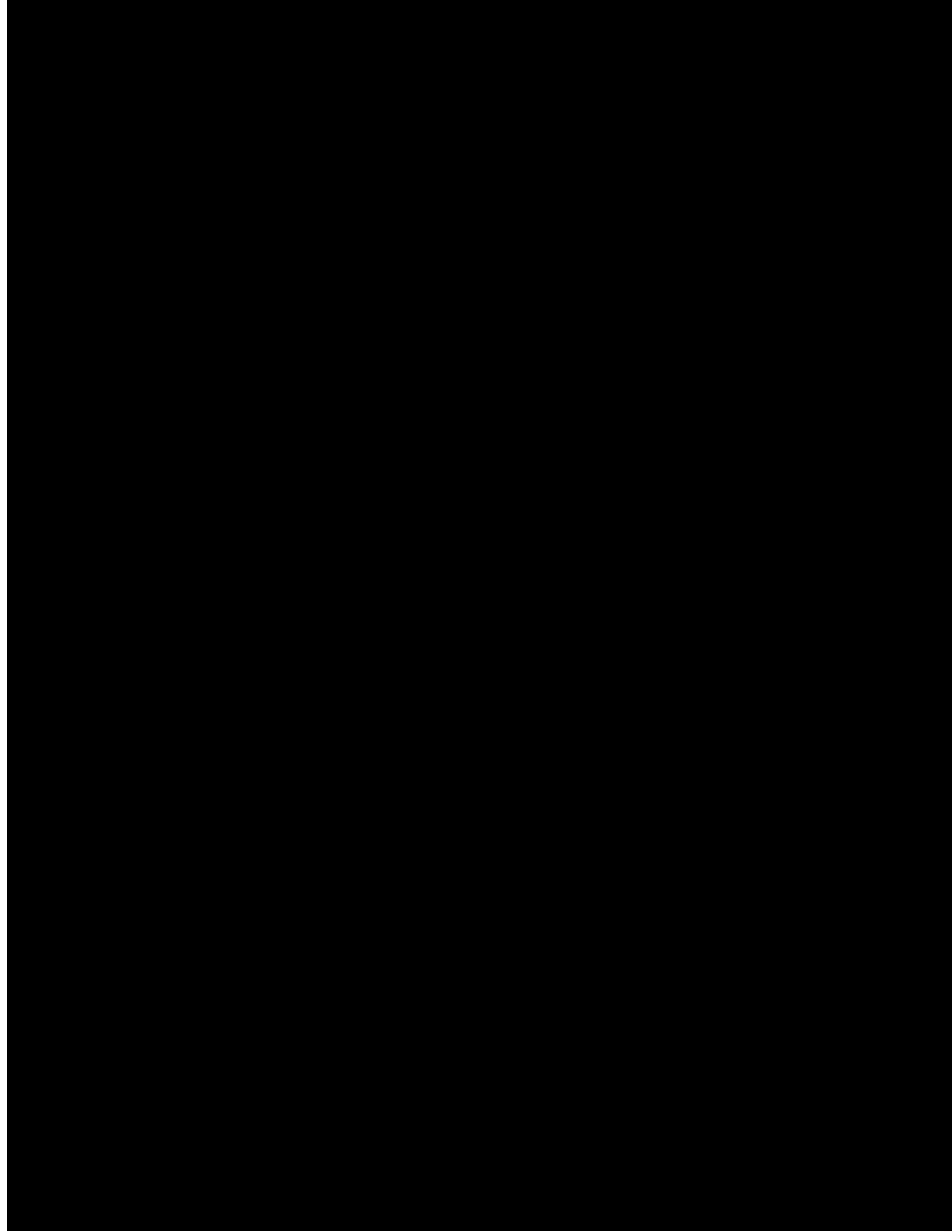


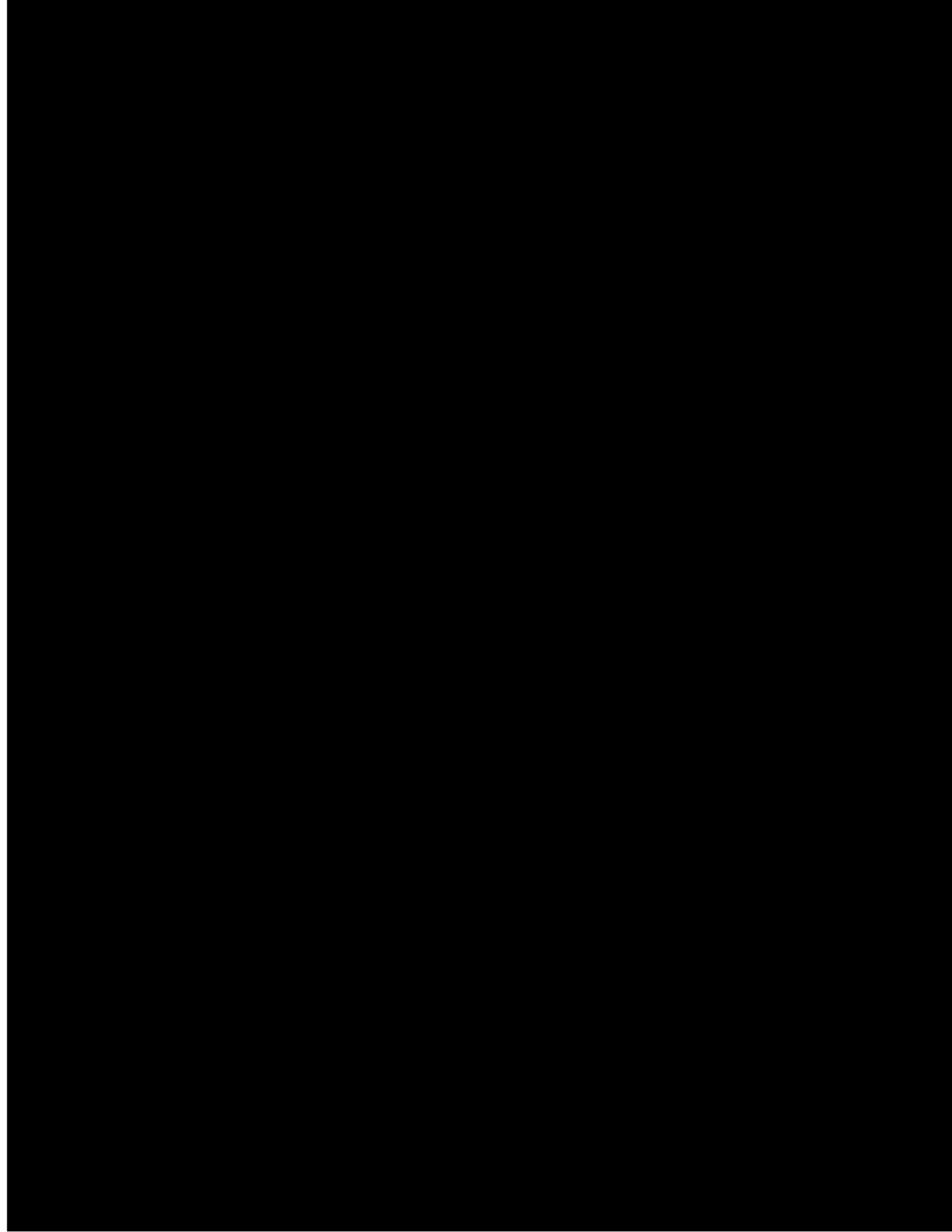


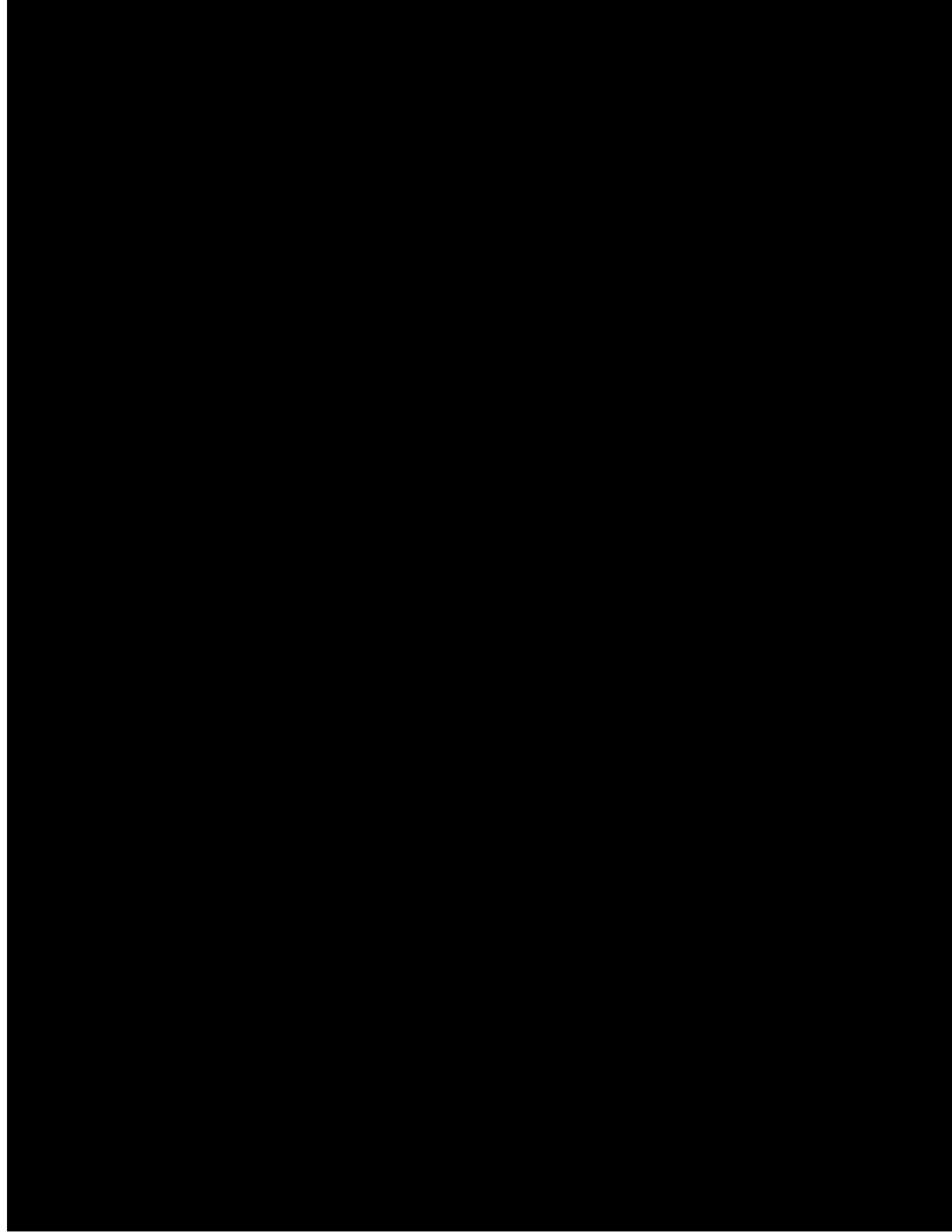


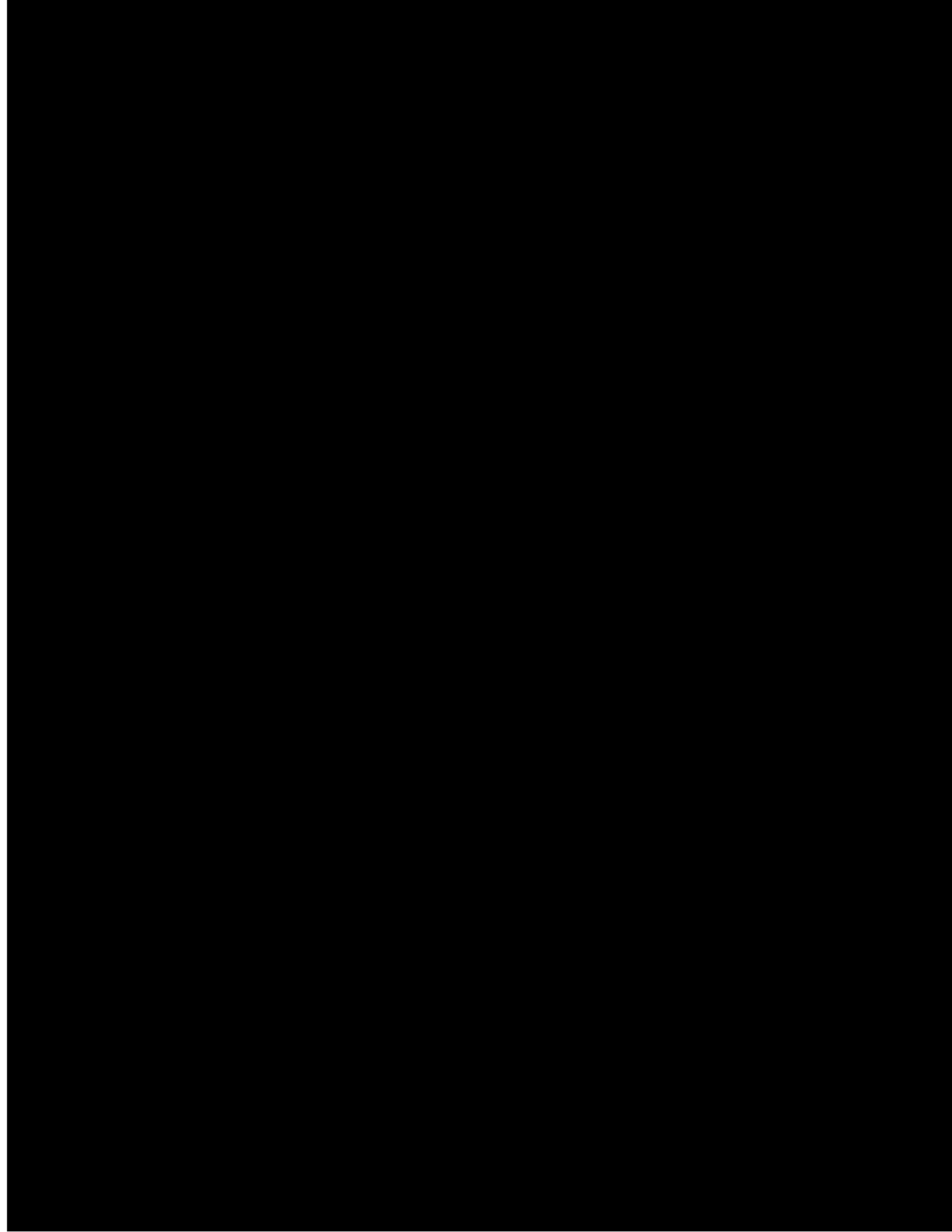


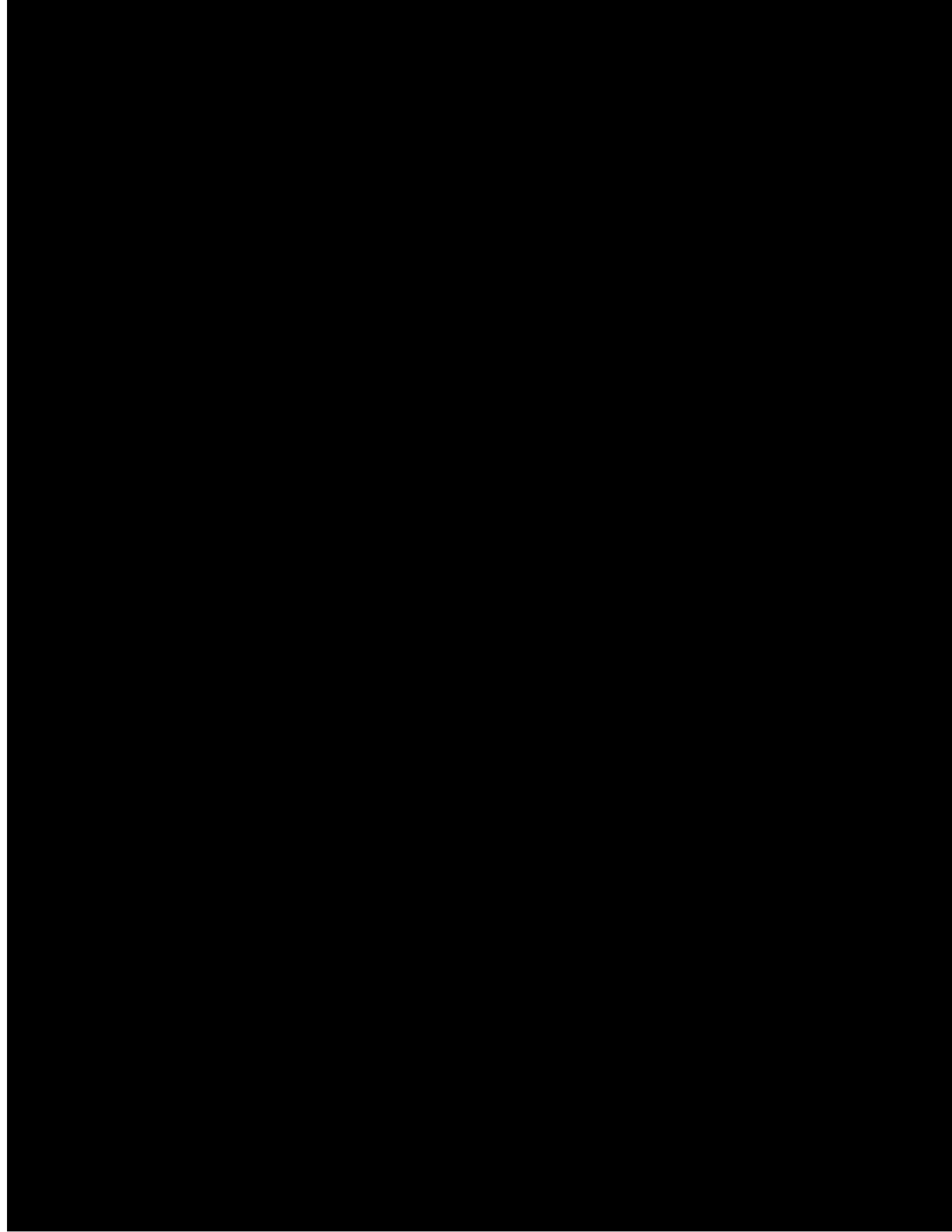


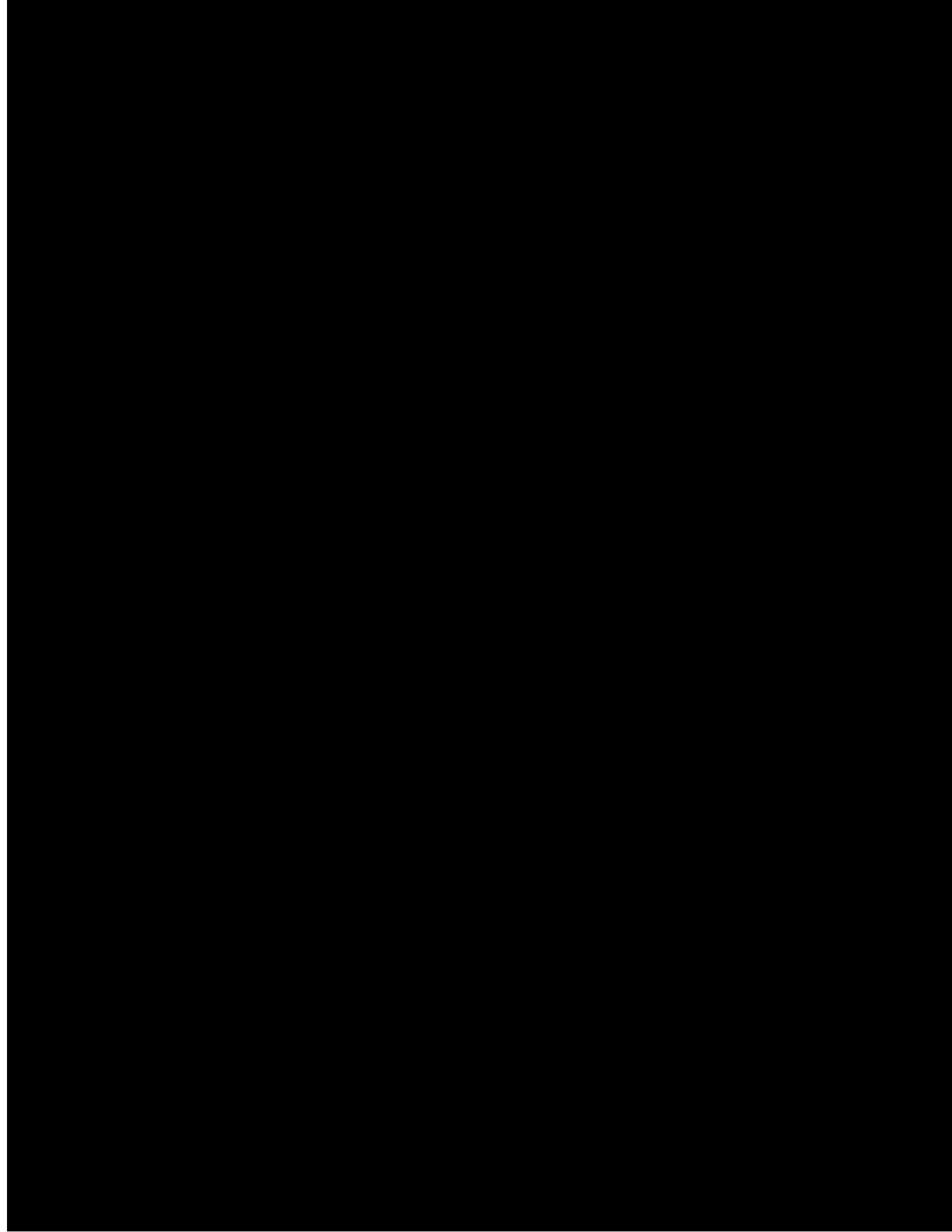


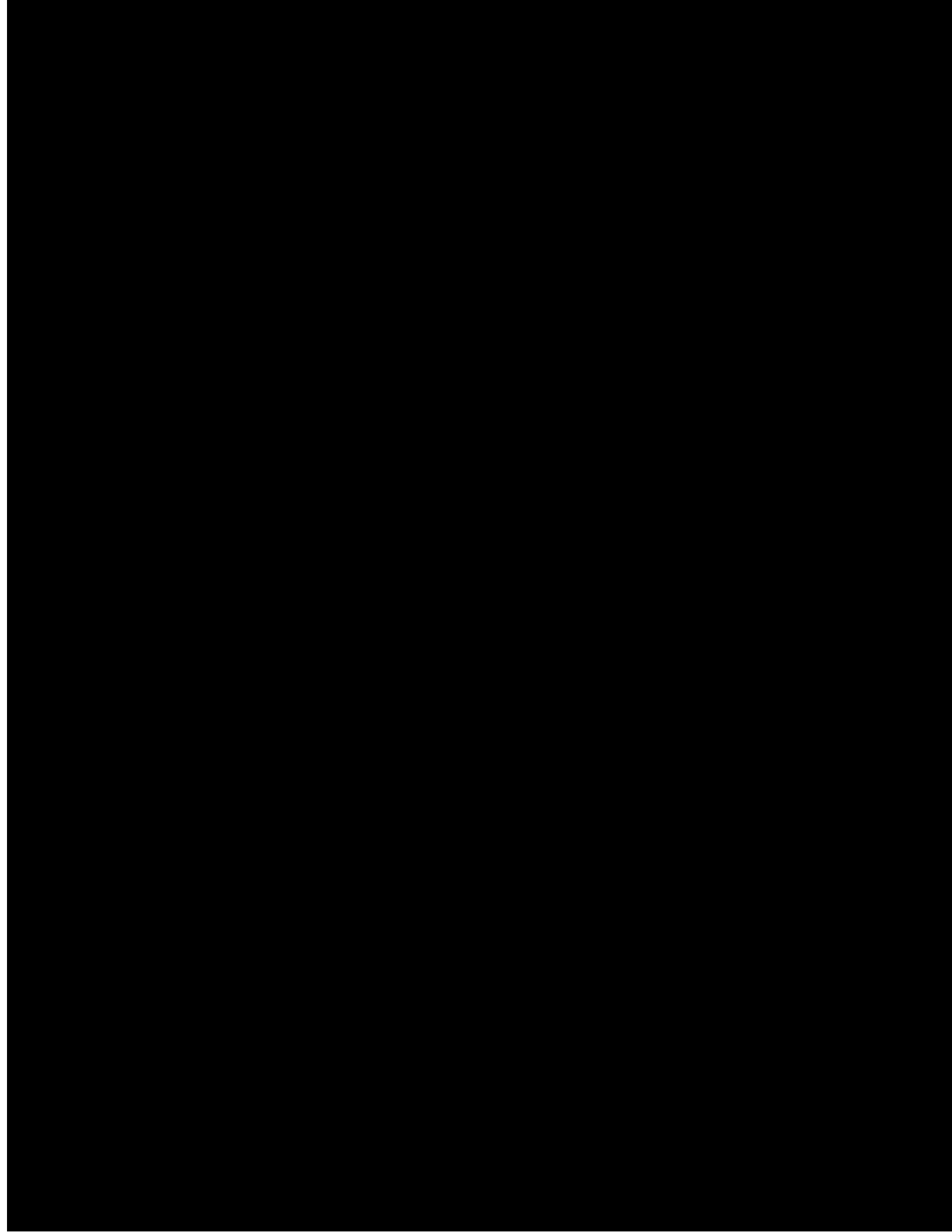


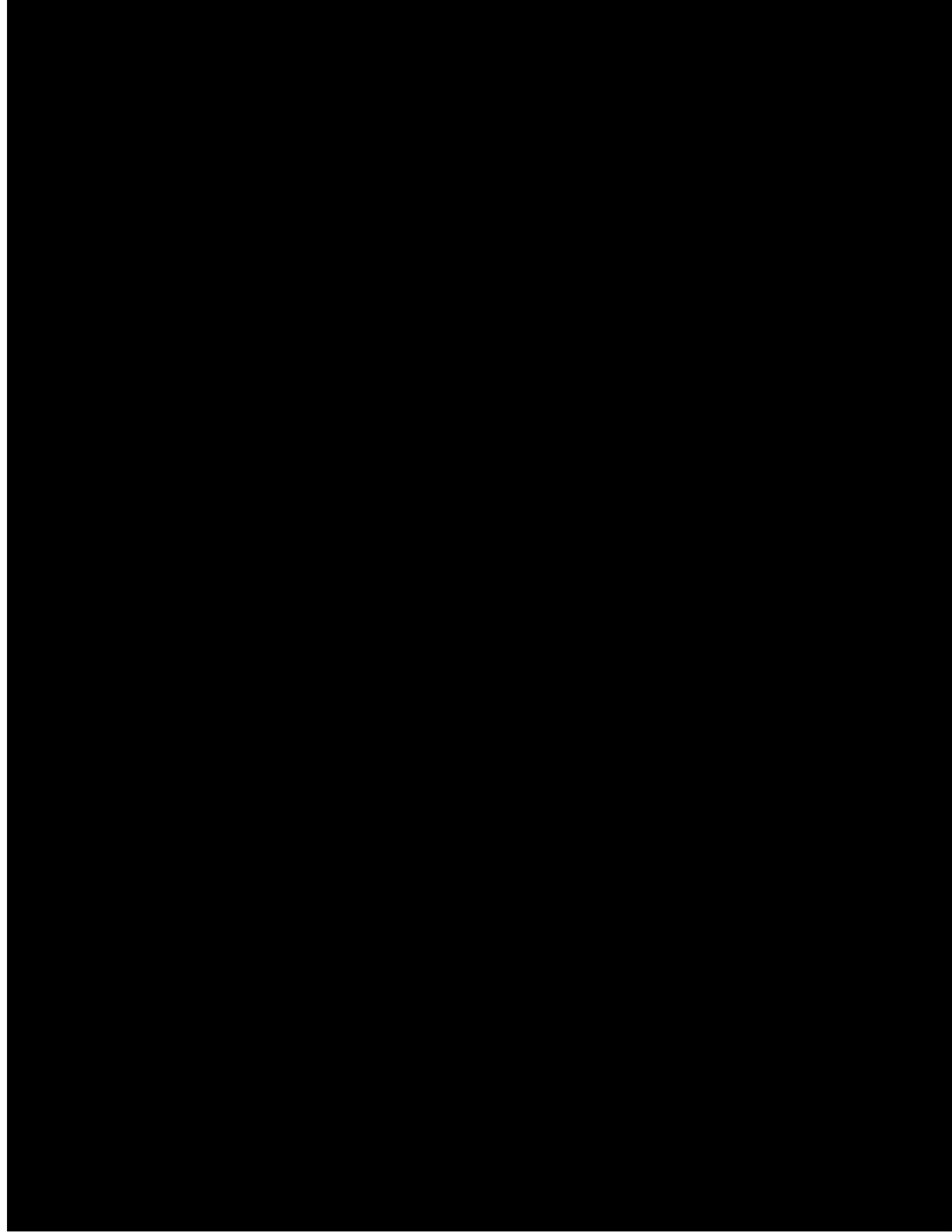


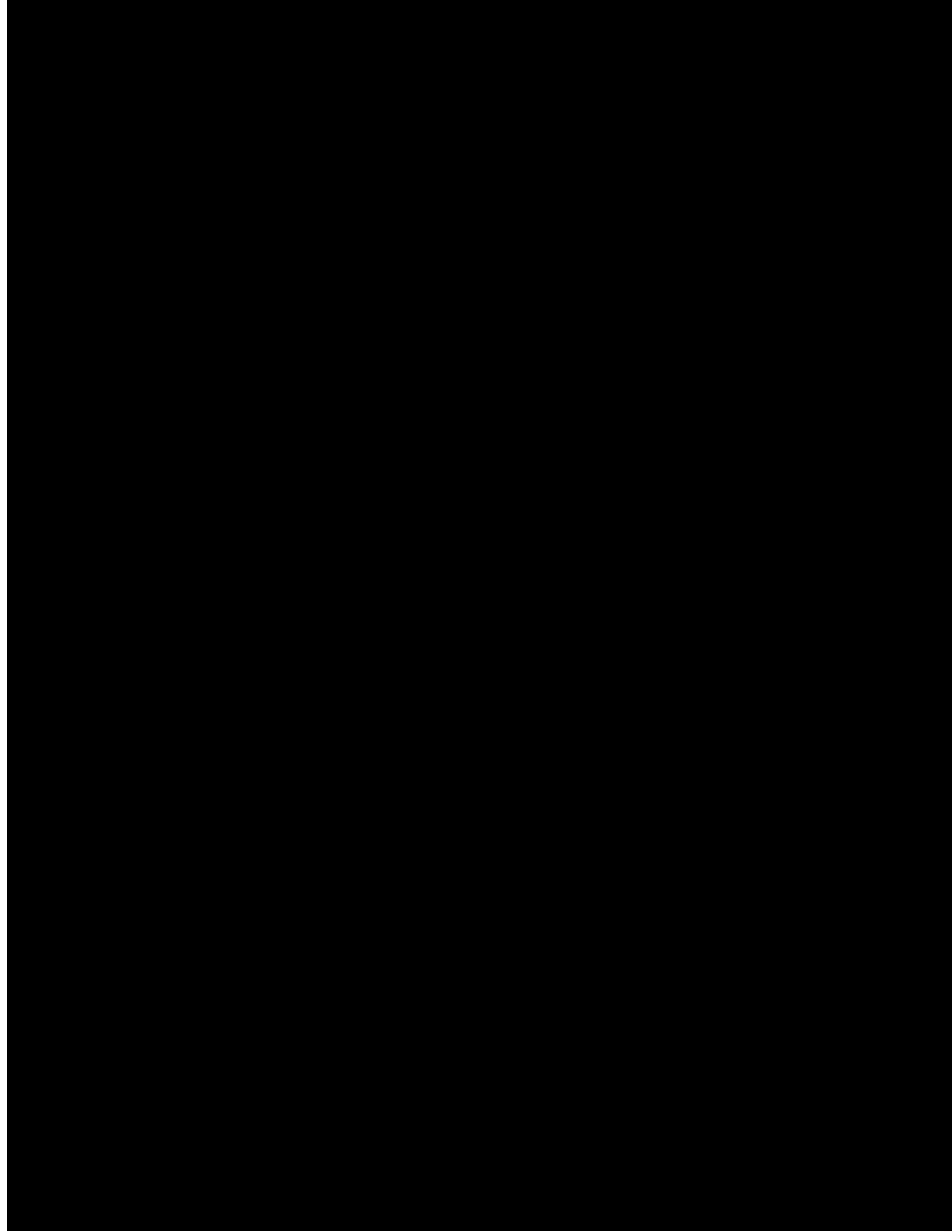


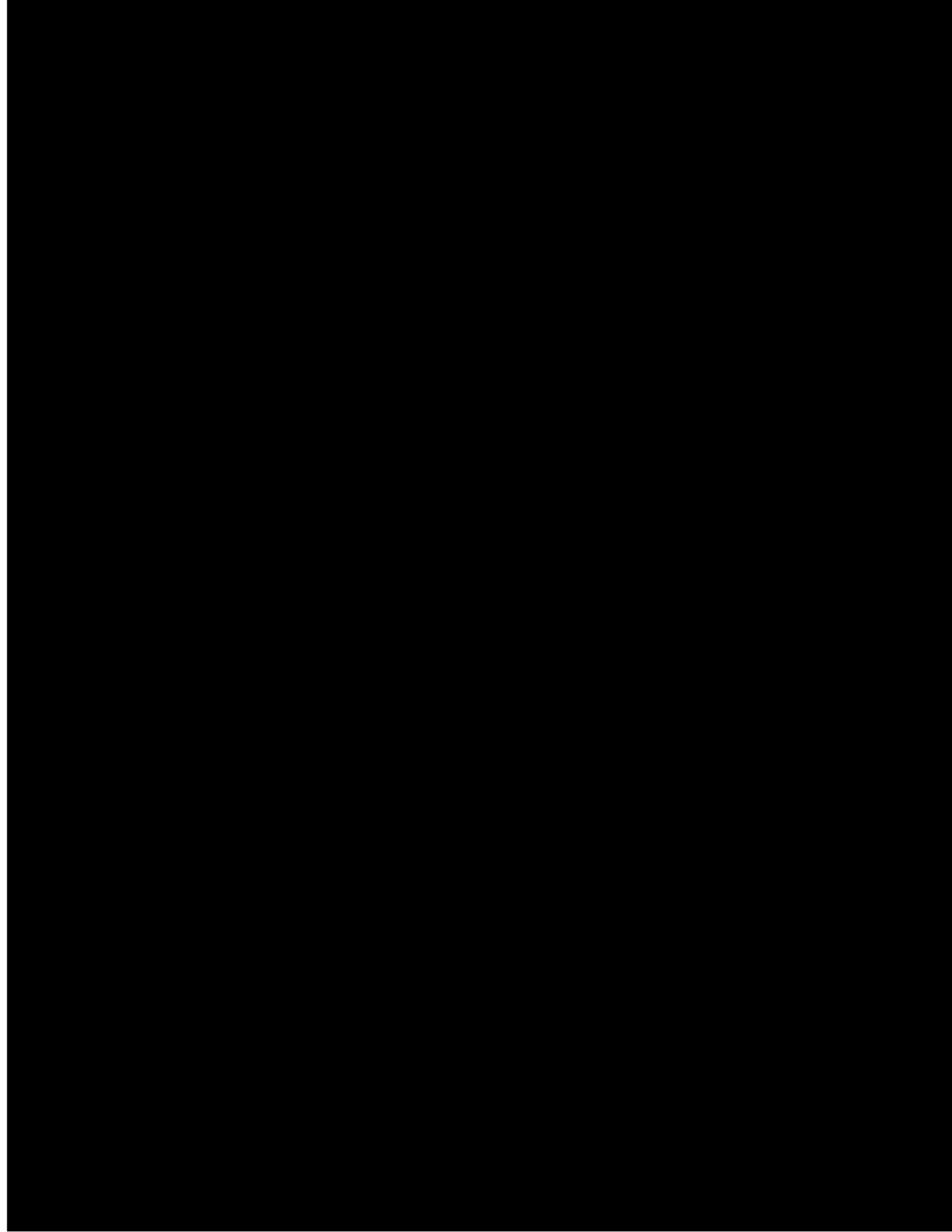


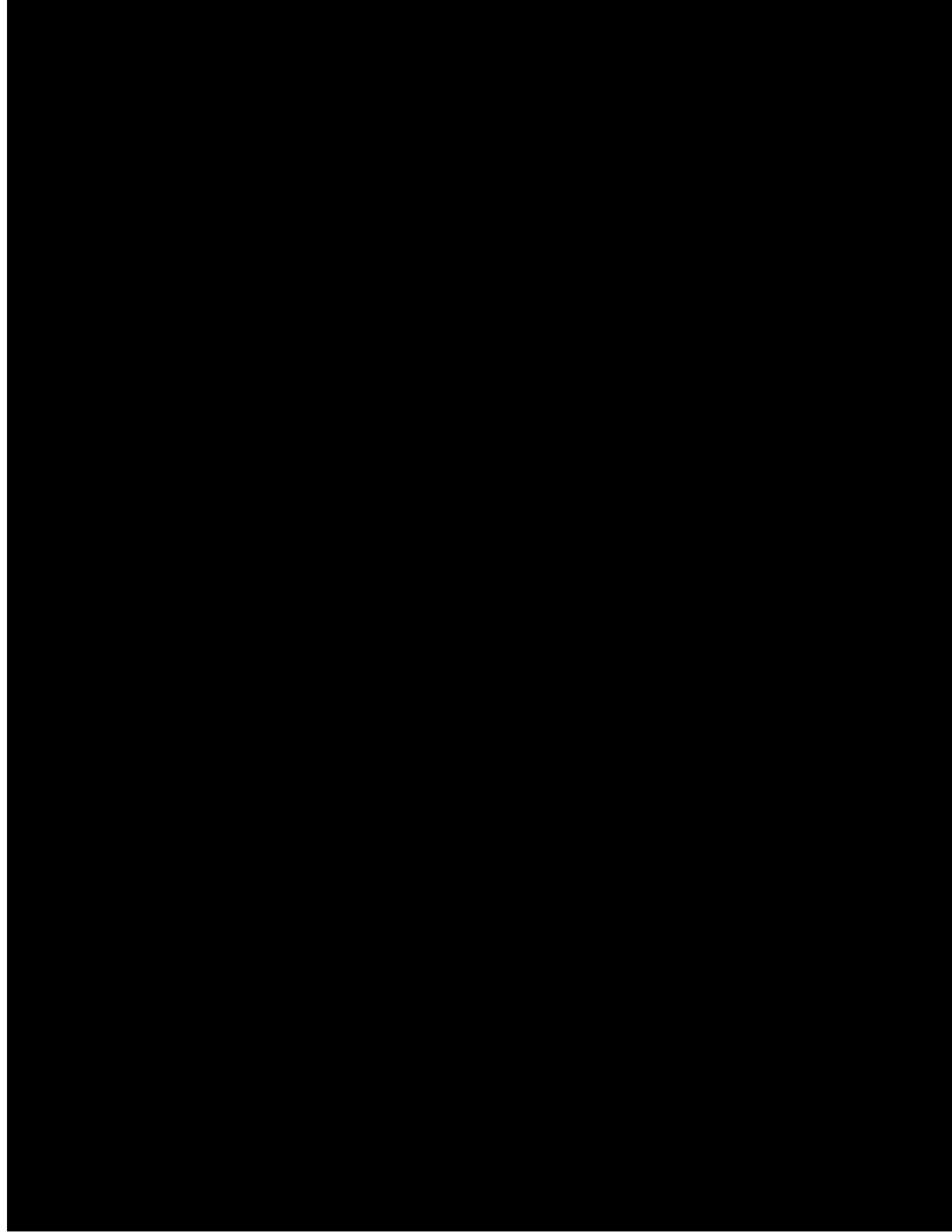


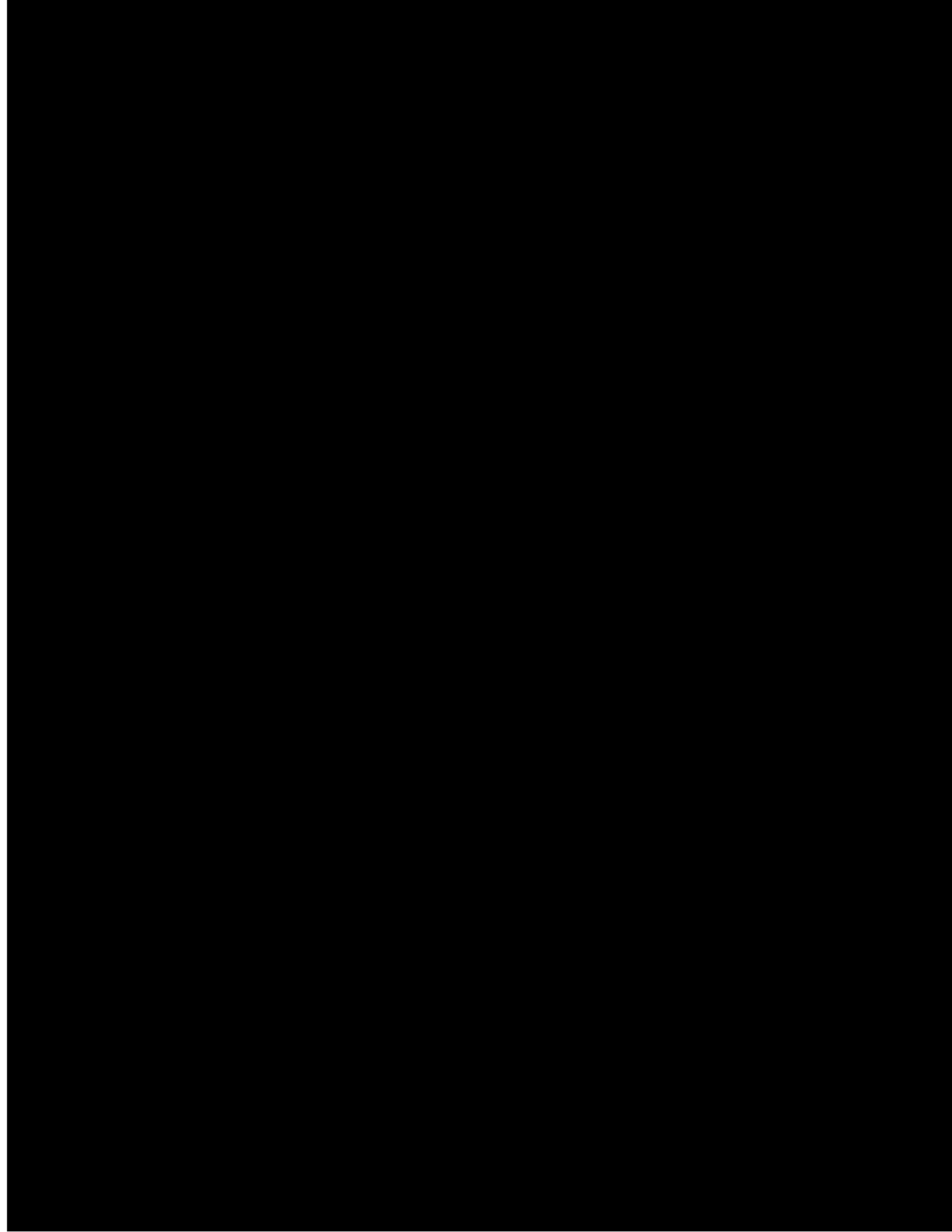


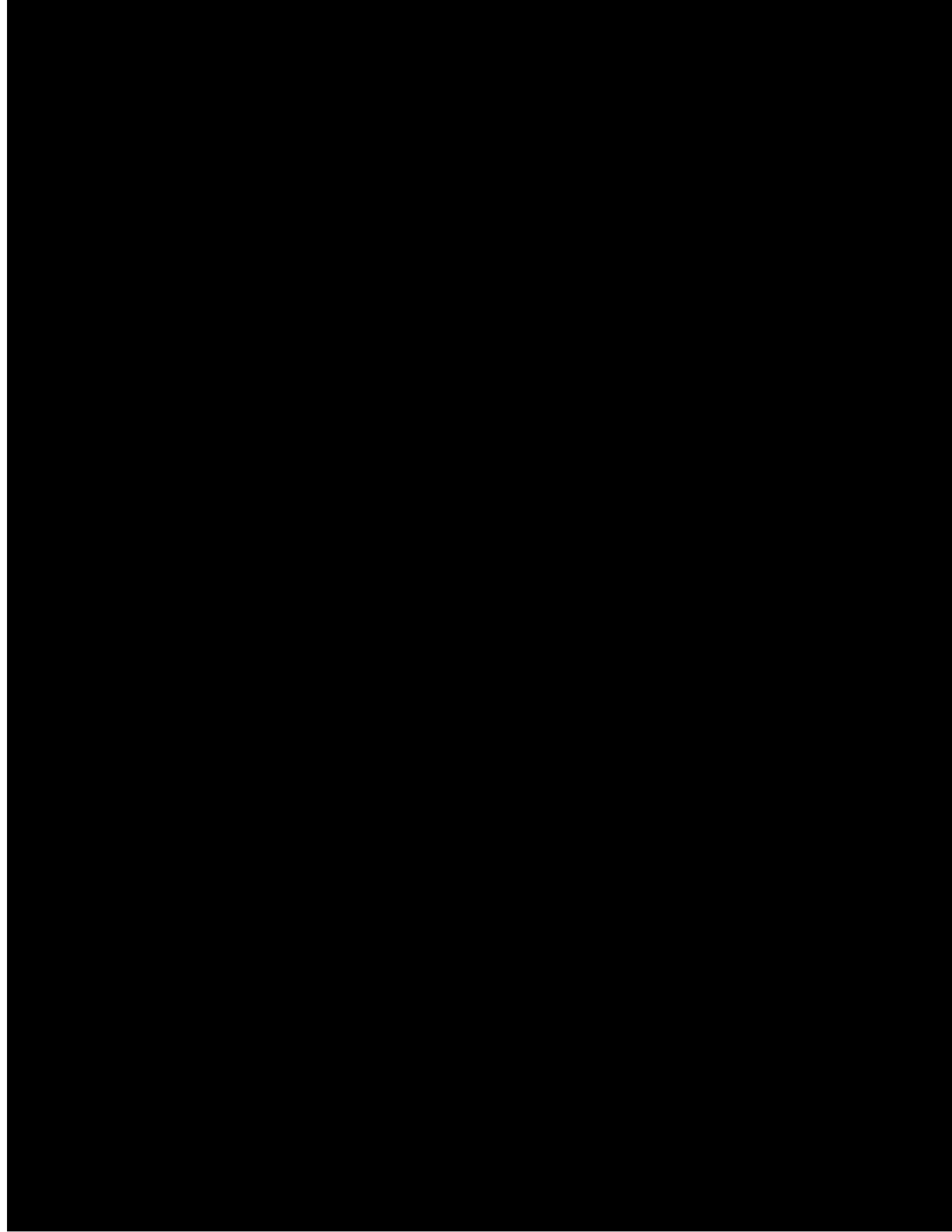


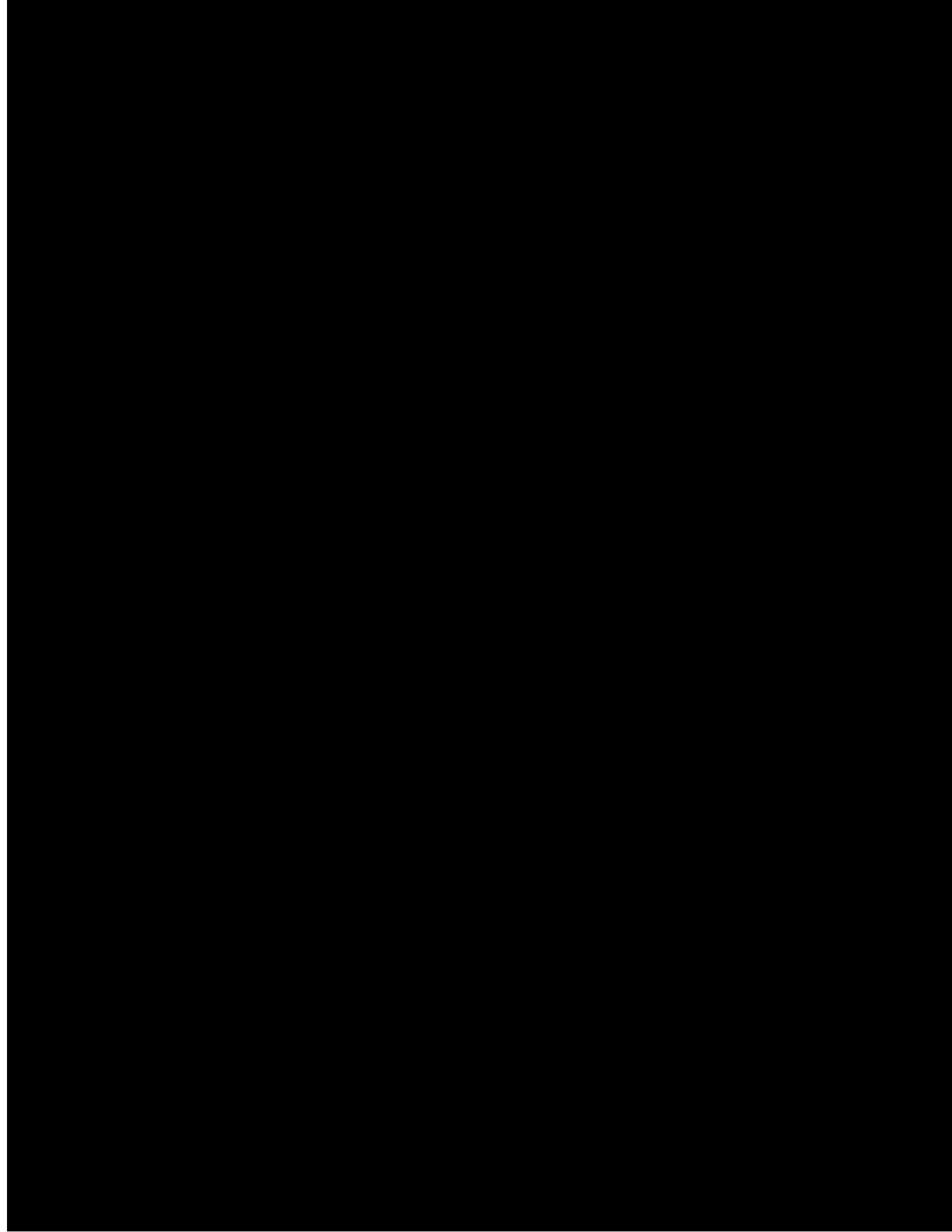


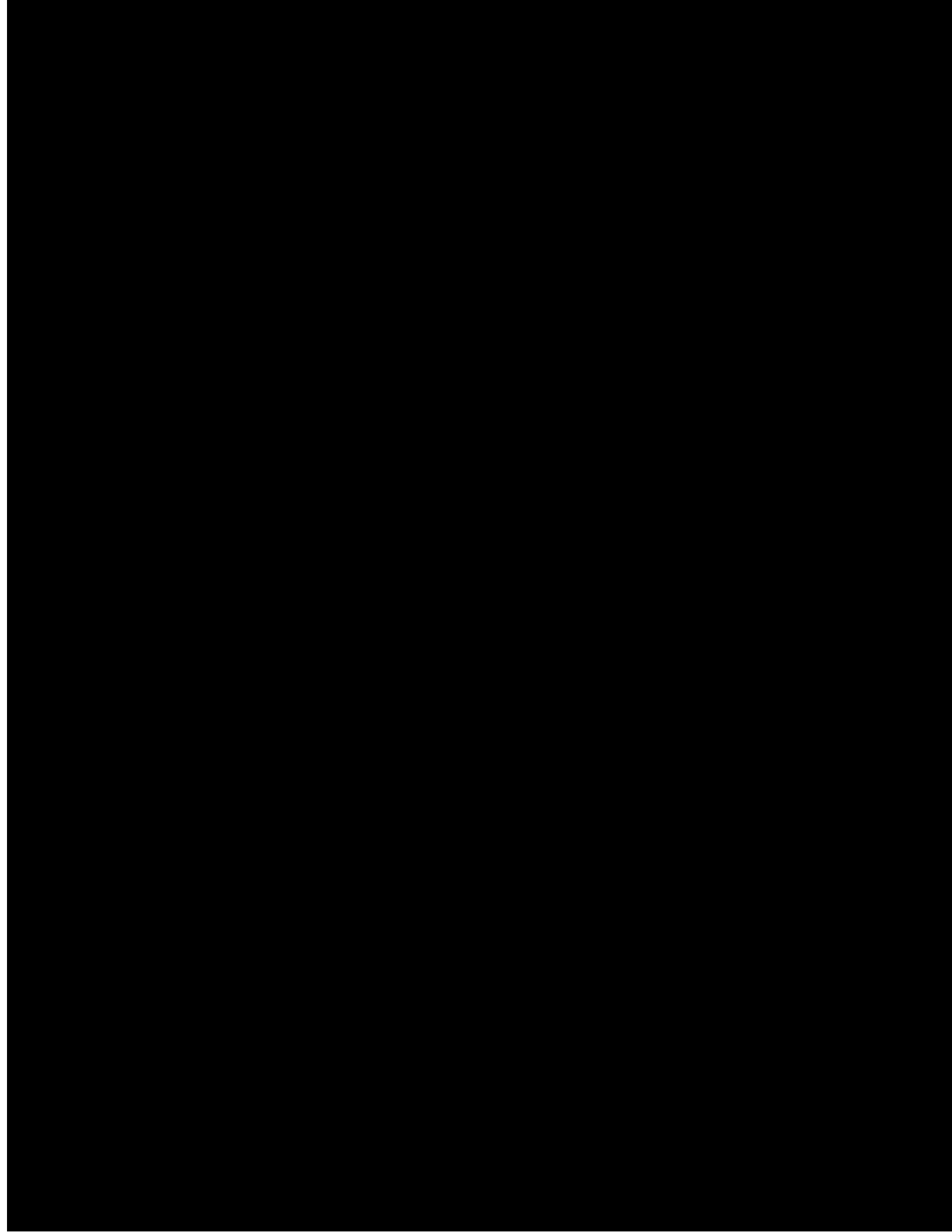


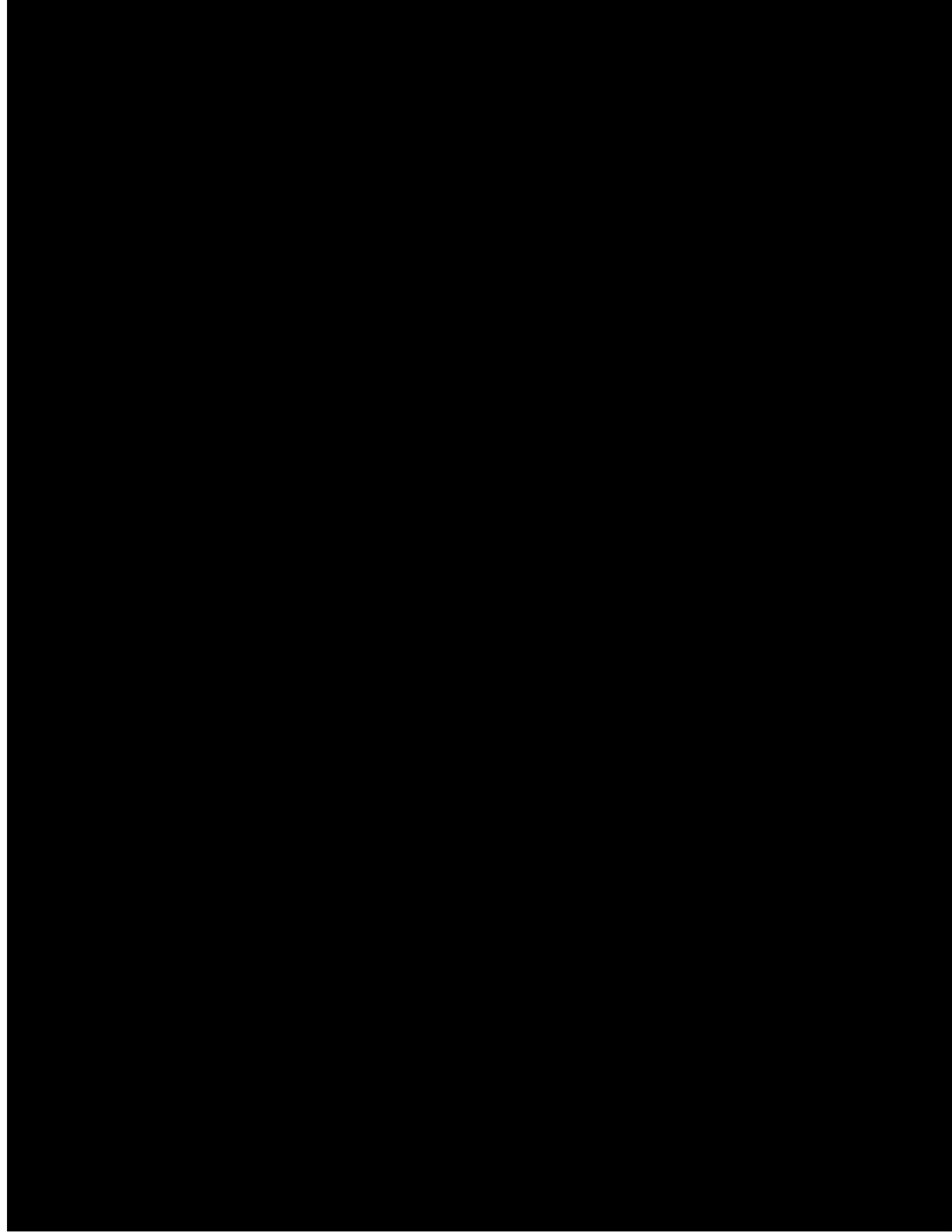


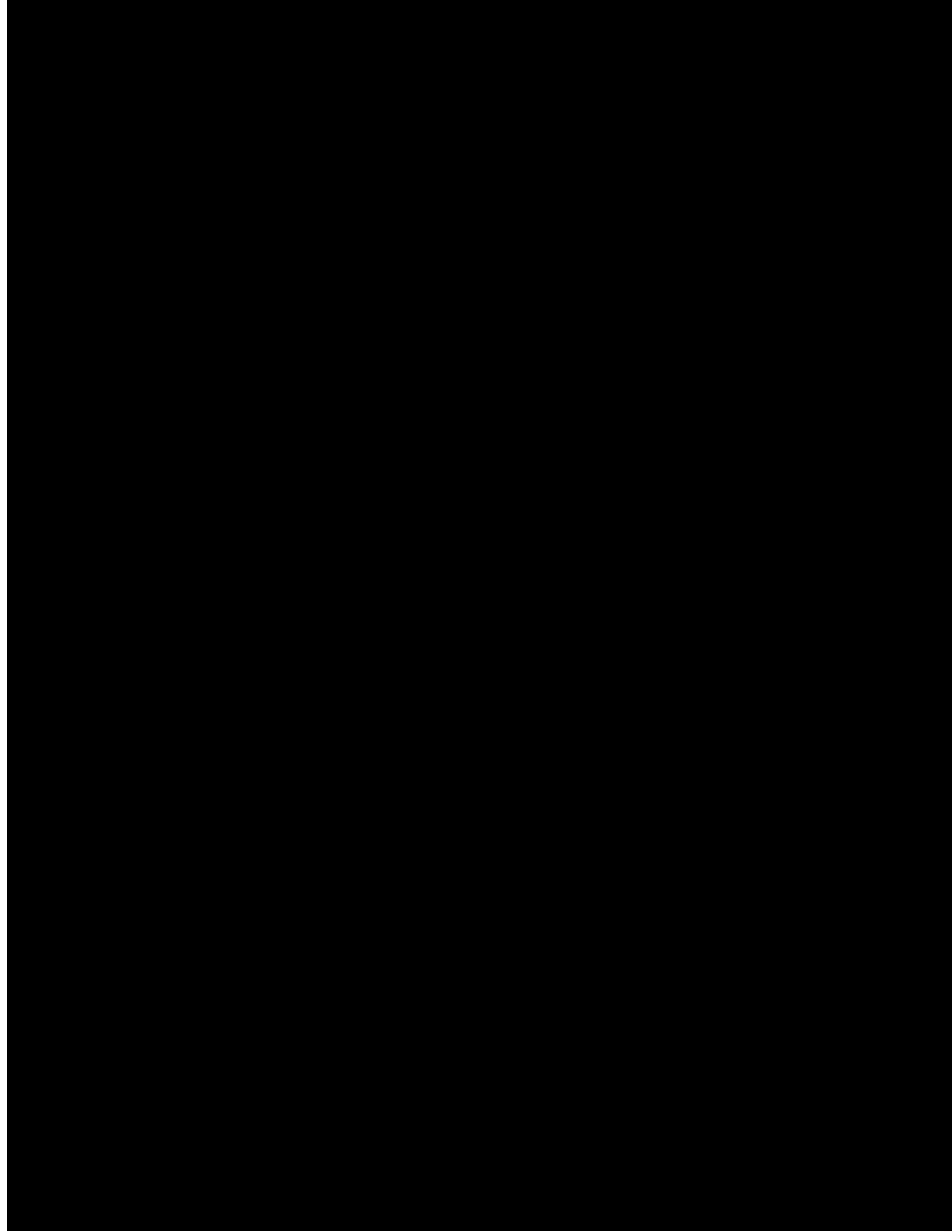


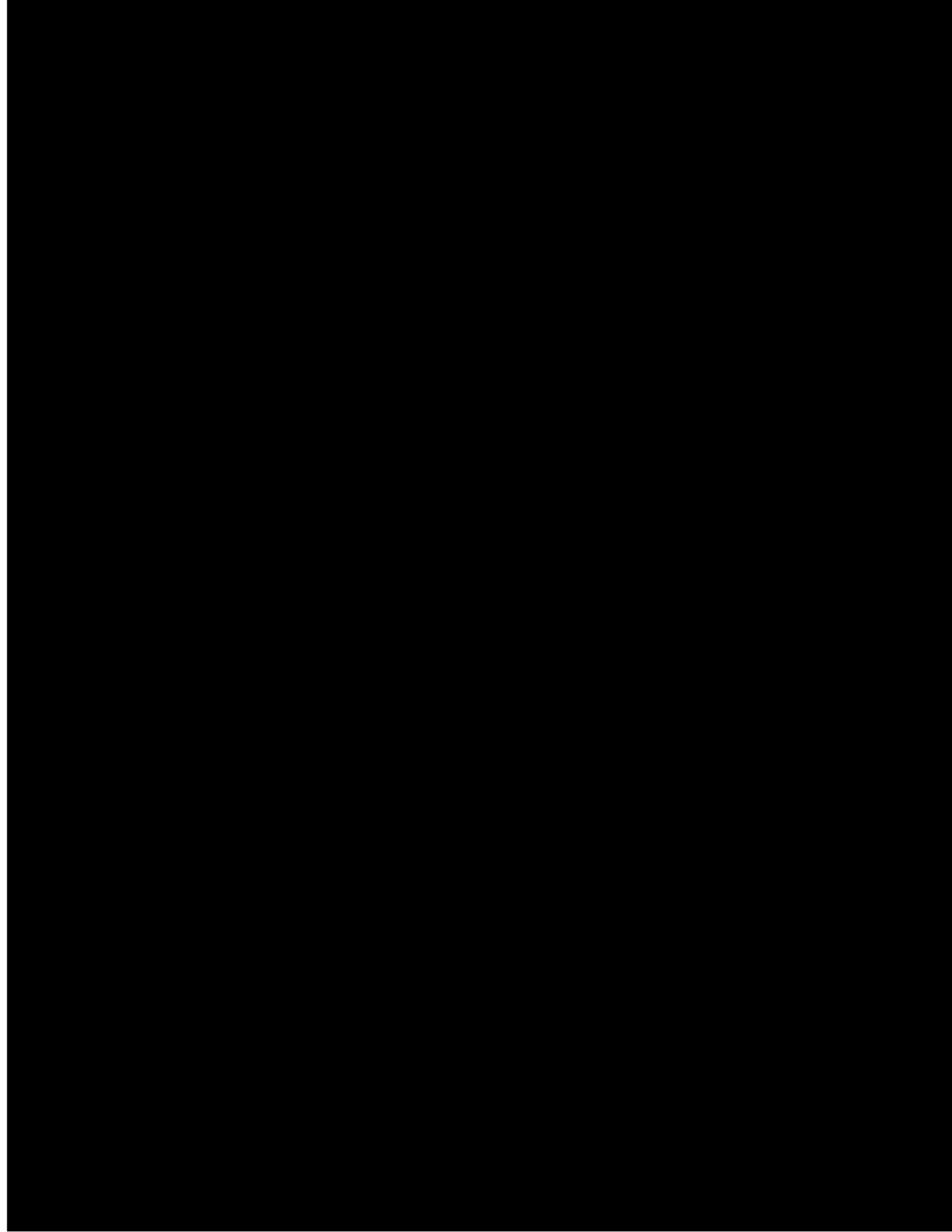


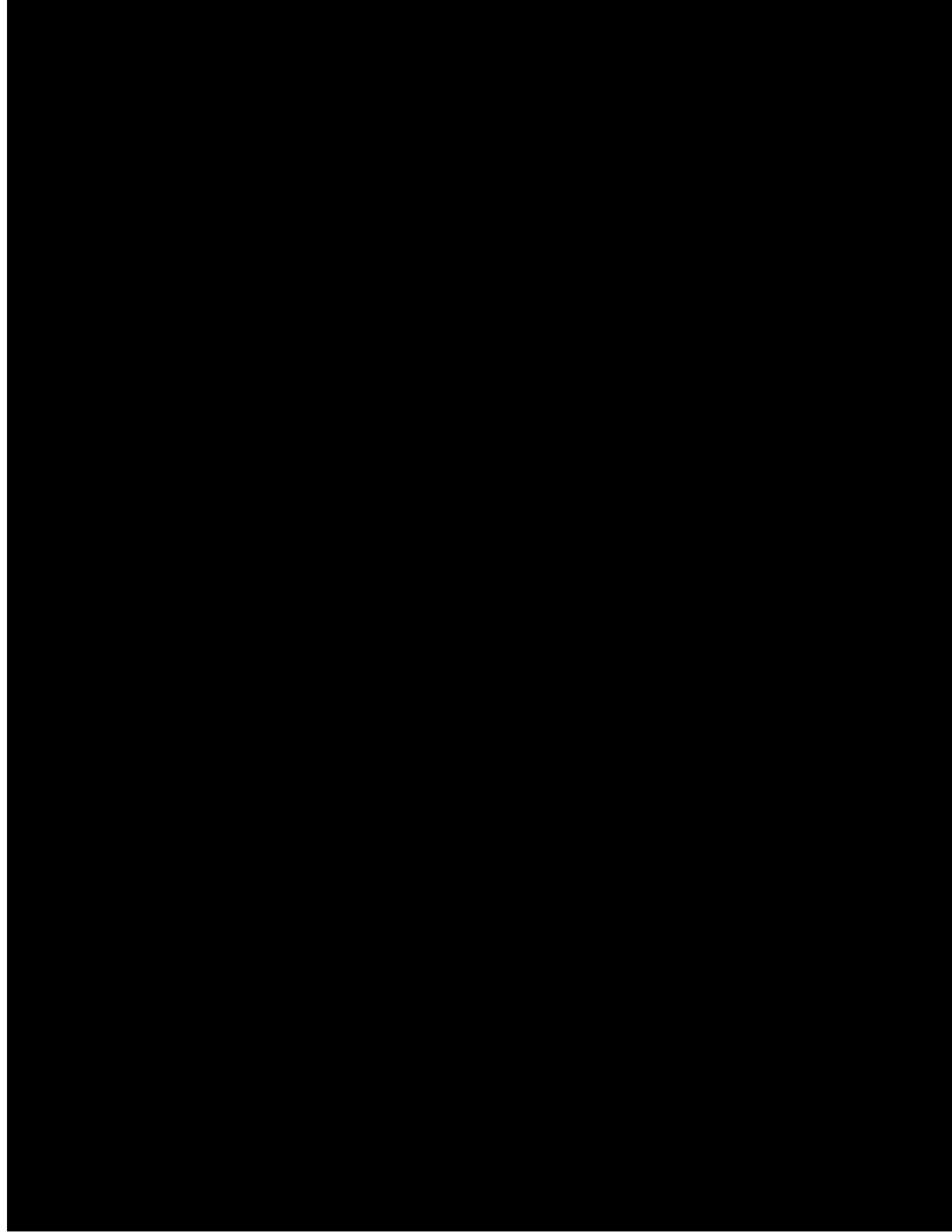


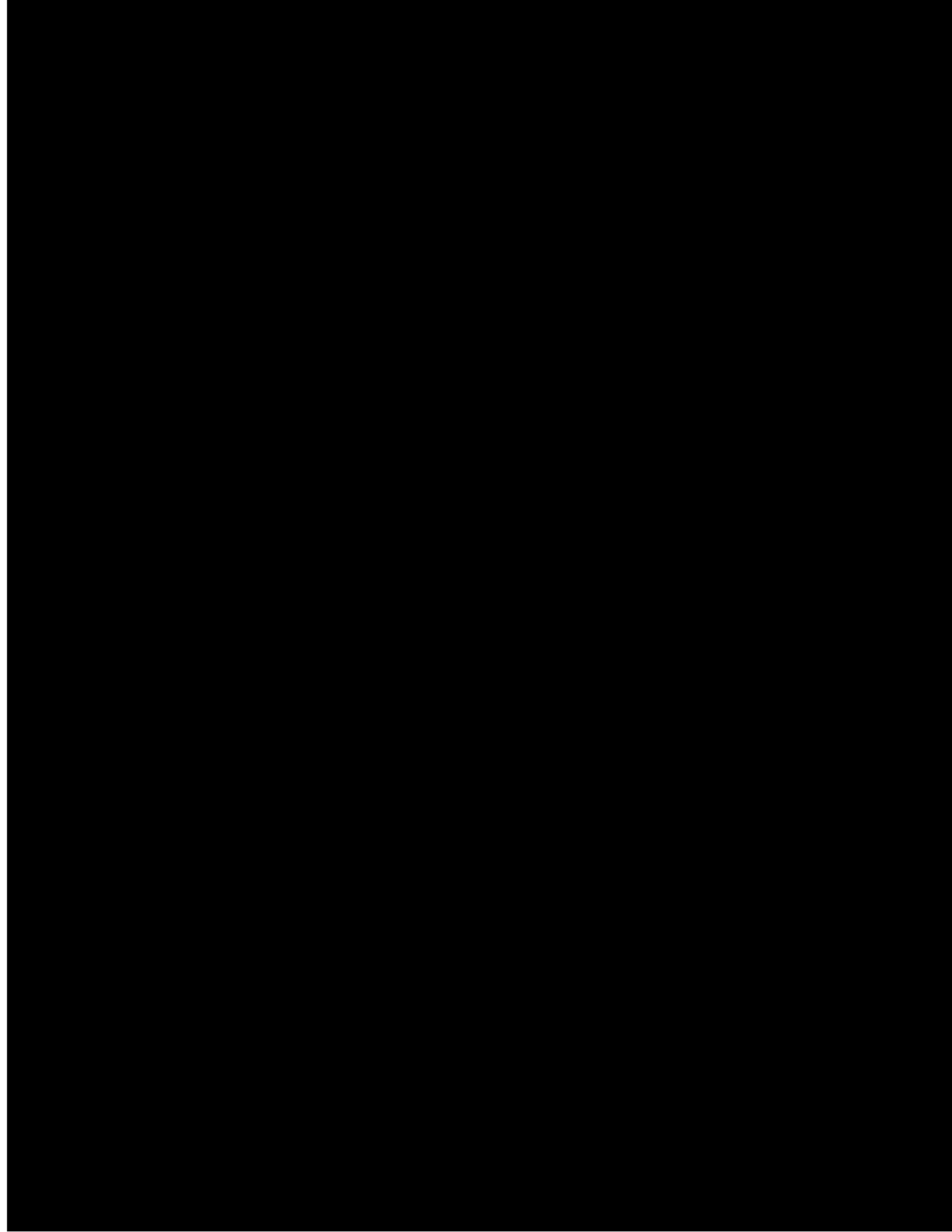


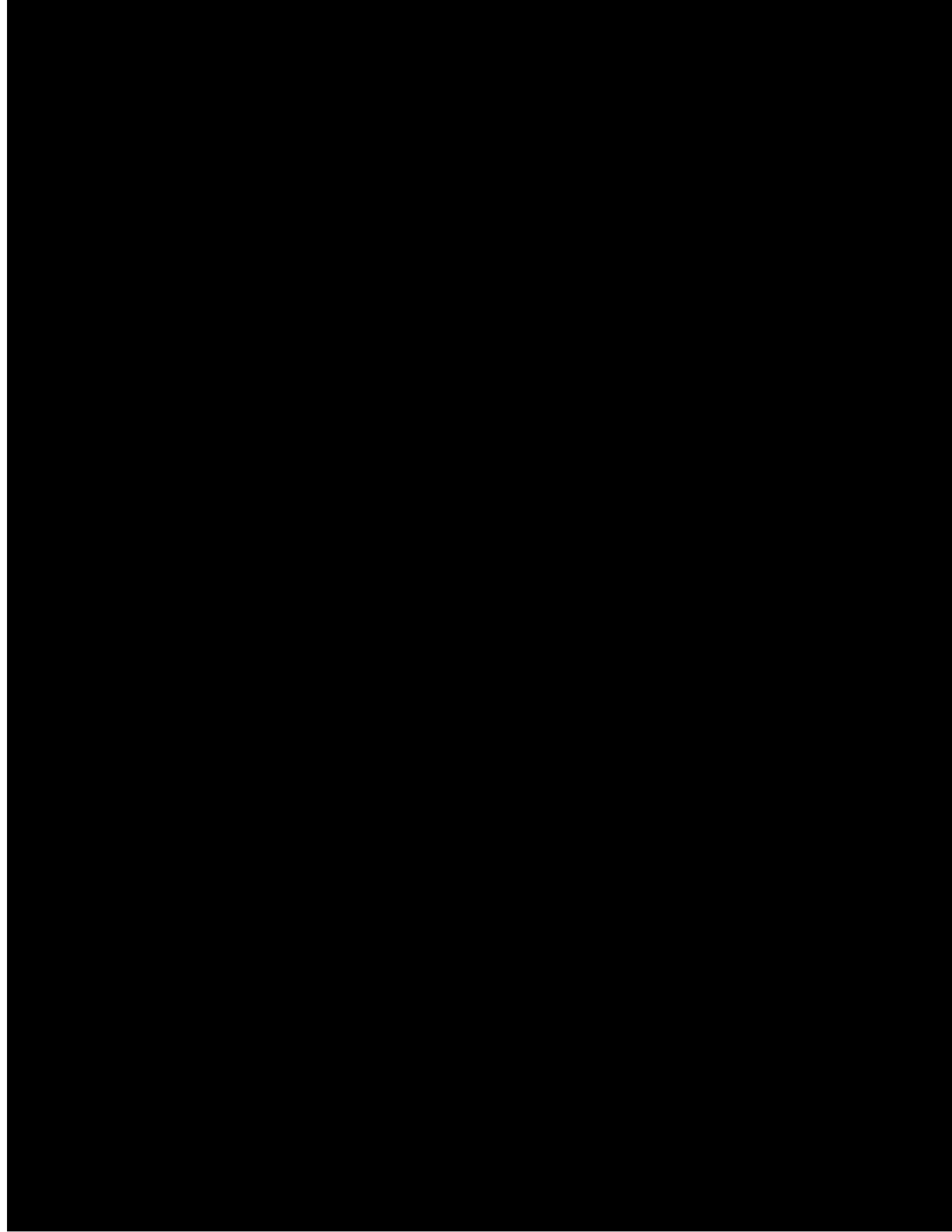


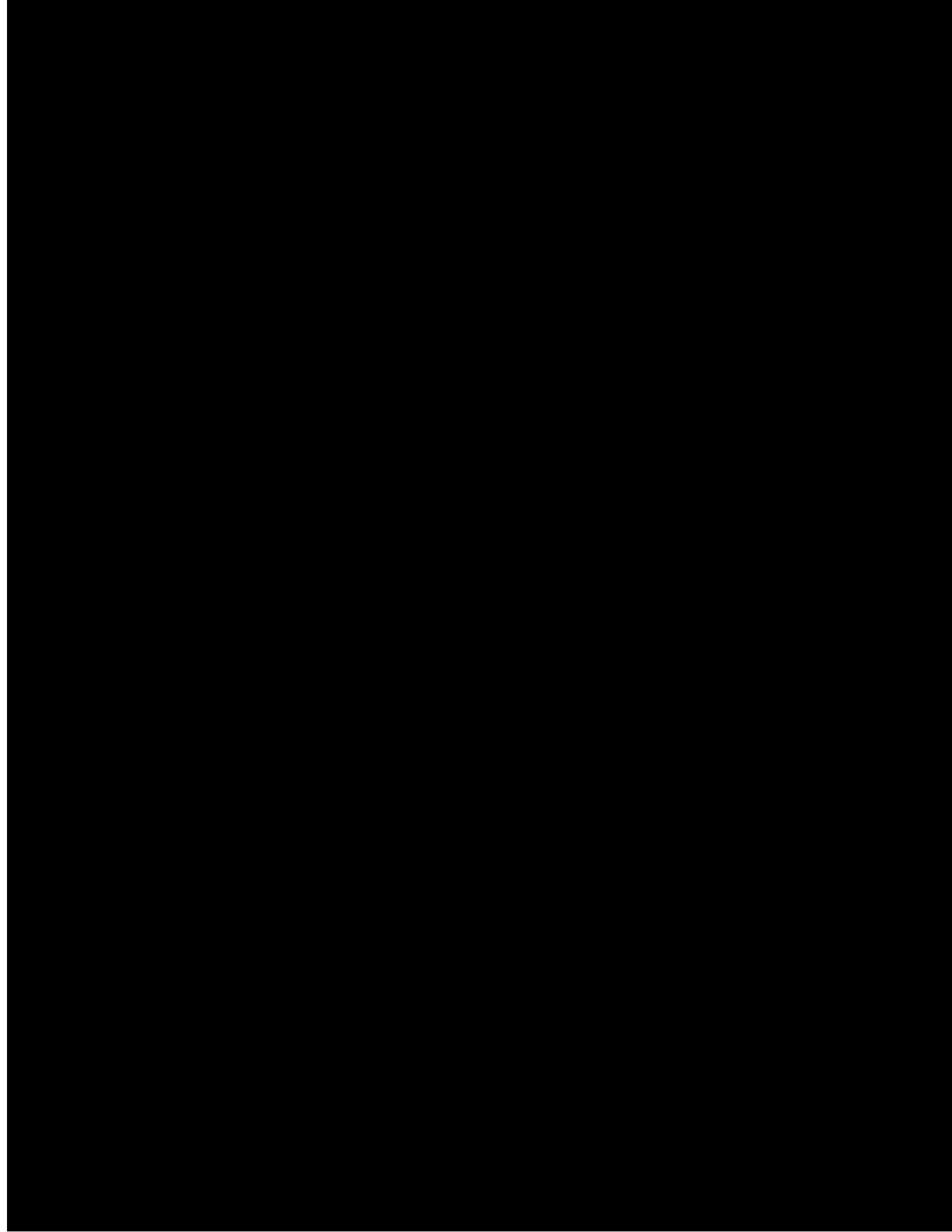


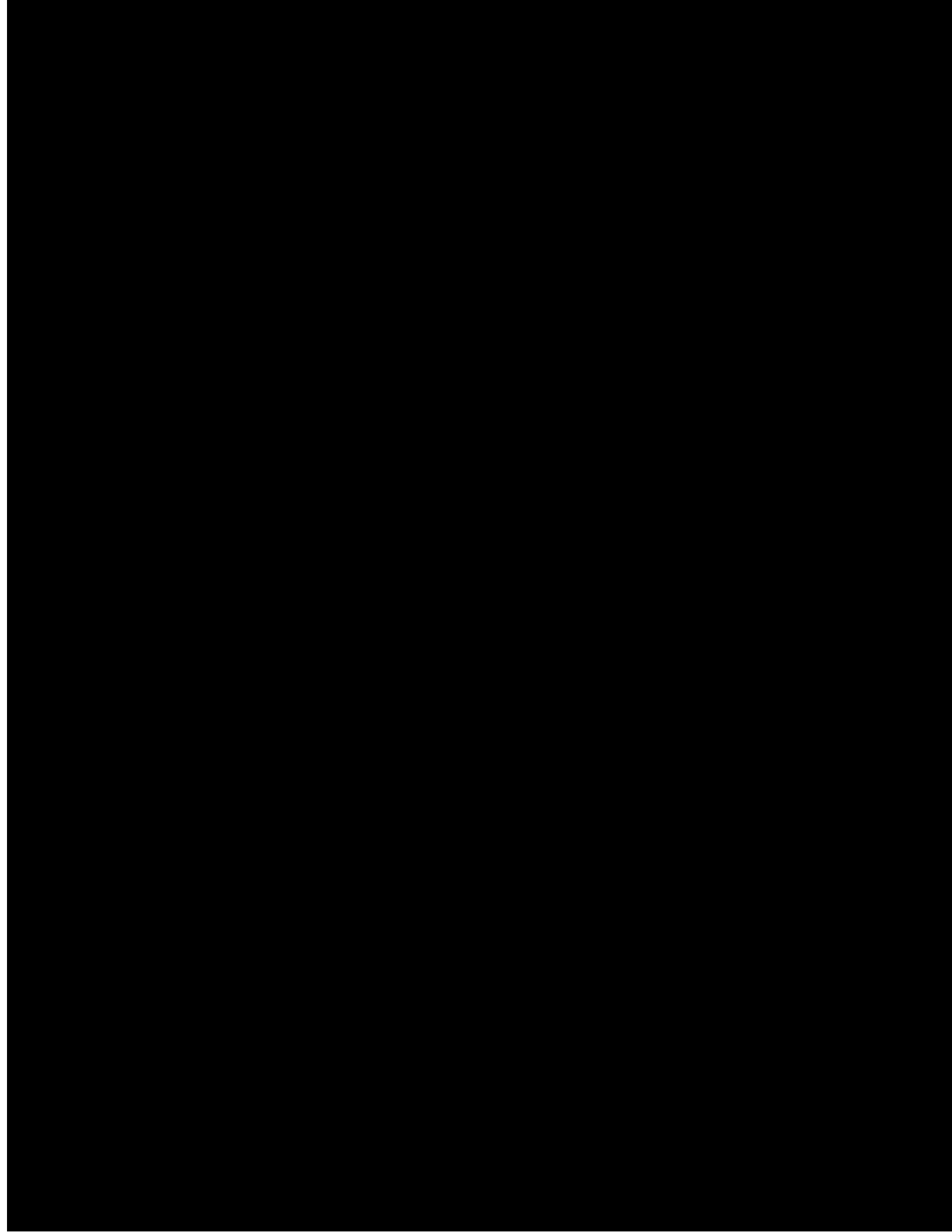












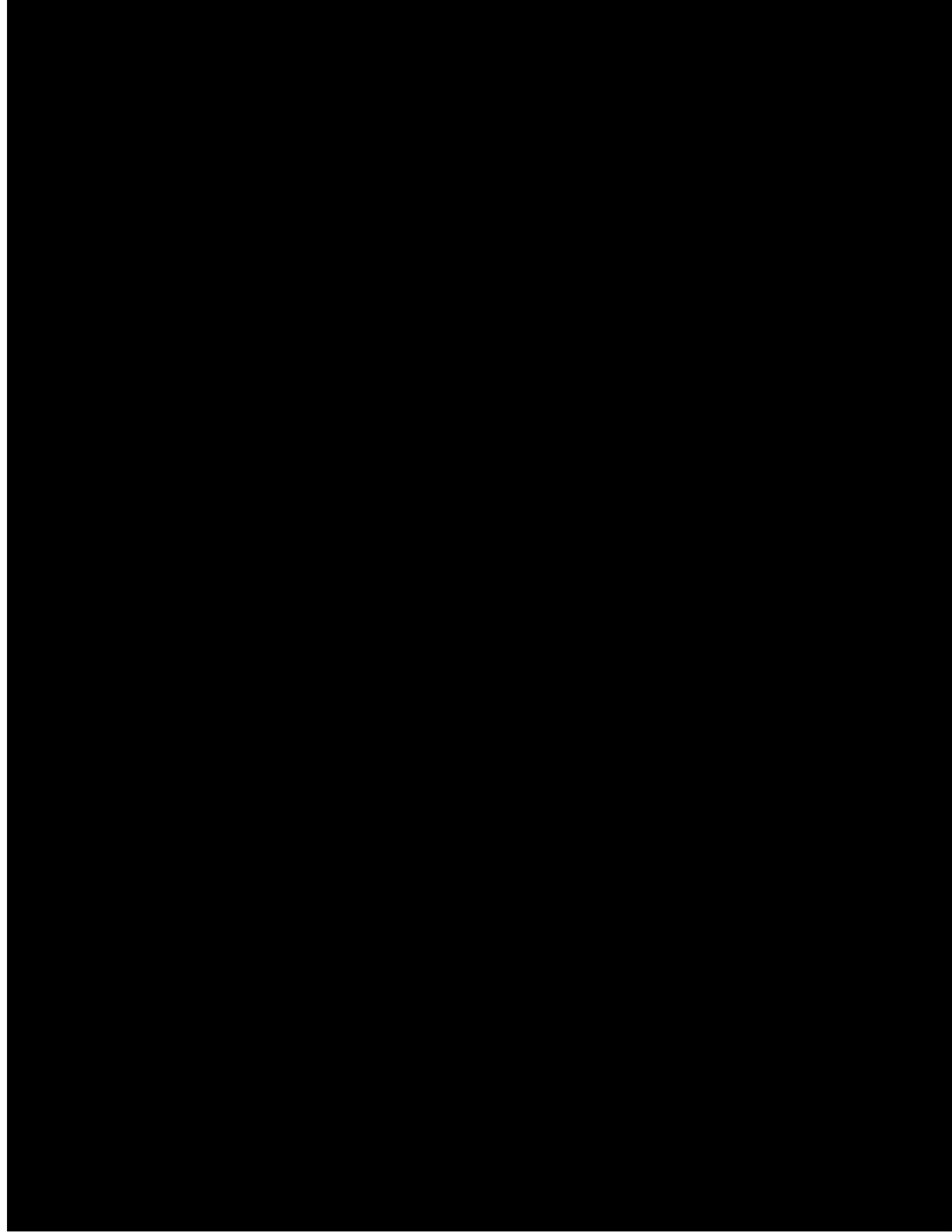


EXHIBIT 60



Current trends - High-speed broadband



Economic indicators

Broadcasting

High-speed broadband

Mobile wireless

Other telecom services

The data in this publication has been made available on Open Data in Excel and CSV format. [View this on Open Data.](#)

Sources: joint CRTC-Statistics Canada Quarterly Survey, CRTC annual Facilities survey and CRTC annual Pricing Survey.

▶ [Mini-methodology & definitions](#)

Financials and operations: revenues, subscriptions and ARPU (Average revenue per user)

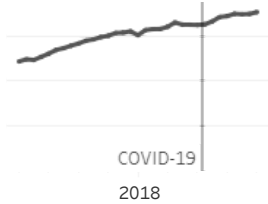
Key takeaways for financials and operations

- **Increased revenue growth for high-speed Internet:** Revenue growth for residential high-speed Internet has increased since the pandemic as many Canadians rely on it more for work and entertainment at home and have increased the speed of their service packages.
- **Canadians continue to subscribe to high-speed Internet:** The demand for wireline internet remains steady as exhibited by a steady increase in subscribers since 2014.

High-Speed Internet Financials and Subscriptions PUBLIC 1270

Source: joint CRTC-Statistics Canada Quarterly Survey
Market: residential

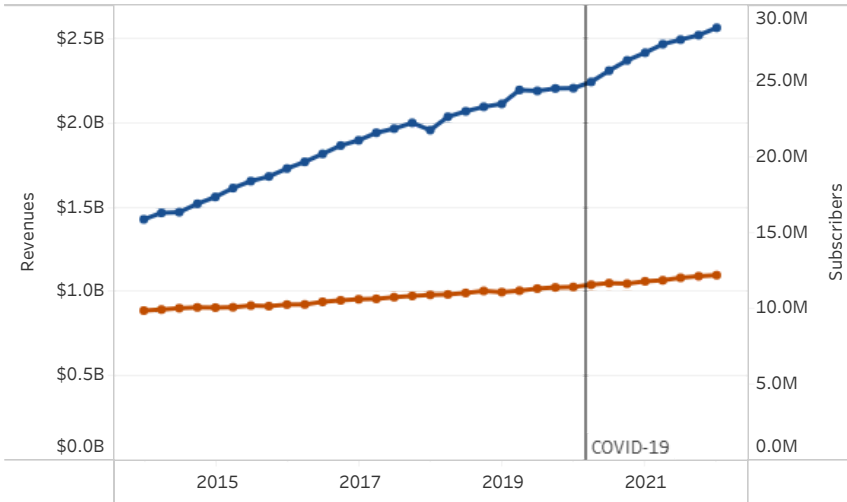
2022 Q1 ARPU:
\$70.26



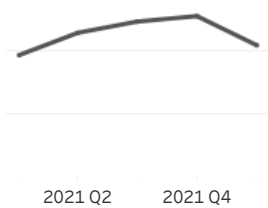
\$2.56B revenues
1.7% (quarterly change)
6.1% (12-month change)

12.15M subscriptions
0.6% (quarterly change)
3.4% (12-month change)

Legend for chart
■ Revenues ■ Subscribers



2022 Q1 Wireline
CAPEX:
\$2.08B



Network availability: broadband coverage across Canada

CRTC targets for national broadband availability:

- Target to reach 90% of households with 50/10 unlimited by 2021. This target is on track. Data for this target is currently being validated and will be updated to reflect year-end 2021 data by the fall of 2022.
- Target to reach 100% of households with 50/10 unlimited by 2031. This target is on track.

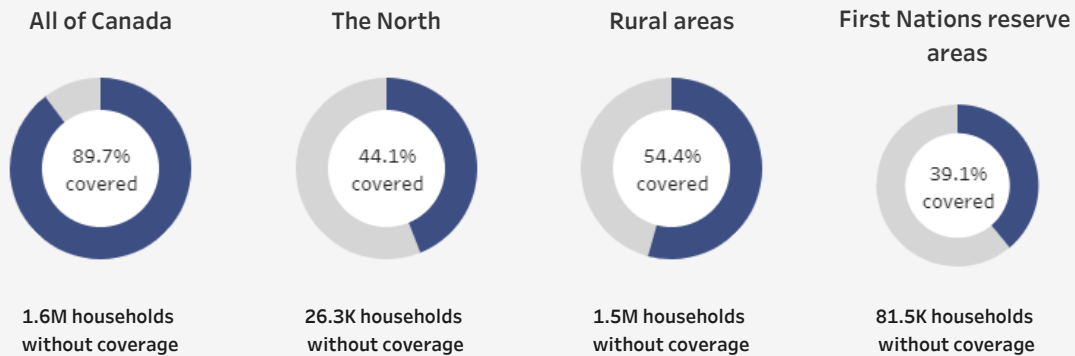
For more information on broadband access targets, access the latest [CRTC Departmental Results, Telecom Regulatory Policy, CRTC 2016-496](#), and the report on [High-Speed Access for All: Canada's Connectivity Strategy](#).

Key takeaways for network availability:

- Broadband access for all speeds (in particular, faster speeds such as Gigabit) continues to improve across the country as billions of dollars are being distributed from various federal, provincial, territorial funds (e.g., CRTC Broadband Fund, Connecting Canadians) to successful applicants.
- Coverage in official language minority communities, the Northern territories, and First Nations reserve areas are still catching up with the rest of Canada.

Source: CRTC Facilities Survey and Statistics Canada, 2016 Census

Summary of total year-end 2020 50/10 unlimited broadband coverage



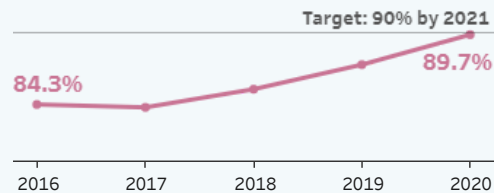
Bridging the digital divide: the CRTC broadband network availability target

This target was established by the Telecom Regulatory Policy CRTC 2016-496.

Indicator: The percentage (%) of homes and business that have access to and can subscribe to a service of 50Mbps download, 10Mbps upload with an unlimited data transfer.

Target: To reach 90% of the premises by 2021 and the remaining 10% by 2031.

Status: on track.



Take a closer look at the availability of different broadband speeds

Axes do not begin at zero.

The filters will adjust all of the data in the charts below.

Choose type of broadband coverage

- 1.5 Mbps +
- 5 Mbps +
- 10 Mbps +
- 16 Mbps +
- 25 Mbps +
- 50 Mbps +
- 50/10/Unlimited
- 50/10/Any
- 100 Mbps +
- 150 Mbps +
- 200 Mbps +
- Gigabit +

View by population centre

- Total
- Urban
- Rural

View by specific population area

- Canada
- First Nations reserve areas

View by language spoken

- Both official languages
- OLMC

Coverage over time for Canada

Total 50/10/Unlimited coverage



Ranked by province/territory

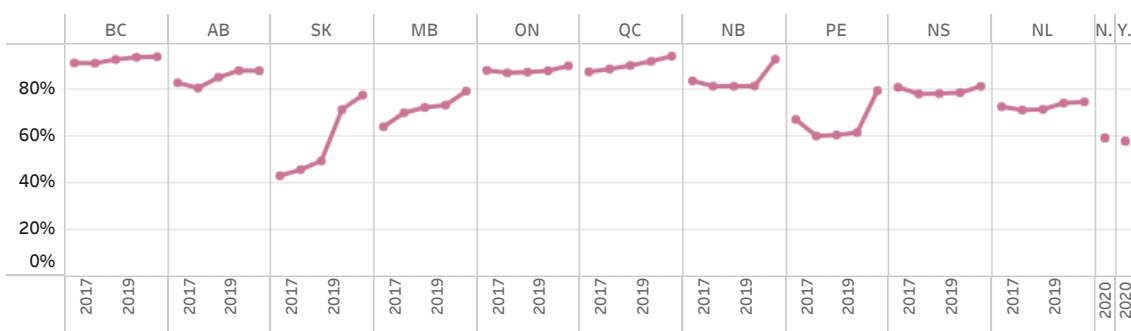
Total 50/10/Unlimited availability (Canada)

| | 2019 | 2020 |
|----|--------|--------|
| QC | 91.78% | 93.99% |
| BC | 93.51% | 93.76% |
| NB | 81.22% | 92.66% |
| ON | 87.73% | 89.83% |
| AB | 87.82% | 87.75% |
| NS | 78.37% | 81.05% |
| PE | 61.27% | 79.20% |
| MB | 73.00% | 78.98% |
| SK | 71.13% | 77.30% |
| NL | 73.90% | 74.41% |
| NT | 0.00% | 58.92% |

| | | | | | | | |
|------|------|------|------|------|------|-------|-------------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | Y.T. | 0.00% | PUBLIC 57.55% |
| | | | | | NU | 0.00% | 0.00% |

By province and territory for Canada

Total 50/10/Unlimited availability



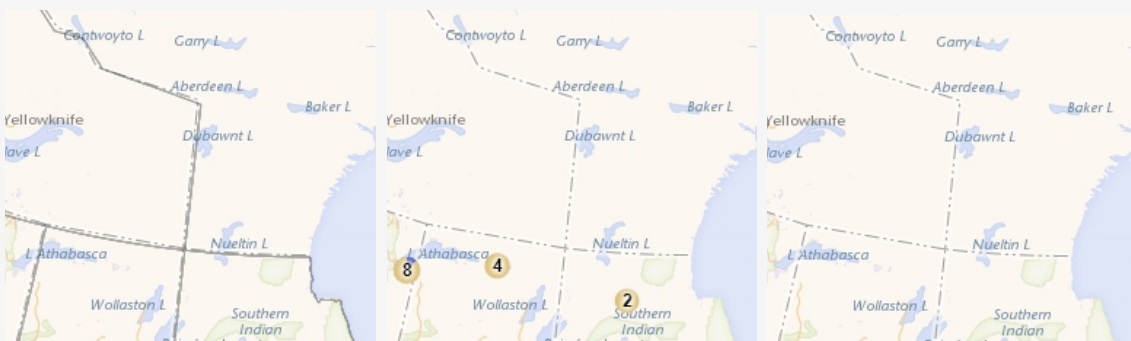
Detailed and interactive broadband service maps

Select one of the images below to open up interactive maps (maps will open up in a new tab).

Fixed Broadband service availability

Broadband services in First Nations reserve areas

Broadband service availability in OLMCs



Consumer behaviour: prices, subscriptions and data usage trends

Key takeaways for consumer behaviour

- **Many Canadians are spending more and subscribing to faster speed tiers:** Due to the deployment of new technologies such as fibre, additional Canadians are able to subscribe to faster Internet speeds. More and more Canadians are subscribing 50/10 Mbps download/upload speeds or higher.
- **Internet traffic is increasing:** Although Internet traffic has increased steadily over the last years, the pandemic saw atypical growth as more Canadians have come to rely on their home Internet for school, work and entertainment.

Lowest average reported prices of Internet packages in Canada

Source: CRTC Communications Pricing Surveys

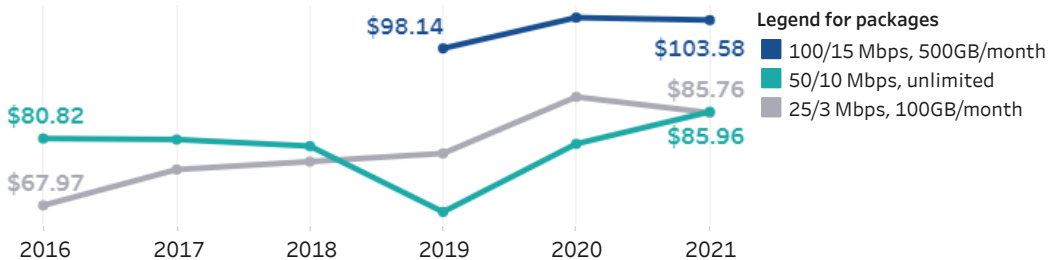
For all of Canada

Axis does not begin at zero.

"National" refers to the average of rural and urban prices.

Choose a region

- National
- Rural
- Urban



By province and territory

Axis does not begin at zero.

"National" refers to the average of rural and urban prices.

When average prices are unavailable in a province/territory, they will not appear in the chart below.

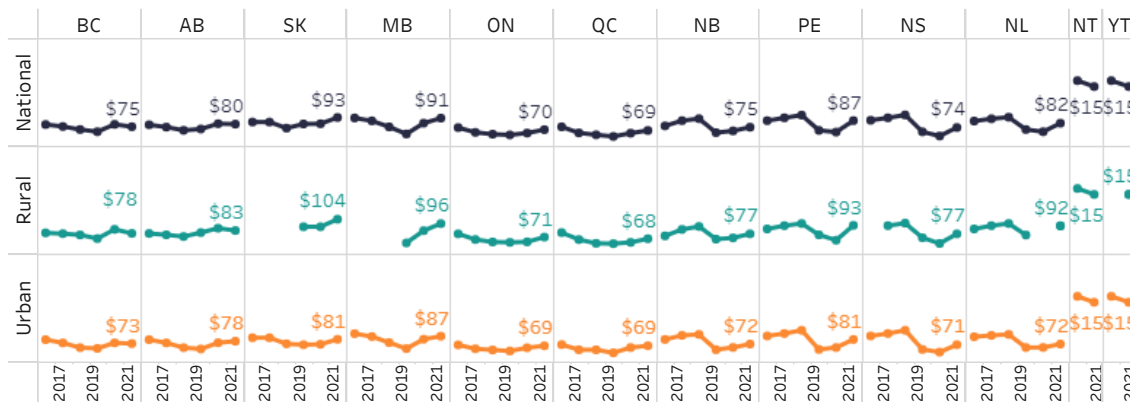
5/1Mbps packages were replaced with 100/15, 500GB/month in 2019.

Choose a package

- 5/1 Mbps, any data
- 25/3 Mbps, 100GB/month
- 50/10 Mbps, unlimited
- 100/15 Mbps, 500GB/month

Show or hide province/territory

(Multiple values)



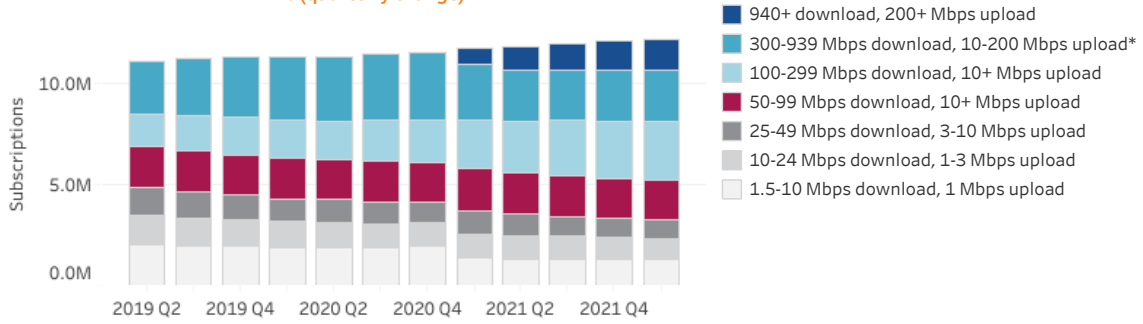
High-Speed Internet Subscriptions and Data Traffic

Source: joint CRTC-Statistics Canada Quarterly Survey

Market: residential

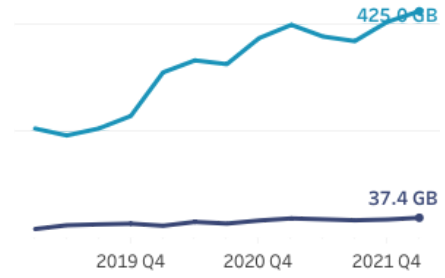
73.4% of subscriptions are for speeds 50/10 and faster

1.7% (quarterly change)



2022 Q1:
425.0 GB downloaded monthly on average (per subscription)
 5.0% (quarterly change)
 6.4% (12-month change)

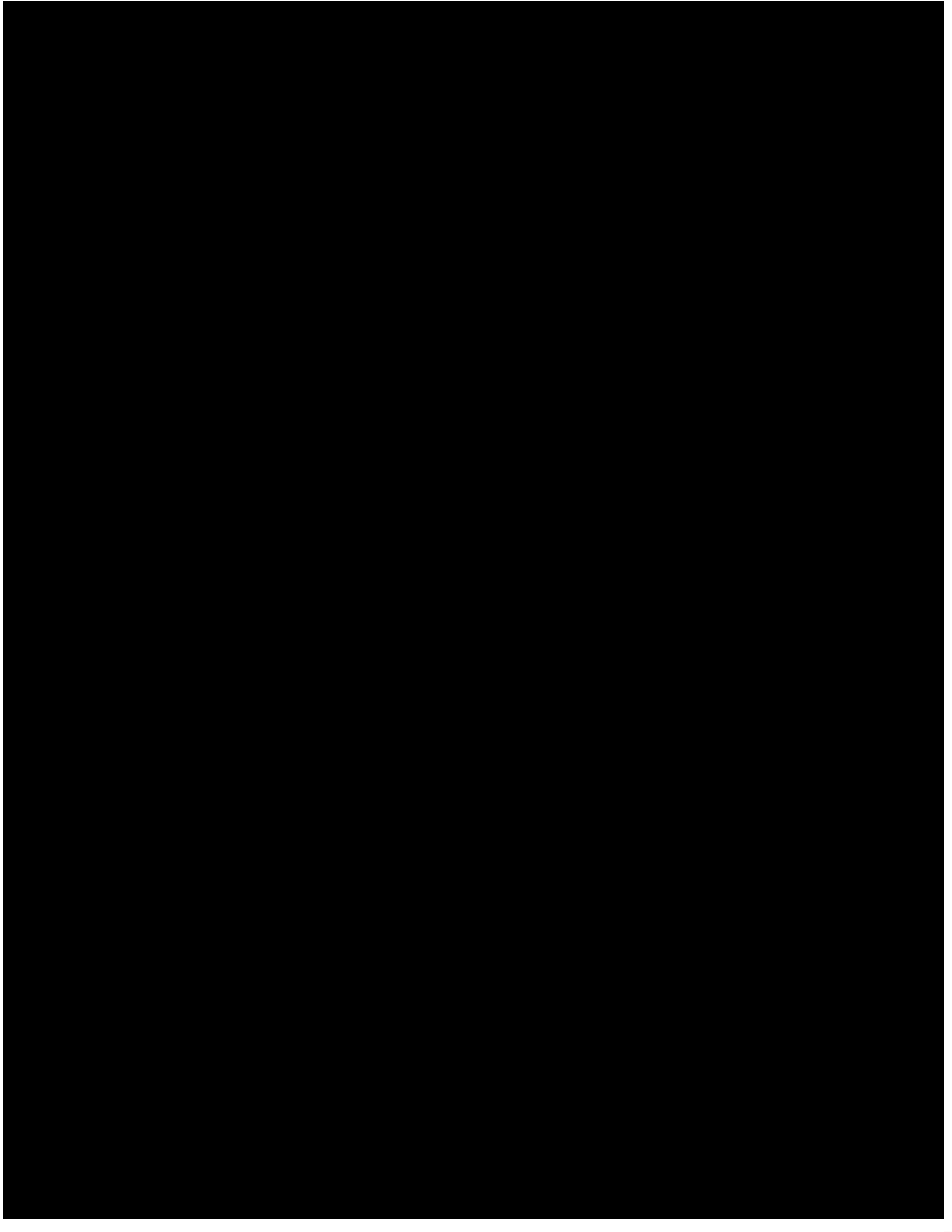
2022 Q1:
37.4 GB uploaded monthly on average (per subscription)
 9.6% (quarterly change)
 3.4% (12-month change)

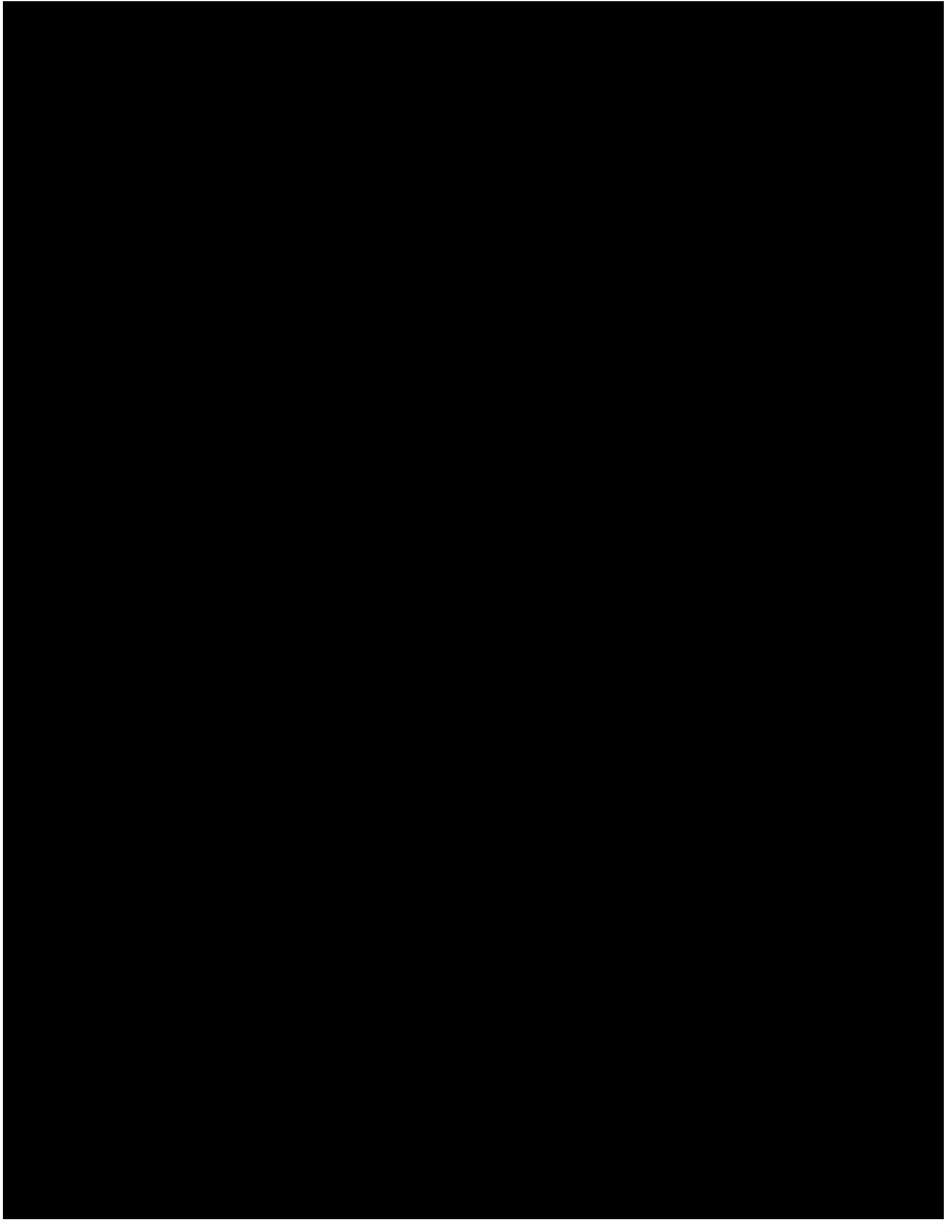


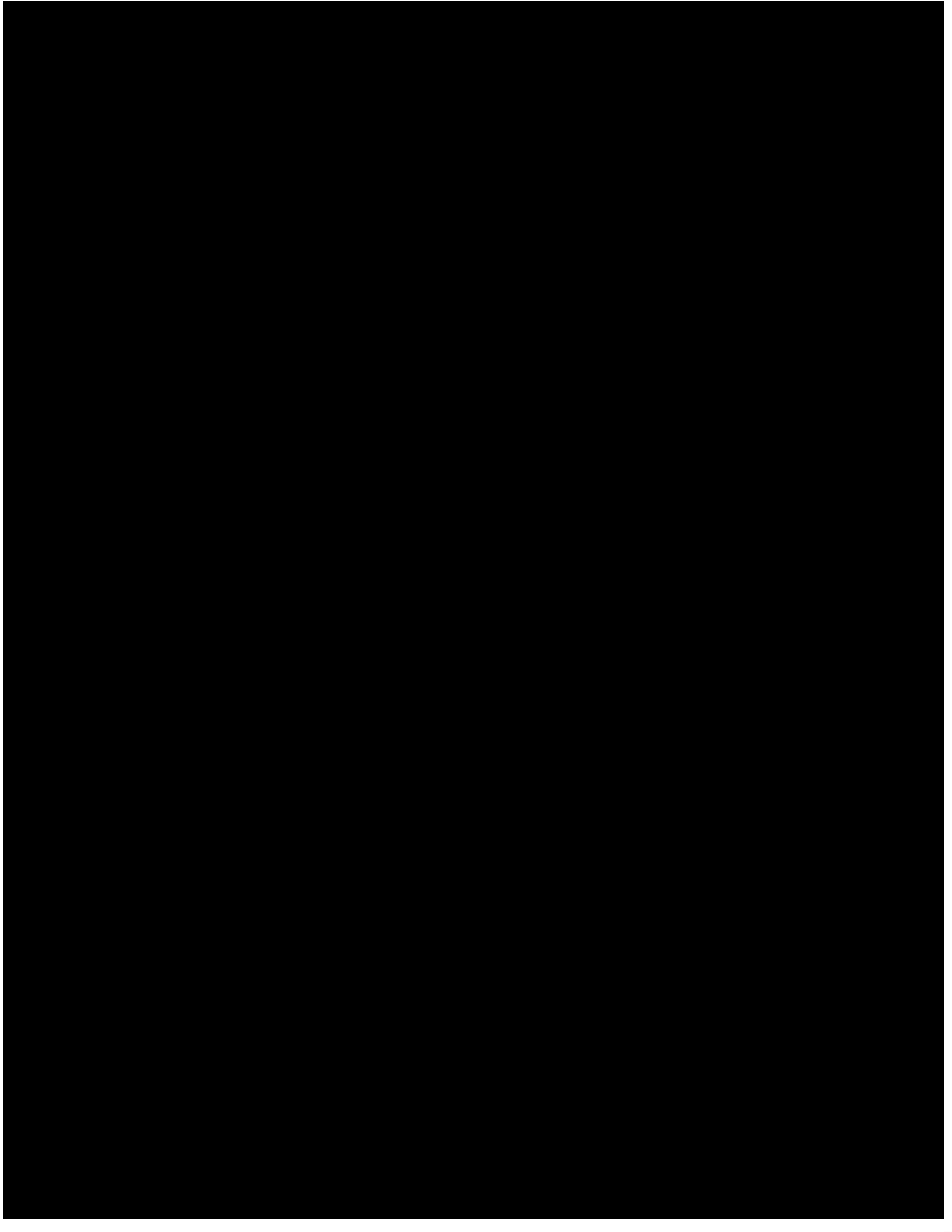
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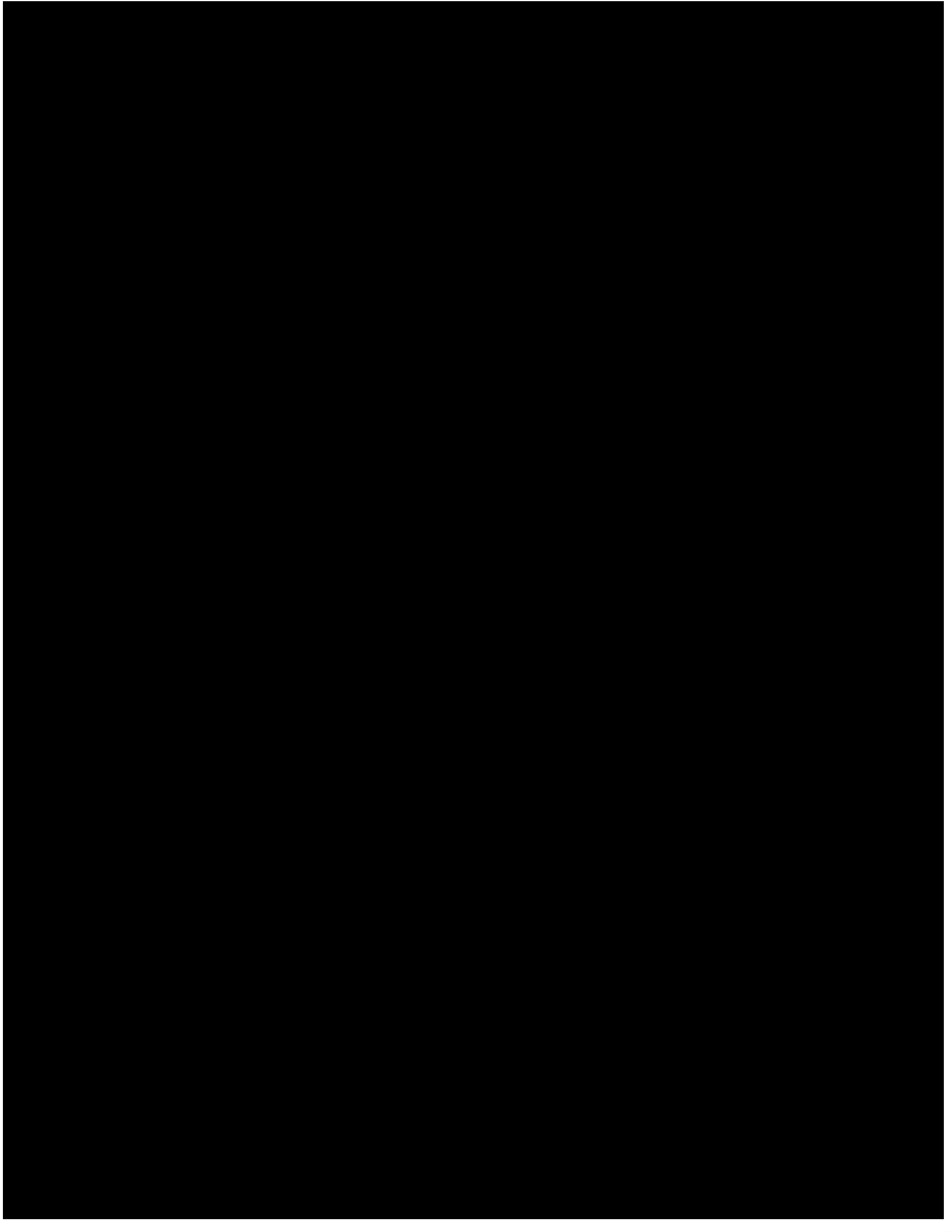
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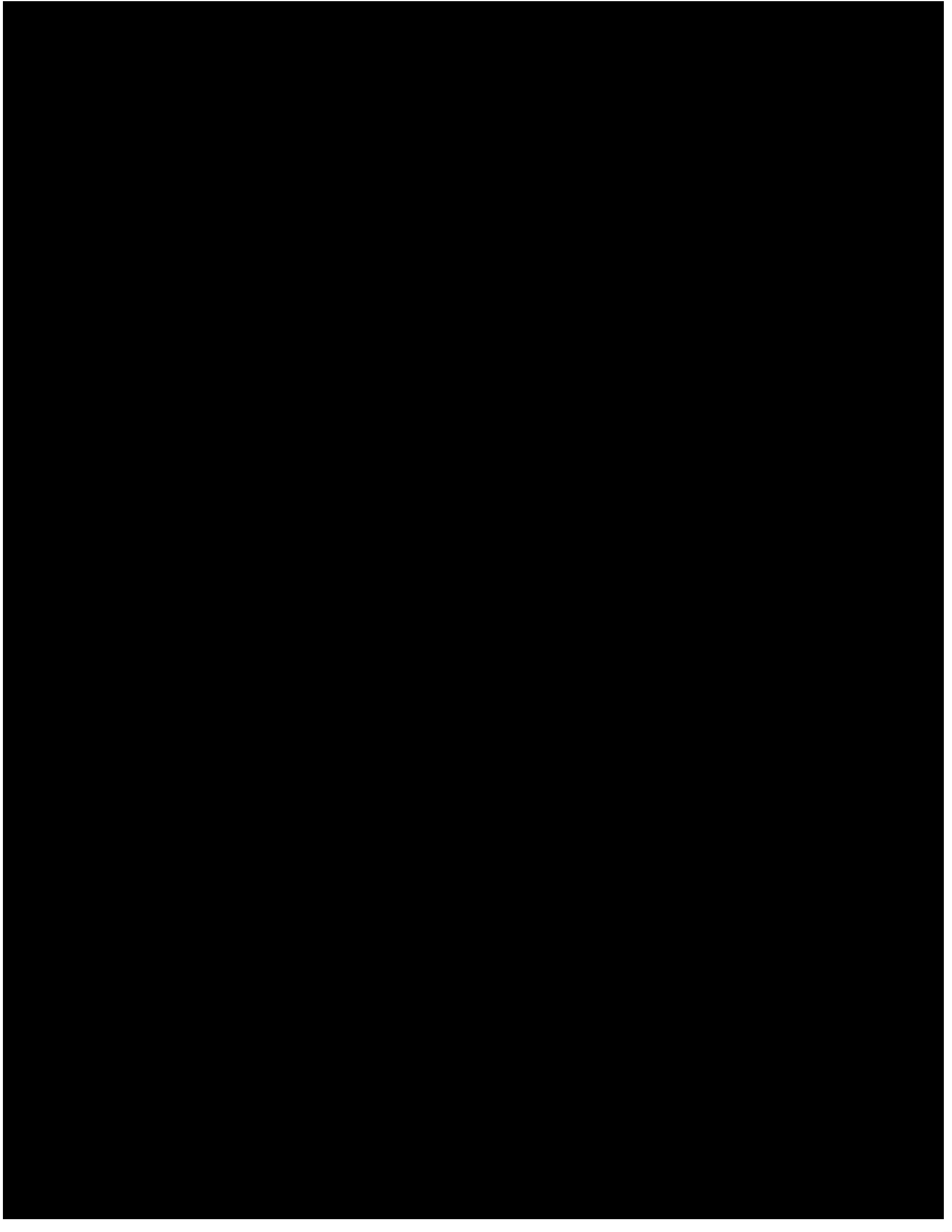
EXHIBIT 61

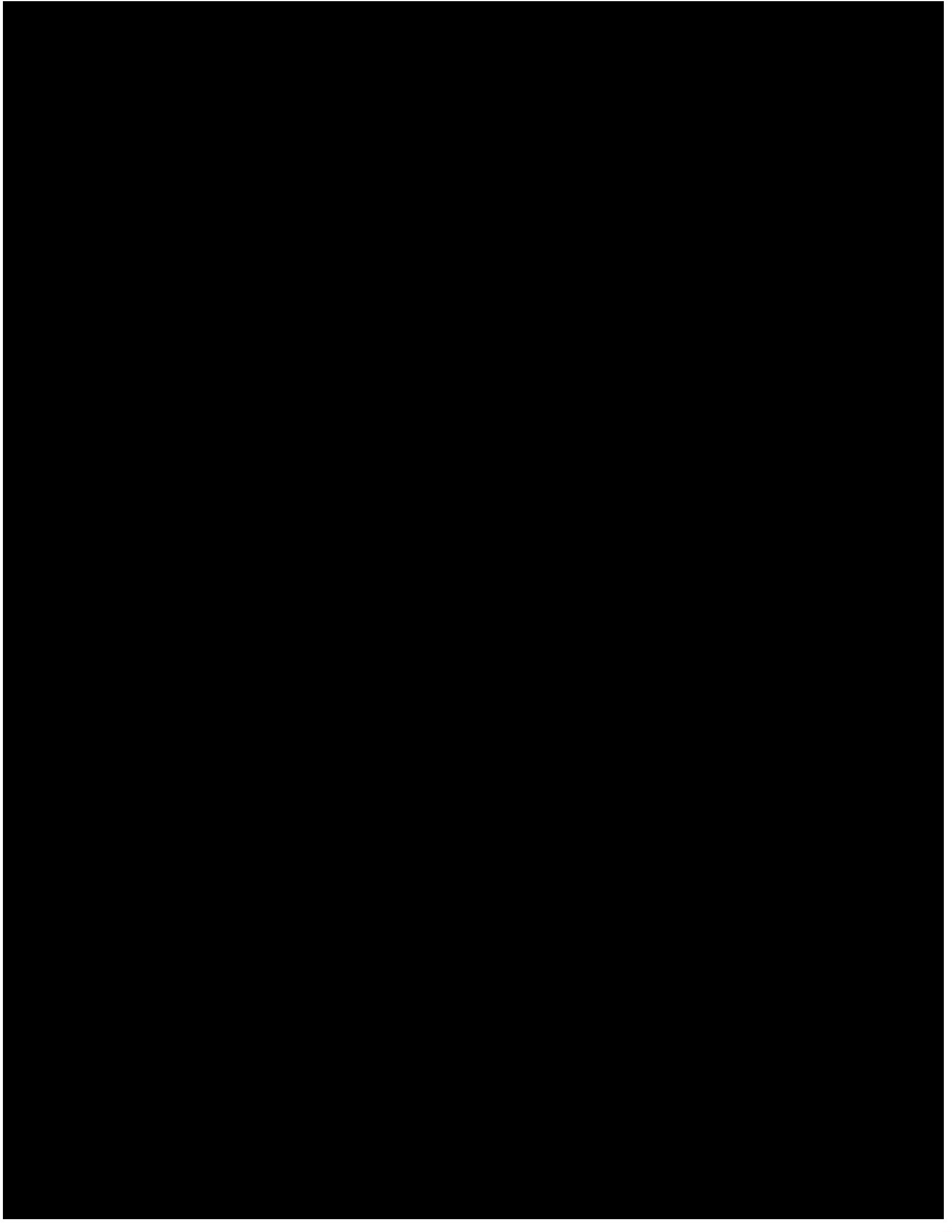


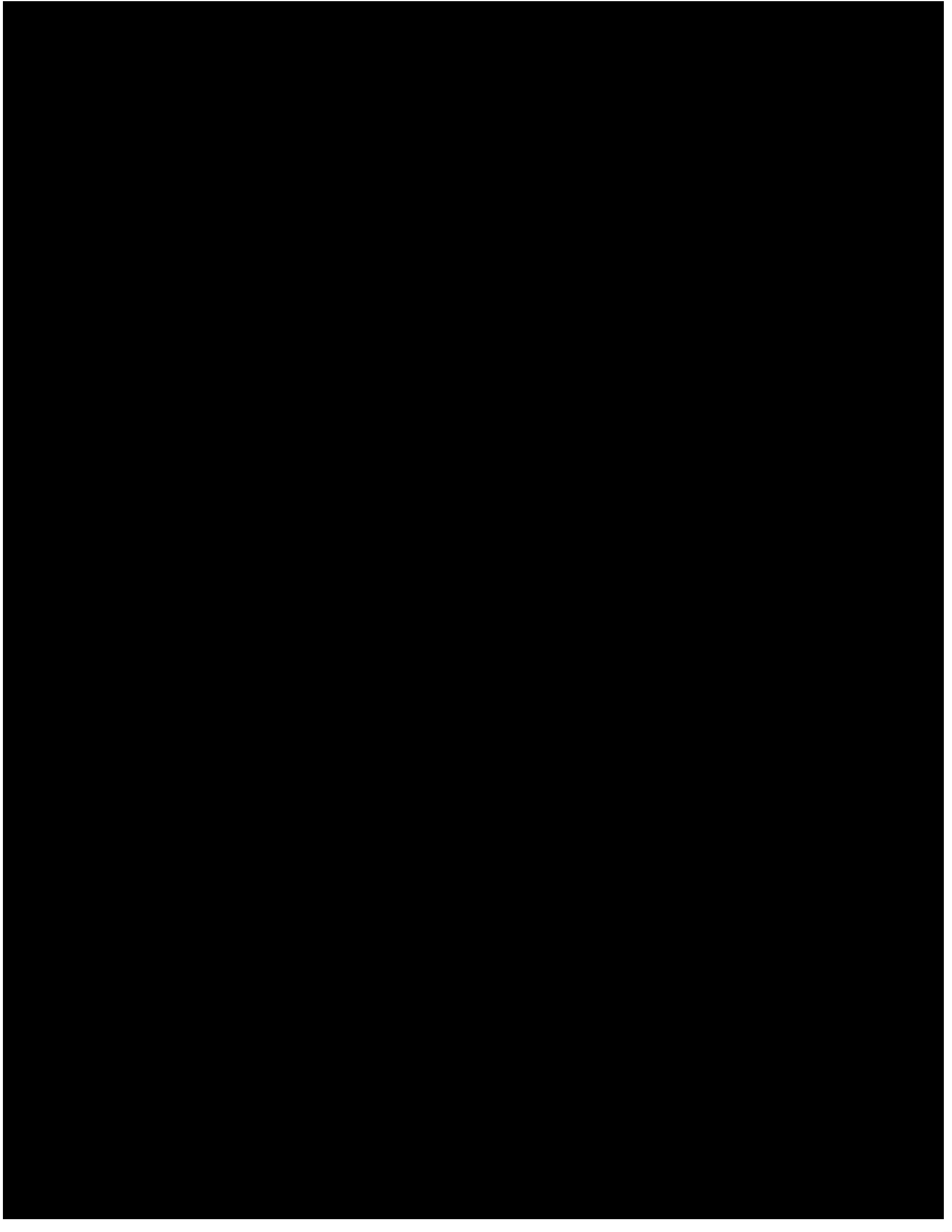


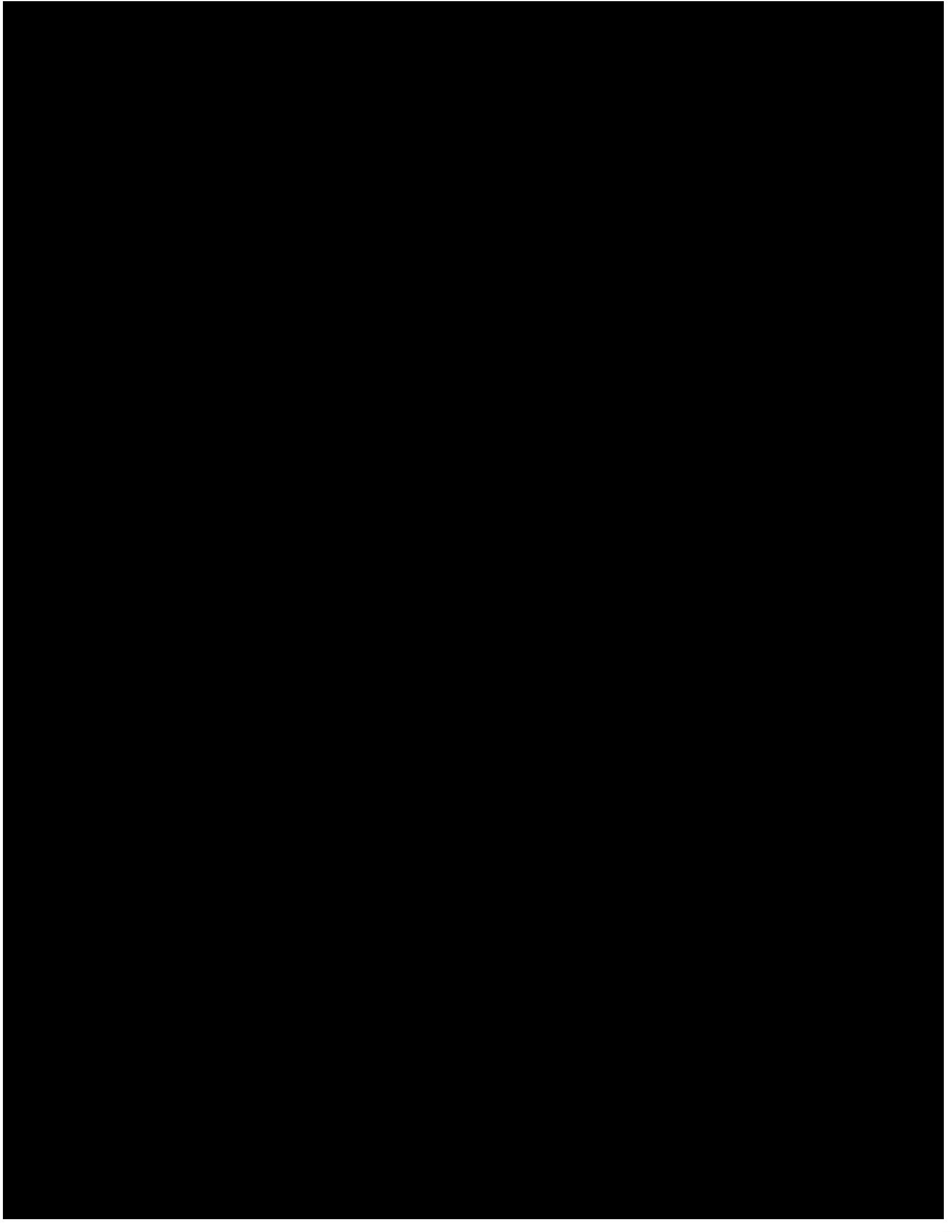


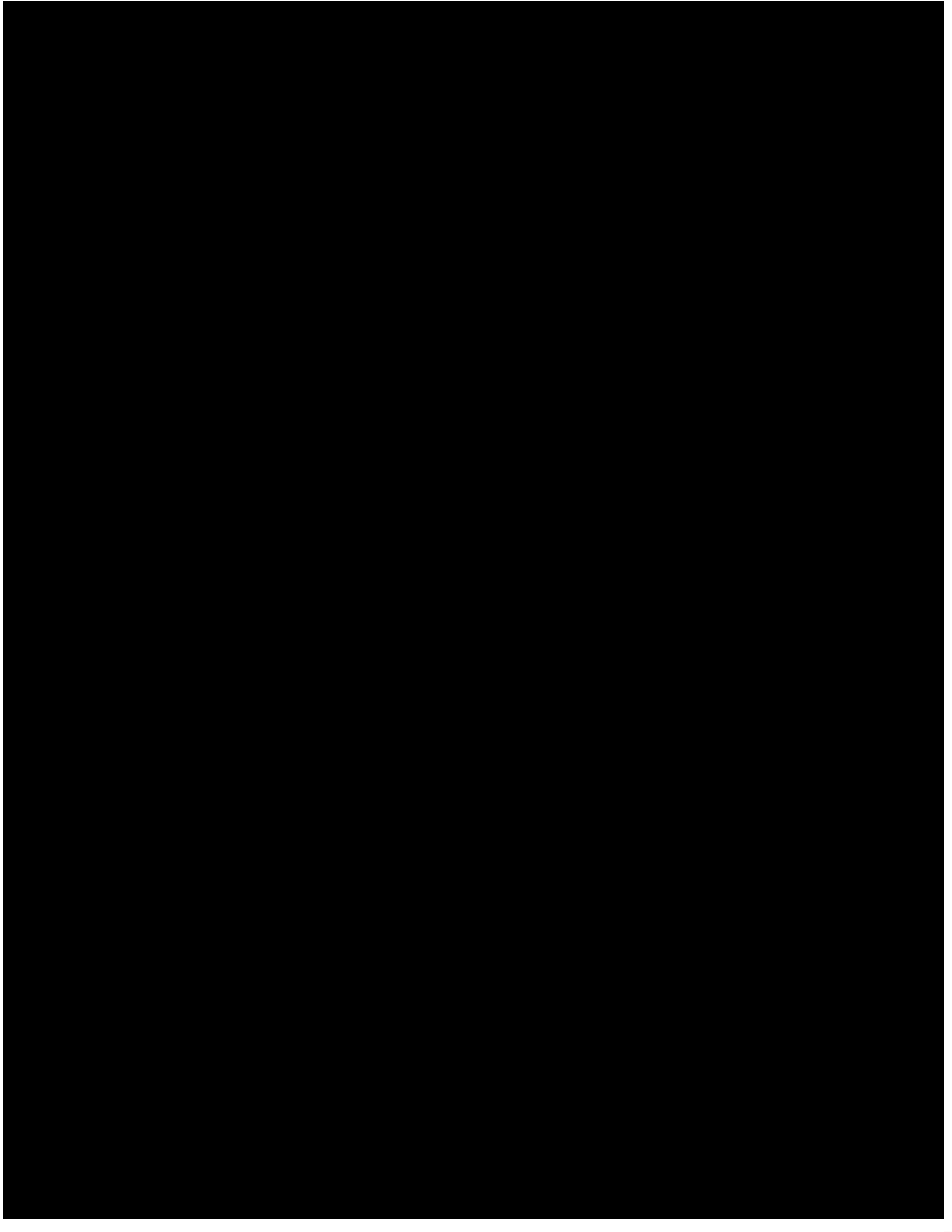


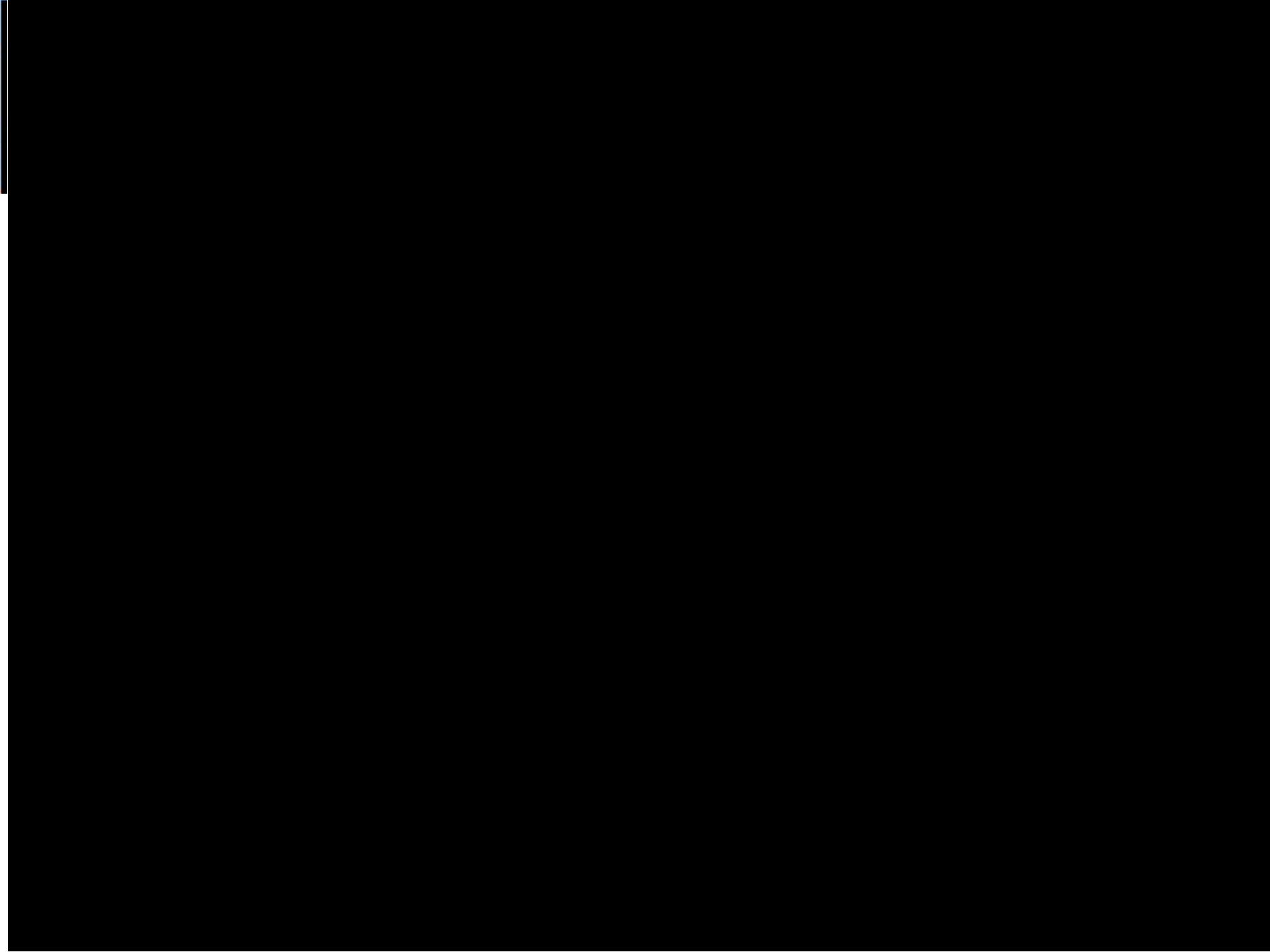


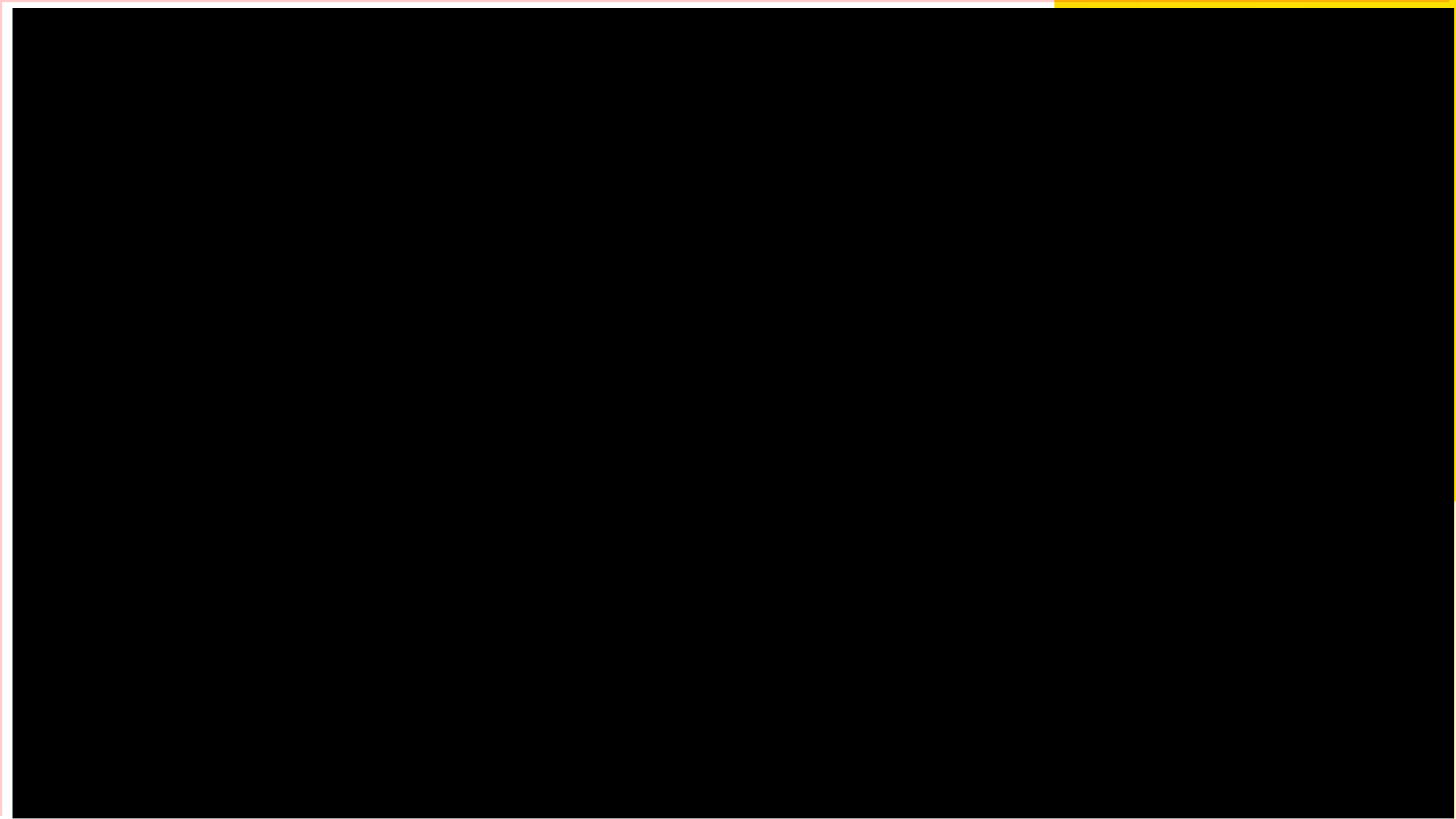


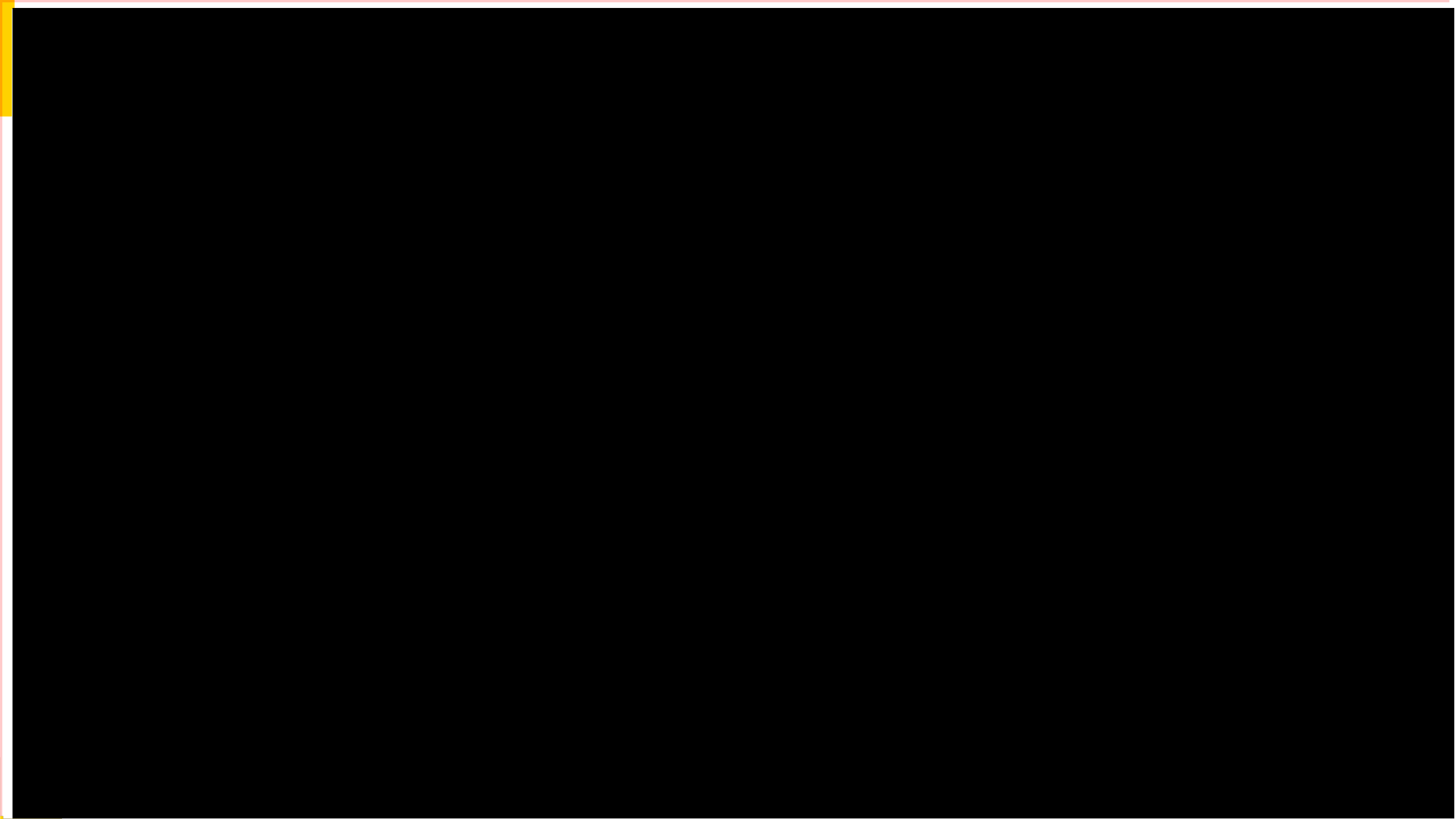


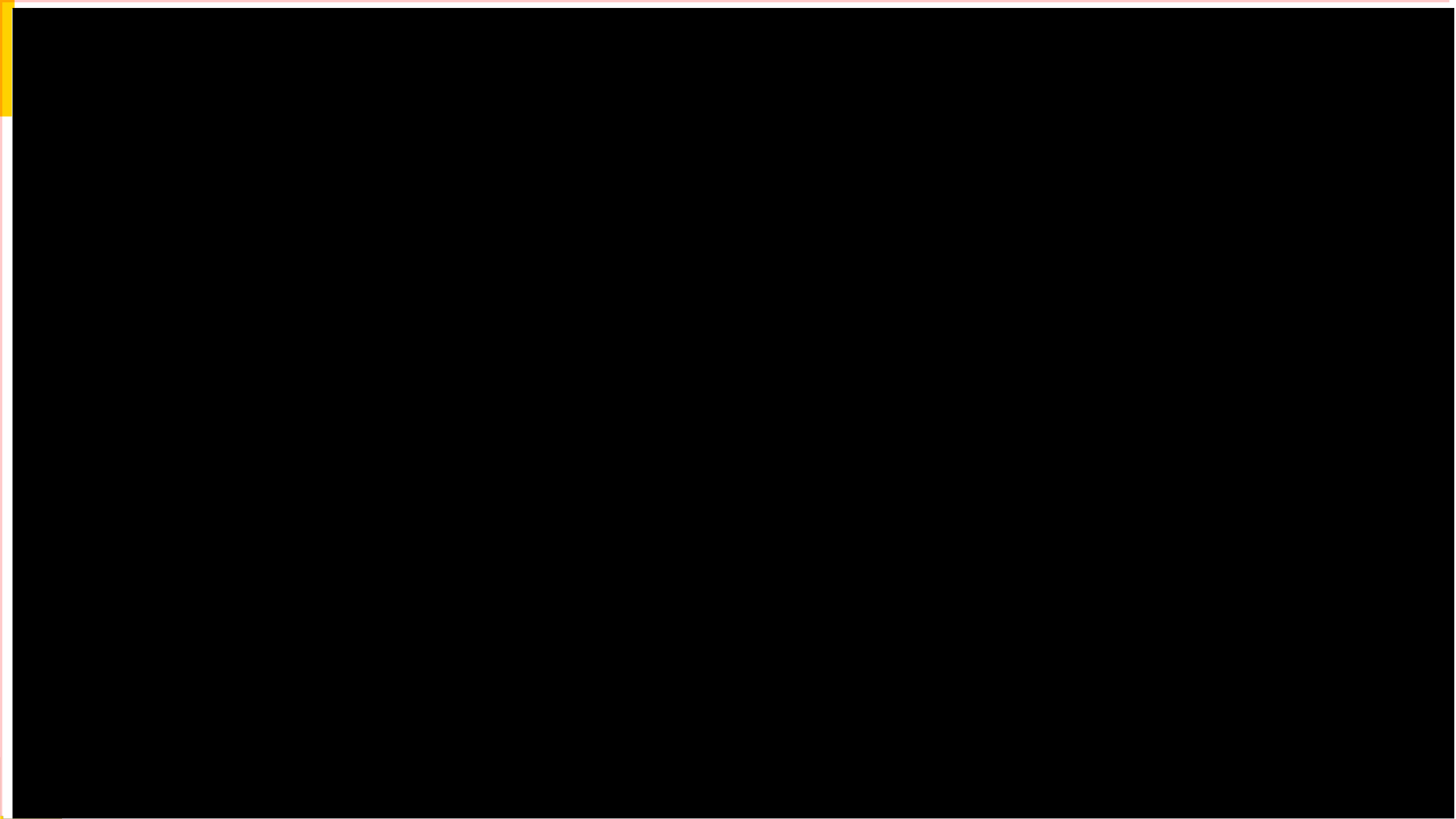












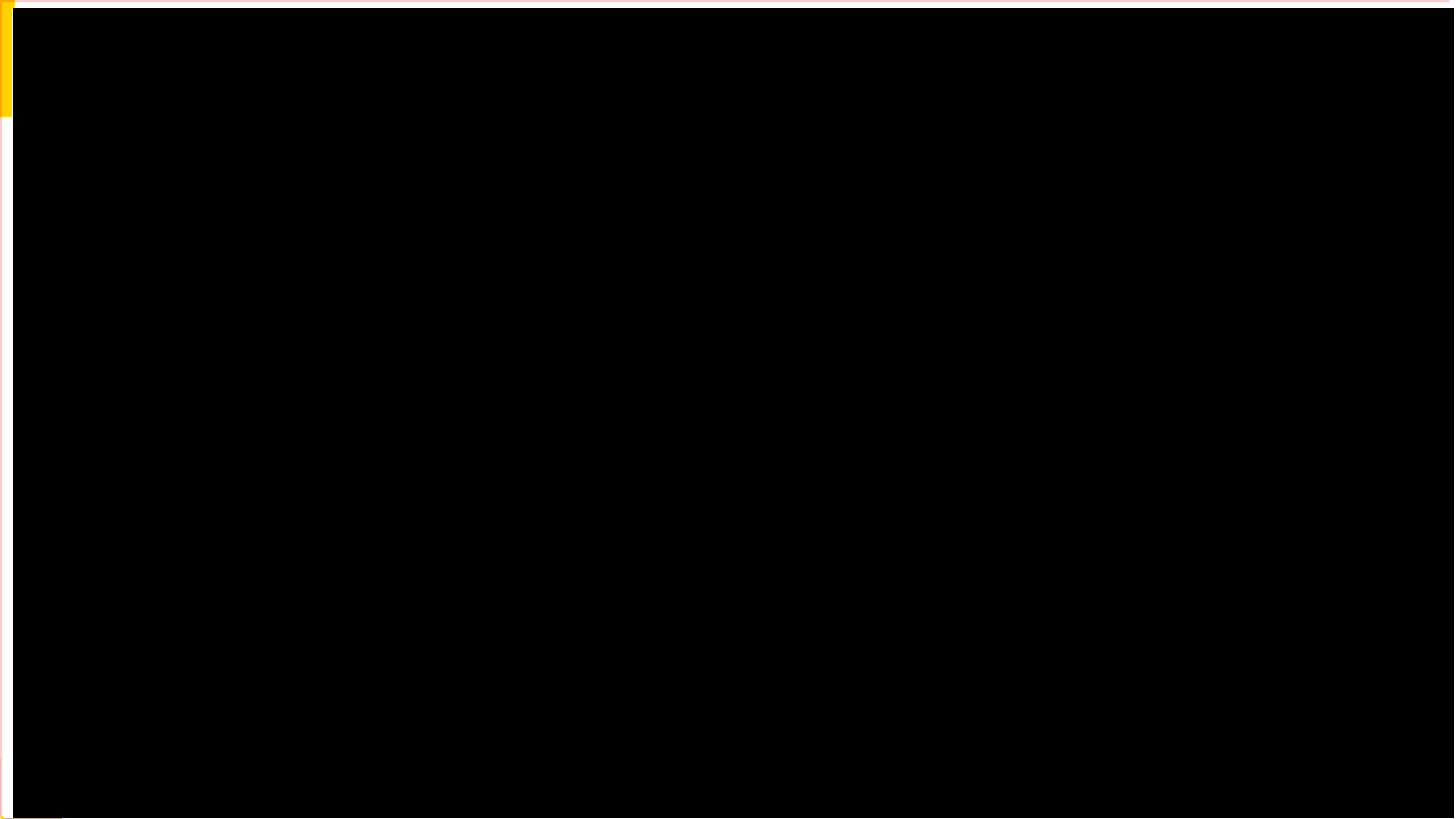
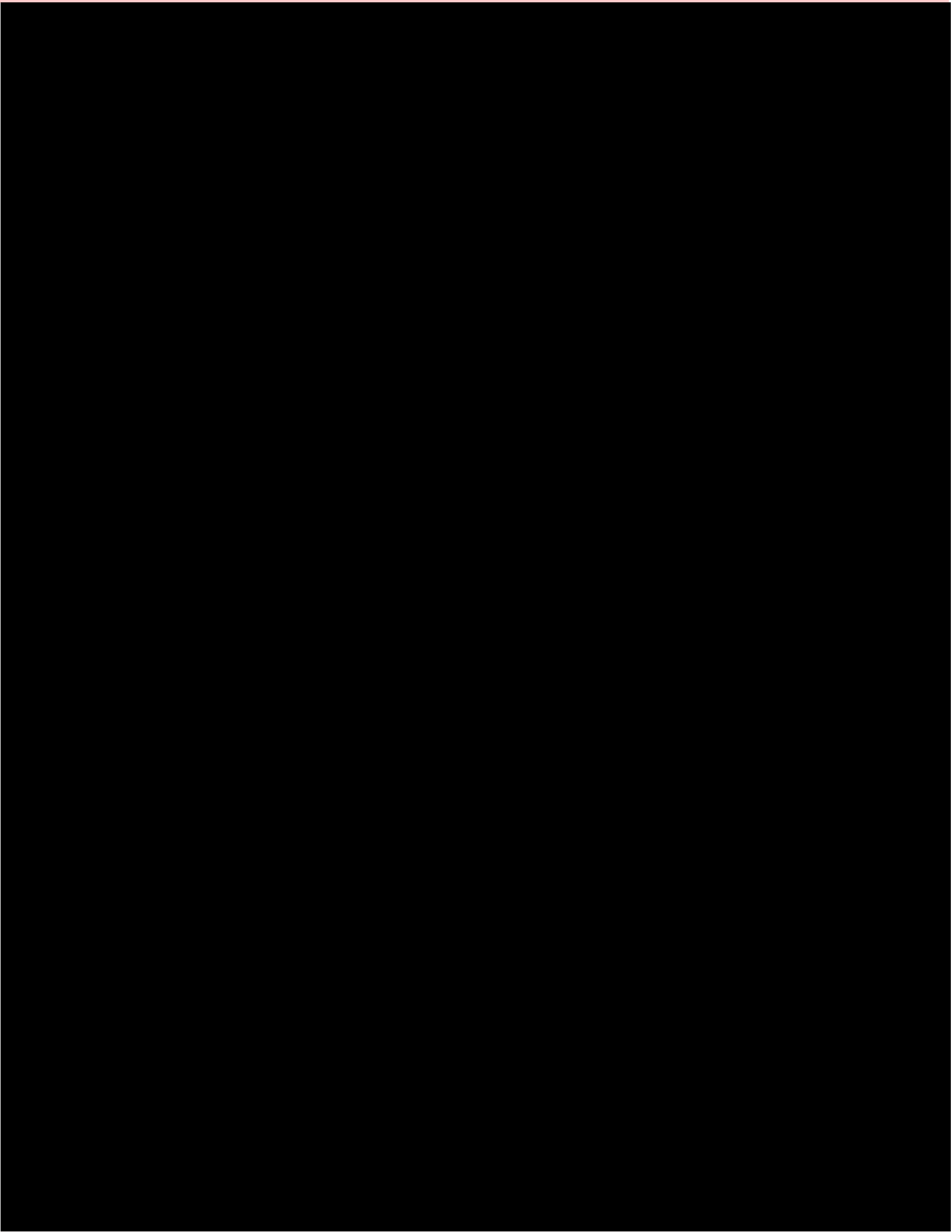
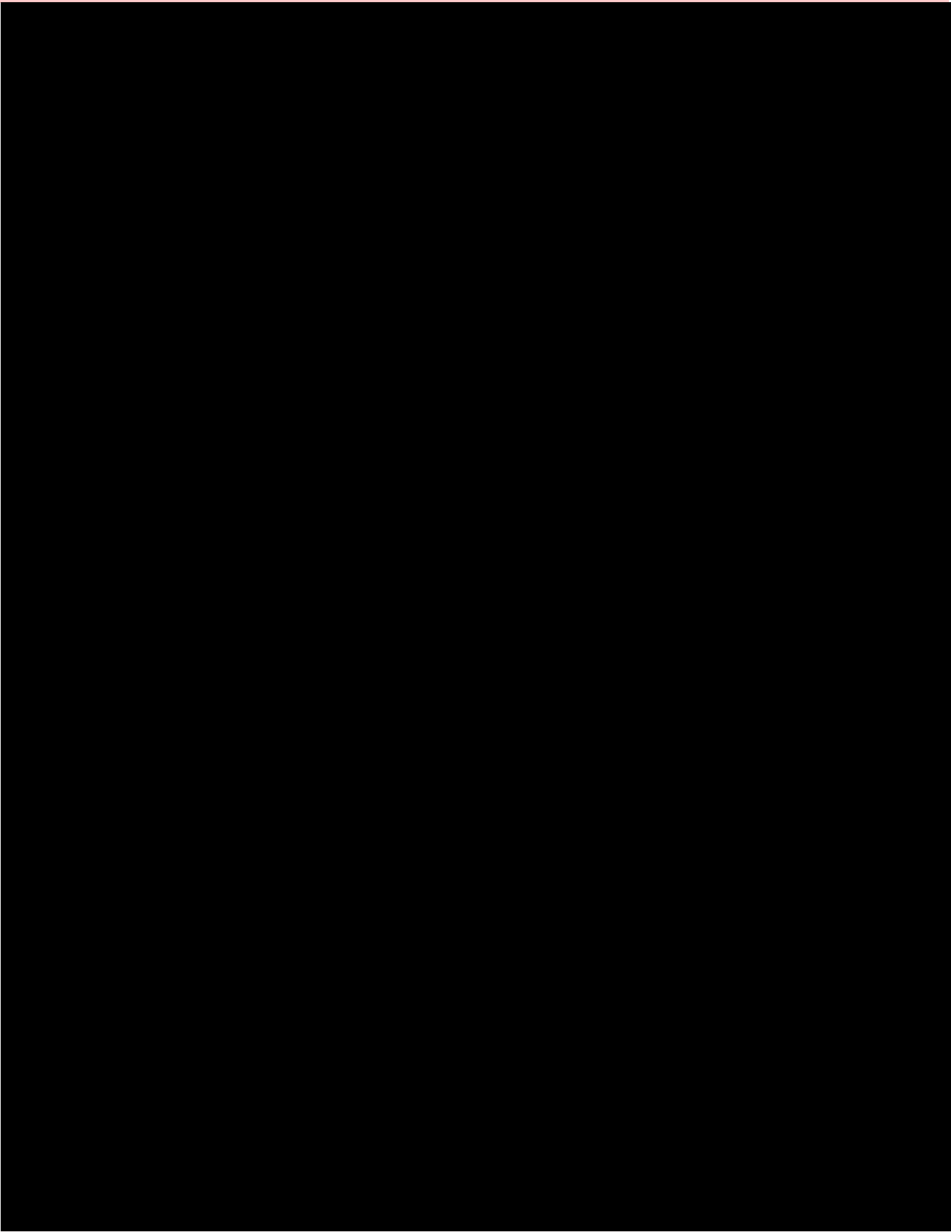


EXHIBIT 62





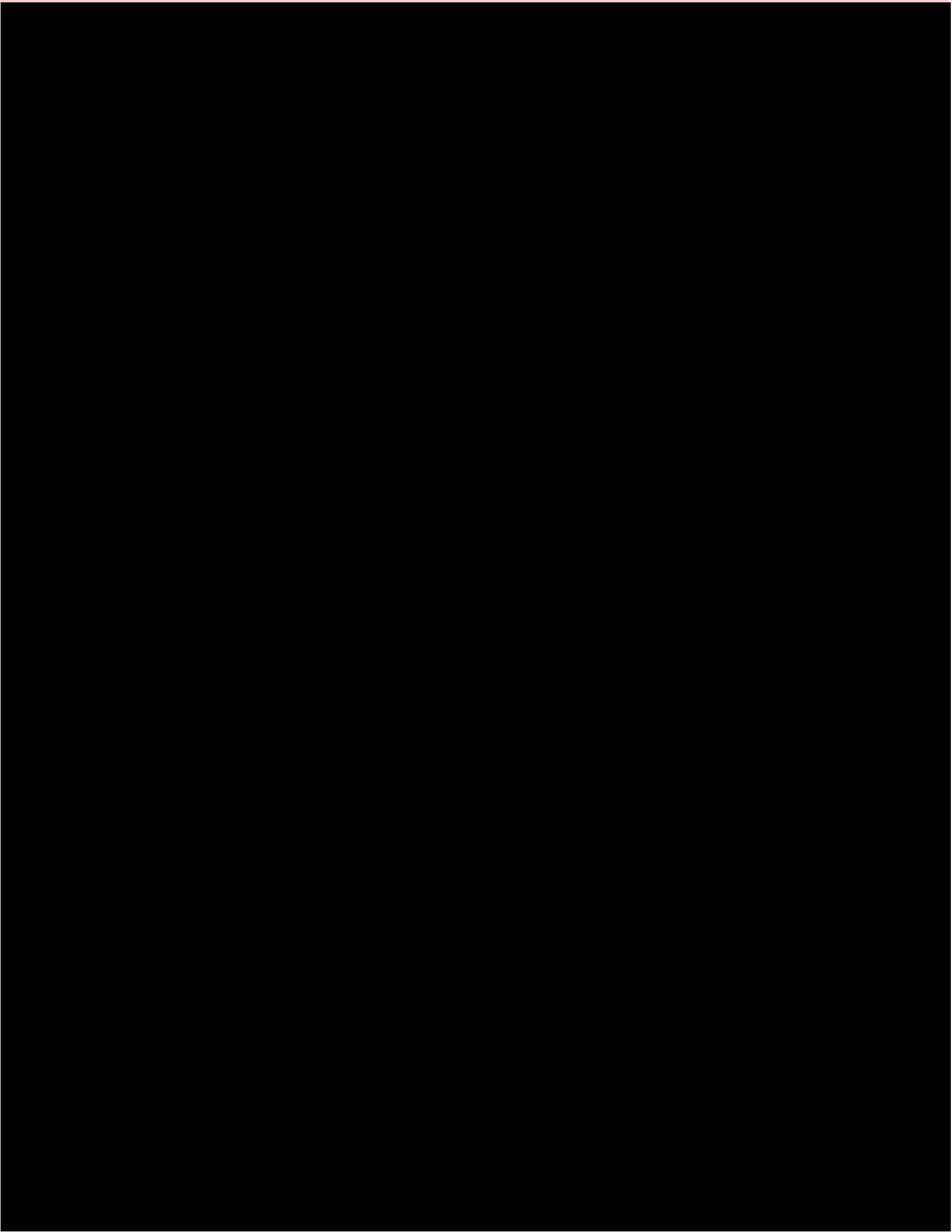


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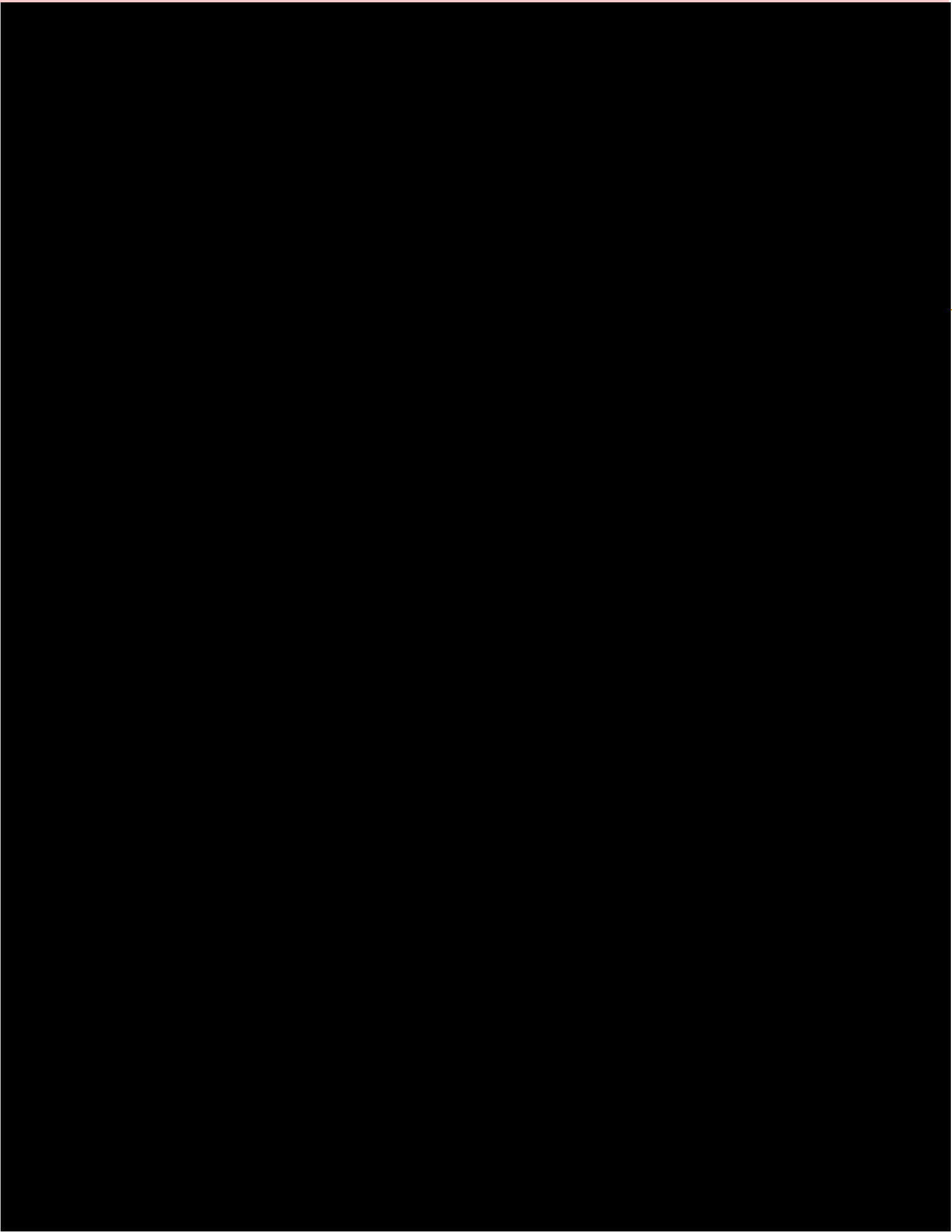


EXHIBIT 64

SHARE PURCHASE AGREEMENT

VIDEOTRON LTD.

– and –

QUEBECOR INC.

– and –

ROGERS COMMUNICATIONS INC.

– and –

SHAW COMMUNICATIONS INC.

– and –

SHAW TELECOM INC.

– and –

FREEDOM MOBILE INC.

August 12, 2022

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 12th day of August, 2022,

AMONG:

VIDEOTRON LTD.,

a corporation existing under the laws of the Province
of Québec

(the “**Purchaser**”)

- and -

QUEBECOR INC.,

a corporation existing under the laws of the Province
of Québec

(the “**Parent Guarantor**”)

- and -

ROGERS COMMUNICATIONS INC.,

a corporation existing under the laws of the Province
of British Columbia

(“**Rogers**”)

- and -

SHAW COMMUNICATIONS INC.,

a corporation existing under the laws of the Province
of Alberta

(“**Shaw**”)

- and -

SHAW TELECOM INC.,

a corporation existing under the laws of the Province
of Alberta

(“**Shaw Telecom**”)

- and -

FREEDOM MOBILE INC.,

a corporation existing under the laws of the Province
of Alberta

(“**Freedom**”)

WHEREAS, pursuant to the Arrangement Agreement, Rogers has agreed, subject to the terms and conditions set forth therein, to purchase all of the issued and outstanding shares in the capital of Shaw by way of a plan of arrangement under the provisions of the *Business Corporations Act* (Alberta) (the “**Shaw Acquisition**”);

AND WHEREAS, Shaw Telecom, a wholly-owned Subsidiary of Shaw, is the registered and beneficial owner of all of the issued and outstanding shares in the capital of Freedom;

AND WHEREAS, the Purchaser desires to purchase, and, in connection with the Shaw Acquisition, Rogers and Shaw desire to cause Shaw Telecom to sell to the Purchaser, the Purchased Shares, on the terms and subject to the conditions set forth in this Agreement;

AND WHEREAS, the Parent Guarantor has agreed to become a party to this Agreement solely to guarantee the obligations of the Purchaser pursuant to this Agreement;

AND WHEREAS, concurrently with the execution of this Agreement, and as a material inducement to and condition to each of the Seller Parties’ willingness to enter into this Agreement and the Ancillary Agreements to which it is a party, the Purchaser is delivering (or causing to be delivered) to the Seller Parties the Debt Commitment Letter.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings (and grammatical variations thereof shall have corresponding meanings):

[REDACTED]

[REDACTED]

“**Accounting Expert**” has the meaning specified in Section 2.8(c).

“**Accounting Principles**” means IFRS, applied using the accounting principles, methods, policies, estimation techniques, procedures, definitions and other provisions that were used in the preparation of the Audited Freedom Financial Statements, except as expressly modified by the accounting principles, methods, policies, estimation techniques, procedures, definitions and other provisions set forth in Schedule E hereto, in which case such accounting principles, methods, policies, estimation techniques, procedures, definitions and other provisions set forth in

Schedule E hereto shall apply regardless of any inconsistency or conflict with the Audited Freedom Financial Statements or IFRS. For the avoidance of doubt, any calculation utilizing the Accounting Principles shall be made after taking into account and giving effect to the consummation of the Reorganization Transactions for purposes of determining Net Debt, Net Working Capital, and the assets or liabilities of Freedom and FMDI.

“Actual Fraud” means, with respect to a representation or warranty of a Party made in this Agreement, that all of the following are satisfied: (a) the representation or warranty includes an actual and intentional misrepresentation of a material existing fact, (b) with actual knowledge of the Party making such representation or warranty that such representation or warranty is untrue, and (c) with an intention to induce the Party to whom such representation or warranty is made to act.

“affiliate” has the meaning specified in Section 1.2(j).

“Aggregate Cap” means [REDACTED]

“Agreement” means this share purchase agreement, including all schedules annexed hereto, including, for greater certainty, the Disclosure Letter.

“Alternative Financing” has the meaning specified in Section 4.12(f).

“Alternative Transaction” has the meaning specified in Section 4.26.

“Ancillary Agreements” means the Transition Services Agreement, the Reverse Transition Services Agreement, the Asset Purchase Agreement, the Spectrum Swap Agreements, the Roaming Agreement, [REDACTED], the Third-Party Internet Access Services Agreements, the Go Wi-Fi Agreement, the Transport Agreement, [REDACTED] and the Small Cell Licensing Agreement.

“AoC Tax Returns” means the federal income Tax Returns of Freedom and FMDI for their taxation years ending as a result of the transfer of the Purchased Shares to the Purchaser.

“Appellate Panel” has the meaning specified in Section 4.21(d)(iv).

“Arbitrator” has the meaning specified in Section 4.21(d)(ii).

“Arrangement Agreement” means the arrangement agreement dated as of March 13, 2021 between Rogers and Shaw.

“Assessment” has the meaning specified in Section 5.5(d).

“Asset Purchase Agreement” means the asset purchase agreement to be entered into between Freedom, as vendor, and Shaw Cablesystems Limited, as purchaser, in the form attached as Schedule F, or on such other terms as may be agreed to in writing by Rogers and the Purchaser.

“Assumed Liabilities” has the meaning given to it in the Asset Purchase Agreement.

“Audited Freedom Financial Statements” means the audited carve-out consolidated financial statements of Freedom (excluding the financial results, assets and liabilities associated with the

Shaw Mobile wireless business and Freedom Gateway Internet Business) for the fiscal years ended August 31, 2021 and 2020 attached as Schedule 3.1(9) of the Disclosure Letter.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, license or similar authorization of any Governmental Entity having jurisdiction over the Person.

“Base Purchase Price” means \$2,850,000,000.

“Benefit Transition Date” has the meaning specified in Section 4.10(b).

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta, Toronto, Ontario or Montreal, Québec.

“Calculation Time” means the time that is immediately prior to the Closing Time; provided that for purposes of any determination to be made as of the Calculation Time (a) all of the Reorganization Transactions shall be deemed to have occurred immediately prior to the Calculation Time, and (b) the Calculation Time shall be deemed to have occurred prior to giving effect to the transactions contemplated by Section 2.6(a) and the normal day-to-day operations occurring on the Closing Date.

“Canadian Securities Authorities” means the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

“Canadian Securities Laws” means the *Securities Act* (Alberta) and any other applicable Canadian provincial and territorial securities Laws, rules and regulations and published policies thereunder.

“Cash” means (a) cash and cash equivalents of Freedom and FMDI, (b) term deposits and fixed income securities held by Freedom and FMDI (in each case with a maturity of less than 365 days), (c) all outstanding cheques to the order of Freedom or FMDI and cash posted with Freedom or FMDI by counterparties, and (d) any interest accrued on the foregoing clauses (a) to (c) that remains unpaid; provided that Cash shall be reduced by the value of outstanding cheques issued by Freedom or FMDI to a third party that have not yet cleared where the corresponding account payable has not been included in Closing Net Working Capital as finally determined in accordance with this Agreement.

“CASL” means, collectively, *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada), the Electronic Commerce Protection Regulations (CRTC), the Electronic Commerce Protection Regulations (Industry Canada), the practice guidelines, bulletins and enforcement advisories issued by the CRTC and all similar Laws in other jurisdictions.*

“Class A Shares” means Class A Common shares in the capital of Freedom.

“Class B Shares” means Class B Common shares in the capital of Freedom.

“Closing” has the meaning specified in Section 2.2.

“**Closing Date**” means the “Effective Date” as defined in the Arrangement Agreement, unless otherwise agreed to by the Parties in writing.



“**Closing Net Debt**” means Net Debt as of the Calculation Time (which shall include, for greater certainty, the Remaining STI Trade Debt).

“**Closing Net Working Capital**” means Net Working Capital as of the Calculation Time.

“**Closing Statement**” has the meaning specified in Section 2.8(a).

“**Closing Time**” has the meaning specified in Section 2.2.

“**Commissioner of Competition**” means the Commissioner of Competition appointed pursuant to the Competition Act or any Person duly authorized to exercise the powers of the Commissioner of Competition.

“**Competition Act**” means the *Competition Act* (Canada).

“**Competition Act Clearance**” means (a) the issuance by the Commissioner of Competition of an advance ruling certificate under section 102 of the Competition Act, or a no-action letter in respect of the Transaction together with a waiver of the notification requirement under subsection 113(c) of the Competition Act, and (b) either (i) registration of a Consent Agreement with the Competition Tribunal, or (ii) an order of the Competition Tribunal pursuant to the Commissioner’s application under section 92 of the Competition Act in respect of the Arrangement Agreement allowing the Closing of the Transaction, without modification to the terms set out herein, to proceed, unless otherwise agreed by the Parties.

“**Competition Tribunal**” means the tribunal established pursuant to section 3 of the *Competition Tribunal Act* (Canada).

“**Confidential Information**” means, subject to Section 4.14(b), with respect to Rogers or the Purchaser, as applicable, all information about the business, operations, properties, customers, subscribers, assets, liabilities, strategies, prospects and plans of such Person or its post-Closing affiliates, as well as any portion of any documents, information, compilations, forecasts, analyses or proposals, in any form, that contain, reflect or are based upon, in whole or in part, any of the foregoing information, data, documents, agreements, files and other materials, provided that, for greater certainty, any such information in respect of Freedom, FMDI, or the Freedom Business (including the Freedom Data), shall constitute Confidential Information of the Purchaser.

“**Confidentiality Agreement**” means the confidentiality agreement dated May 13, 2022 between Rogers, Shaw and the Parent Guarantor.

“**Consent Agreement**” means a consent agreement between, at least, the Commissioner and one or more parties to the Arrangement Agreement on the basis of which the Transaction is permitted to close without modification to the terms set out herein, unless otherwise agreed by the Parties, but does not include the Section 104 Consent Agreement.

“**Constating Documents**” means articles of incorporation, amalgamation, arrangement or continuation, partnership agreements, unanimous shareholders agreements, by-laws (or

equivalent documents) and all amendments to such articles, partnership agreements, unanimous shareholders agreements or by-laws (or equivalent documents).

“Contract” means any written or oral legally binding agreement, commitment, engagement, contract, franchise, licence, lease, sublease, occupancy agreement, obligation, indenture, mortgage, arrangement or undertaking, together with any amendments and modifications thereto, to which any Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which any of their respective properties or assets is subject.

“Corrupt Practices Legislation” has the meaning specified in paragraph 30 of Schedule B.

“COVID-19” means the coronavirus disease 2019 (dubbed as COVID-19), caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) including variants thereof and/or any other virus or disease developing from or arising as a result of SARS-CoV-2 and/or COVID-19.

“COVID-19 Measures” means commercially reasonable actions for a Party or any of its Subsidiaries to take or refrain from taking in the operation of their business as a result of COVID-19 in order to comply with the provisions of any health, quarantine, social distancing, shutdown, safety or similar Law or guideline promulgated by any Governmental Entity in connection with COVID-19.

“CRTC” means the Canadian Radio-television and Telecommunications Commission or any successor body thereto.

“D&O Indemnitee” has the meaning specified in Section 4.11.

“Data Room” means the material contained in the virtual data room established by Rogers for Project Mars and hosted on the Firmex platform, as at 5:00 p.m. (Eastern time) on the second day prior to the date hereof, the index of documents of which is appended to the Disclosure Letter.

“Debt Commitment Letter” means the executed commitment letter dated the date hereof (which letter may be subject to customary redactions, including with respect to fee amounts, rates, economic terms and “market flex” provisions and other confidential or commercially sensitive information (but excluding any fee letters)), including all related exhibits, schedules, annexes, supplements and term sheets attached thereto, and the related fee letter, in each case, as amended, restated, supplemented, replaced and/or modified in accordance with the terms hereof, to the extent permitted hereunder.

“Debt Financing” means the financing contemplated under the Debt Commitment Letter or the Debt Financing Documents, in each case the proceeds of which may be used by the Purchaser to satisfy the aggregate Purchase Price payable under the terms of this Agreement.

“Debt Financing Documents” means the definitive documentation with respect to the Debt Financing on the respective terms and conditions (including the “market flex” provisions) contained in the Debt Commitment Letter or on other terms that, with respect to conditionality, are not less favourable to the Purchaser in any material respect.

“Debt Financing Sources” means the Persons that at any time have committed to provide or arrange or otherwise have entered into agreements in connection with all or any part of the Debt Financing (or Alternative Financings) in connection with the Transaction, including the parties to any Debt Commitment Letters, Debt Financing Documents or other commitment letters,

engagement letters, joinder agreements, underwriting agreements, indentures or credit agreements entered into or relating to any Debt Financing (and any definitive documentation related thereto) and any arrangers, underwriters, administrative agents or other agents or lenders in connection with the Debt Financing, together with, in each case, their respective affiliates, and their respective affiliates', officers, directors, employees, agents, stockholders, partners (general or limited), managers members, controlling parties, Representatives, funding sources and other representatives of each of the foregoing, and their respective successors and assigns.

"Deductible" has the meaning specified in Section 5.4(a)(i).

"Delayed ISED Licenses" has the meaning specified in Section 4.4(c).

"Direct Claim" has the meaning specified in Section 5.5(c).

"Disclosure Letter" means the disclosure letter dated the date of this Agreement, including all schedules, exhibits and appendices thereto, delivered by the Seller Parties to the Purchaser with this Agreement.

"Disputed Matter" has the meaning specified in Section 4.21(c).

"Employee Plans" means all health, welfare, retiree benefit, supplemental unemployment benefit, fringe benefits, bonus, profit sharing, option, stock appreciation, savings, insurance, incentive, incentive compensation, deferred compensation, death benefits, termination, retention, change in control, severance, share purchase, share compensation or any other share or equity-based compensation, disability, pension, retirement or supplemental retirement plans and other employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of any current or former director of Freedom or FMDI or any of the Freedom Employees, or any dependents or beneficiaries of any such person, registered, unregistered, funded or unfunded, which are maintained by or binding upon Shaw or its Subsidiaries, as applicable, or in respect of which Shaw or its Subsidiaries, as applicable, has any actual or potential liability or obligations; provided that, notwithstanding the foregoing, "Employee Plans" shall not include any Statutory Plans.

"Employee Transfers" has the meaning specified in Section 4.9(a).

"Environmental Laws" means all Laws relating to worker health and safety, pollution, protection of the natural environment or any species that might make use of it or the generation, production, import, export, use, storage, treatment, transportation, disposal or Release of Hazardous Substances, including under common law, and all Authorizations issued pursuant to such Laws.

"Estimated Closing Net Debt" has the meaning specified in Section 2.5(a).

"Estimated Closing Net Working Capital" has the meaning specified in Section 2.5(a).

"Estimated Closing Statement" has the meaning specified in Section 2.5(a).

“Estimated Purchase Price” has the meaning specified in Section 2.5(a).

“Estimated Remaining STI Trade Debt” has the meaning specified in Section 2.5(a).

“Evaluation Material” has the meaning specified in the Confidentiality Agreement.

“FMDI” means Freedom Mobile Distribution Inc., a corporation existing under the laws of the Province of Alberta.

“FMDI Shares” has the meaning specified in paragraph 8(b) of Schedule B.

“Franchise Laws” means Ontario’s Arthur Wishart Act (Franchise Disclosure), 2000 and Ontario Regulation 581/00, Alberta’s Franchises Act and Alberta Regulation 240/95, Franchises Regulation, Prince Edward Island’s Franchises Act and the Franchises Act Regulations, New Brunswick’s Franchises Act and the Franchises Act Regulations, Manitoba’s The Franchises Act and the Franchises Regulations and British Columbia’s Franchises Act and BC Regulation 238/2016, Franchises Regulation.

“Freedom” has the meaning specified in the preamble.

“Freedom Assets” means all of the assets, properties (real or personal), Contracts, permits, rights, licenses or other privileges (whether contractual or otherwise) owned by Freedom or FMDI or leased or licensed to Freedom or FMDI from any Person (other than (i) those assets, properties (real or personal), Contracts, permits, rights, licenses or other privileges (whether contractual or otherwise) leased or licensed to Freedom or FMDI from Shaw or its Subsidiaries or which Shaw or its Subsidiaries make available for the benefit of Freedom or FMDI, in each case, which are covered by the Transition Services Agreement, (ii) the Retained Assets and (iii) [REDACTED]

“Freedom Business” means the “Freedom Mobile” wireless business and Freedom Gateway Internet Business operated by Freedom and FMDI (excluding the Retained Assets and [REDACTED])

“Freedom Data” means any and all information and data, including any Personal Information, collected, processed or otherwise controlled or held by, or in the possession of, Shaw or its Subsidiaries regarding any current, former or prospective customers of the Freedom Business, Freedom Employees, consultants, agents, independent contractors or temporary workers of the Freedom Business or any other Persons having business dealings with the Freedom Business.

“Freedom Employees” means: (a) the employees of Freedom and FMDI (other than the Freedom Transferring Employees), and (b) the Shaw Transferring Employees.

“Freedom Financial Statements” means, collectively, the Audited Freedom Financial Statements and the Unaudited Freedom Financial Statements.

“Freedom Fundamental Representations” means the representations and warranties of Freedom set forth in paragraphs 1 [*Organization and Qualification*], 2 [*Corporate Authorization*], 3 [*Execution and Binding Obligation*], 5(a) [*Non-Contravention*], 6 [*Capitalization*], 7 [*Shareholders and Similar Agreements*], 8 [*Subsidiaries*] and 28 [*Brokers*] of Schedule B.

“Freedom Gateway Internet Business” means the Internet services provided to Freedom customers by Shaw Cablesystems G.P. and rebranded as Freedom Internet 150.

“Freedom ISED Licenses” means all of the ISED Licenses held by Freedom which contain, as a condition of such license, the requirement to seek the prior approval of ISED Canada to a transfer or a deemed transfer of such license as a result of a change of control of Freedom, as set forth in Schedule 1.1(b) of the Disclosure Letter.

“Freedom Shares” means, collectively, the Class A Shares, the Class B Shares and the Preferred Shares.

“Freedom Tax Attributes” means the aggregate of the following tax attributes of Freedom and FMDI: (i) non-capital losses (ii) the undepreciated capital cost of depreciable property determined without reference to subsection 13(26) or Regulation 1100(2) of the Tax Act, and (iii) Ontario corporate minimum tax credit carry-forwards (including corporate minimum tax credits in respect of instalments paid) divided by 0.265.

“Freedom Tax Rate” means the combined federal provincial tax rate applicable to ordinary business income earned by Freedom as at the Closing Date, expressed as a percentage calculated as follows: the federal tax rate plus the weighted average applicable provincial tax rate (determined by taking the sum of each provincial tax rate in a particular province multiplied by the proportionate provincial allocation of taxable income of Freedom to such province, provided that if there is no taxable income, to be determined based on assumed taxable income of \$1,000,000).

“Freedom Transferring Employees” means the employees of Freedom set forth in Schedule 4.9(a) of the Disclosure Letter who are transferring to Shaw or one of its Subsidiaries (other than Freedom or FMDI) as part of the Employee Transfers (but excluding any individual that is no longer employed by Freedom or FMDI at the time the Employee Transfers are implemented).

“Freedom Upsale Agreements” means (a) the receivables upsale agreement between Freedom, as the seller, and Shaw, as the purchaser, and (b) the receivables upsale agreement between FMDI, as the seller, and Shaw, as the purchaser, each dated June 19, 2018.

“Fundamental Representations” means the Freedom Fundamental Representations, the Seller Fundamental Representations and the Purchaser Fundamental Representations.

“Governmental Entity” means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral or adjudicative body, commission, board, bureau, commissioner, ministry, governor-in-council, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or Tax authority under or for the account of any of the foregoing, or (d) any stock exchange.

“Go Wi-Fi Agreement” means the agreement to be entered into between Freedom and Rogers, on the terms set forth in Schedule N hereto, or on such other terms as may be agreed to in writing by Rogers and the Purchaser, and otherwise in accordance with Section 4.21.

“Guarantee” has the meaning specified in Section 7.1(b).

“Guaranteed Obligations” has the meaning specified in Section 7.1(b).

“Hazardous Substances” means any substance that is (a) defined, regulated or prohibited or (b) classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant, under or pursuant to any applicable Environmental Laws.



“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board that are applicable to public issuers in Canada.

“Indebtedness” means, with respect to any Person, without duplication: (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (c) all obligations of such Person under leases required to be capitalized in accordance with the Accounting Principles with the amount of such leases being the amount that is required to be capitalized in accordance with the Accounting Principles; (d) all monetary obligations of such Person owing under swap contracts, derivative financial instruments or similar financial instruments (which amount shall be calculated based on the amount that would be payable by such Person if the relevant Contract or instrument were terminated on the date of determination); (e) all reimbursement obligations with respect to bankers' acceptances or similar credit transactions or letters of credit, if and to the extent drawn upon, (f) the amount of any accrued and unpaid income Tax liabilities of Freedom and FMDI for any Pre-Closing Tax Period, excluding Taxes arising from the Reorganization Transactions, (g) indebtedness representing the deferred or unpaid purchase price of any asset of such Person, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement, excluding trade payables and accrued expenses, if and to the extent such trade payables and accrued expenses would not appear as indebtedness on a statement of financial position prepared in accordance with the Accounting Principles, (h) all obligations of such Person in respect of any defined benefit pension plan and the employer portion of any payroll or other Taxes related to the foregoing (i) any accrued and unpaid interest in respect of any of the foregoing obligations, (j) any prepayment and redemption premiums or penalties (if any) payable at or as a result of the Closing, in respect of any of the foregoing obligations, and (k) all unpaid obligations of such Person of the type referred to in clauses (a) through (j) in respect of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations, in each case solely to the extent that payment has been demanded by the beneficiary

of such obligation and the underlying obligor is in default of such obligations; provided that, notwithstanding the foregoing, "Indebtedness" shall not include (i) any indebtedness owing solely between Freedom and FMDI, (ii) any amounts reflected as a liability in Closing Net Working Capital as finally determined in accordance with this Agreement, (iii) any asset retirement obligations, (iv) any deferred income Tax liabilities.

"Indemnified Party" means a Person making a claim for indemnification under Article 5.

[REDACTED]

"Indemnified Taxes" means

[REDACTED]

"Indemnifying Party" means any Party against whom a claim for indemnification is made under Article 5.

"Intellectual Property" means domestic and foreign: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (b) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (c) copyrights, copyright registrations and applications for copyright registration; (d) mask works, mask work registrations and applications for mask work registrations; (e) designs, design registrations, design registration applications and integrated circuit topographies; (f) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trademarks, trademark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (g) Software; and (h) any other intellectual property and industrial property.

"Inventories" means items that are held by Freedom or FMDI for sale, license, rental, lease or other distribution in the Ordinary Course, or are being produced for sale, or are to be consumed, directly or indirectly, in the production of goods or services to be available for sale, of every kind and nature and wheresoever situate including inventories of raw materials, work-in-progress, finished goods and by-products, operating supplies and packaging materials.

"ISED Canada" means the Minister of Innovation, Science and Industry acting in accordance with the powers and discretion accorded to the Minister under the *Radiocommunication Act* (Canada) and, where the context so requires, his designees or representatives at Innovation, Science and Economic Development Canada.

“ISED License” means a radio or spectrum license issued by ISED Canada pursuant to the *Radiocommunication Act* (Canada).

“Key Employee” means, with respect to any Person, an employee of such Person at the “Executive” level or above.

“Key Freedom Regulatory Approvals” means, collectively, (a) the Competition Act Clearance and (b) the Primary ISED Approval.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, consent agreement, decision, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by or registered with a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities (including, for greater certainty, Canadian Securities Laws, U.S. Securities Laws, and Franchise Laws), and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

“Leased Premises” means all real property that is leased, subleased, licensed or otherwise occupied by Freedom or FMDI pursuant to a Real Property Lease.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, lien (statutory or otherwise), or adverse right or claim, or other third party interest or encumbrance in property (real or personal) of any kind, in each case, howsoever created or arising, whether fixed or floating, perfected or not, contingent or absolute excluding non-exclusive licenses granted in the Ordinary Course.

“Losses” means any losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses, whether contractual, legal or equitable, including reasonable and documented legal or professional fees or costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, provided that in no event shall Losses include any punitive or exemplary damages, except to the extent constituting components of third-party claims or awards in respect of which the Person claiming the Loss faces liability.

“Material Adverse Effect” means any change, event, occurrence, effect, state of facts, or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse, to the business, operations, results of operations, assets, properties, capitalization, financial condition or liabilities (contingent or otherwise) of Freedom, FMDI or the Freedom Business, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

- (a) any change, event or development generally affecting the industries or segments in which the Freedom Business is operated or carried on, including any such change, event or development relating to policies of the CRTC, ISED or any other Governmental Entity;
- (b) any change or development in currency exchange, interest or inflation rates or in general economic, business, regulatory, political or market conditions or in financial,

securities or capital markets in Canada, the United States or in global financial or capital markets;

- (c) any hurricane, flood, tornado, earthquake or other natural disaster or man-made disaster, or the commencement or continuation of war, armed hostilities, including the escalation or worsening thereof, or acts of terrorism;
- (d) any general outbreak of illness, pandemic (including COVID-19), epidemic or similar event or the worsening thereof;
- (e) any adoption, proposal, implementation or change in Law or any interpretation, application or non-application of Law by any Governmental Entity, or any change in IFRS or changes in applicable regulatory accounting requirements applicable to the industries in which the Freedom Business is conducted;
- (f) the failure of the Freedom Business to meet any internal or published projections, forecasts, guidance or estimates of revenues, earnings or cash flow for any period ending on or after the date of this Agreement (provided, however, that the causes underlying such failure may be considered to determine whether such failure constitutes a Material Adverse Effect unless otherwise excluded by clauses (a) through (i));
- (g) any matter expressly disclosed in the Disclosure Letter, the Freedom Financial Statements or in the Shaw Filings prior to the date of this Agreement;
- (h) the announcement, execution or implementation of this Agreement, the Transaction or the Shaw Acquisition, including (i) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Shaw or any of its Subsidiaries with any of their current or prospective employees, customers, clients, shareholders, financing sources, distributors (including broadcasting distribution undertakings), suppliers, licensors, counterparties, regulators, insurance underwriters, or partners, or (ii) the inability of Shaw or any of its Subsidiaries to participate in any auction for wireless spectrum; or
- (i) any action taken (or omitted to be taken) by Shaw or any of its Subsidiaries which is required to be taken (or omitted to be taken) pursuant to (i) the Arrangement Agreement, (ii) this Agreement or that is consented to by the Purchaser in writing, or (iii) applicable Law (including COVID-19 Measures),

provided, however, (i) if any change, event, occurrence, effect, state of facts, or circumstance referred to in clauses (a) through to and including (c) above has a materially disproportionate effect on the Freedom Business, taken as a whole, relative to other comparable mobile wireless businesses in Canada, such effect may be taken into account in determining whether a Material Adverse Effect has occurred (in which case only the incremental disproportionate effect may be taken into account in determining whether a Material Adverse Effect has occurred); and (ii) that references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred.

“Material Contract” means any Contract that is a Freedom Asset:

- (a) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect;
- (b) providing for the establishment, investment in, organization or formation of any material joint venture, co-ownership, partnership, alliance, revenue sharing or similar arrangements;
- (c) relating directly or indirectly to the guarantee of any liabilities or obligations or to Indebtedness for borrowed money (in each case whether incurred, assumed, guaranteed or secured by any asset) in excess of \$6,000,000, excluding guarantees or intercompany liabilities or obligations between Freedom and FMDI;
- (d) restricting the payment of dividends or other distributions by Freedom or FMDI;
- (e) that (i) limits or restricts in any material respect the ability of Freedom or FMDI to engage in any line of business or carry on business in any geographic area or the scope of Persons to whom Freedom or FMDI may sell products or deliver services, (ii) contains any material exclusivity or similar provision, or (iii) grants a third party a most favoured nation right or a right of first offer or refusal in respect of material Freedom Assets;
- (f) under which Freedom or FMDI have made, reasonably expect to make or is obligated to make or has received or reasonably expects to receive payments in excess of \$15,000,000 over the remaining term of such Contract;
- (g) that is a material wireless network arrangement agreement; and
- (h) any Contract (other than Contracts referred to in (a) through (g) above) that is still in force and which has been or would be required by Canadian Securities Laws or U.S. Securities Laws to be filed by Shaw with the Canadian Securities Authorities or SEC,

each of which have been identified in Schedule 1.1 of the Disclosure Letter.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Money Laundering Laws” has the meaning specified in paragraph 31 of Schedule B.

“Net Debt”, which may be a positive or negative number, means, without duplication, an amount equal to (a) Indebtedness of Freedom and FMDI, plus (b) Transaction Expenses, plus (c) any amounts owing from Freedom or FMDI to Shaw or its Subsidiaries (other than Freedom or FMDI), plus (d) Taxes arising from the Reorganization Transactions (as determined in accordance with Section 4.7), minus (e) Cash, minus (f) income Tax instalments recoverable of Freedom and FMDI, net of Tax payable thereon, but excluding for greater certainty any refundable tax credit (including the credits already covered in the definition of Freedom Tax Attributes), minus (g) any amounts owing from Shaw or its Subsidiaries (other than Freedom or FMDI) to Freedom or FMDI, in each case prepared, determined and calculated in accordance with the Accounting Principles (an illustrative calculation of which is set forth in Schedule E).

“Net Working Capital” means, without duplication, an amount equal to (a) all current assets of Freedom and FMDI; plus (b) all non-current assets of Freedom and FMDI identified with reasonable specificity in the illustrative calculation of Net Working Capital in Schedule E, minus (c) all current liabilities of Freedom and FMDI but excluding, for greater certainty, (i) assets and liabilities of Freedom or FMDI included in Net Debt (including, for greater certainty, Transaction Expenses), (ii) current lease liabilities of Freedom and FMDI, (iii) income Taxes payable or recoverable of Freedom and FMDI (iv) deferred income Tax assets and deferred income Tax liabilities, and (v) receivables and payables between Freedom and FMDI, in each case prepared, determined and calculated in accordance with the Accounting Principles (an illustrative calculation of which is set forth in Schedule E).

“Notice” has the meaning specified in Section 8.3.

“Notice of Arbitration” has the meaning specified in Section 4.21(c).

“Orders” means all applicable judgments, orders, writs, injunctions, rulings, decisions, assessments and binding directives, protocols, policies and guidelines having the force of law rendered by any Governmental Entity.

“Ordinary Course” means, with respect to an action taken or operation in relation to the Freedom Business or the Freedom Assets, that such action or operation is consistent with the past practices of Shaw or its Subsidiaries in relation to the Freedom Business or the Freedom Assets and is taken in the ordinary course of the normal day-to-day operations of the Freedom Business, including any commercially reasonable deviations therefrom taken in good faith by Shaw or any such Subsidiary as a result of or in response to natural disasters, calamities, emergencies, crises or any COVID-19 Measures.

“Other Ancillary Agreements” means all of the Ancillary Agreements with the exception of the Roaming Agreement and the Small Cell Licensing Agreement.

“Outside Date” means the “Outside Date” as defined in the Arrangement Agreement, as it may be extended from time to time: (a) in accordance with the Arrangement Agreement; or (b) pursuant to any consent, amendment or other Contract entered into between Rogers and Shaw, provided that the Outside Date for purposes of this Agreement shall be no later than January 31, 2023 without the Purchaser’s written consent.

“Outstanding Ancillary Agreement” has the meaning specified in Section 4.21(b).

“Parent Guarantor” has the meaning specified in the preamble.

“Parties” means, collectively, the Purchaser, Rogers, Shaw, Shaw Telecom and Freedom, and **“Party”** means any one of them.

“Pending Claim” means (a) all pending claims relating to the Freedom Business made by Shaw or any of its Subsidiaries against or under any insurance policy maintained by or for the benefit of Shaw or any of its affiliates prior to Closing, and (b) any claims relating to the Freedom Business reported or required to be reported under any insurance policy maintained by or for the benefit of Shaw or any of its Subsidiaries pursuant to Section 4.20.

“Permitted Liens” means, in respect of Freedom, FMDI, or the Freedom Assets, any one or more of the following:

- (a) Liens or deposits for Taxes or charges for electricity, gas, power, water and other utilities which are not yet due or delinquent or which are being contested in good faith by appropriate proceedings and in respect of which the applicable Governmental Entities are prevented from taking collection action during the valid contest of such amounts;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Freedom Assets, provided that such Liens are related to obligations not yet due or delinquent, are not registered against title to any Freedom Assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) municipal by-laws, regulations, ordinances, zoning laws, building or land use restrictions and other limitations imposed by any Governmental Entity having jurisdiction over real property and any other restrictions affecting or controlling the use, marketability or development of real property imposed by any Governmental Entity having jurisdiction over real property;
- (d) customary rights of general application reserved to or vested in any Governmental Entity to control or regulate any interest in the facilities in which the Freedom Business is conducted, provided that such Liens, encumbrances, exceptions, agreements, restrictions, limitations, contracts and rights (i) were not incurred in connection with any Indebtedness, and (ii) do not, individually or in the aggregate, have a Material Adverse Effect on the value or materially impair or add material cost to the use of the applicable Freedom Asset;
- (e) agreements affecting real property with any public utility, municipality or Governmental Entity in connection with operations conducted with respect to the Freedom Assets in the Ordinary Course, but only to the extent those Liens relate to costs and expenses for which payment is not yet due or delinquent;
- (f) any minor encroachments by any structure located on the real property on which the Leased Premises is situate onto any adjoining lands and any minor encroachment by any structure located on adjoining lands onto the real property on which the Leased Premises is situate, in both instances that do not adversely impact in any material respect the use in the Ordinary Course of the Freedom Assets affected thereby as they are being used on the date of this Agreement;
- (g) easements, rights of way, restrictions, restrictive covenants, servitudes and similar rights in land including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables, affecting the real property on which the Leased Premises is situate, that do not adversely impact in any material respect the use in the Ordinary Course of the Freedom Assets affected thereby as they are being used on the date of this Agreement;

- (h) any reservations, exceptions, limitations, provisos and conditions contained in the original Crown grant or patent (including the reservation of any mines and minerals in the Crown or in any other Person), as same may be varied by statute;
- (i) any Liens (i) pursuant to leases required to be capitalized under IFRS or purchase money obligations of such Person permitted in accordance with Section 4.1(b)(xiii) in the Ordinary Course; (ii) pursuant to any conditional sales agreement, leases for equipment, vehicles or any other personal property and assets in or over the property and assets so purchased or leased in the Ordinary Course; (iii) registered, as of the second day immediately before the date hereof, against the Freedom Assets in a public personal property registry, or similar registry systems (other than those listed in Schedule 1.1(i) of the Disclosure Letter, to be discharged or authorized to be discharged on or prior to Closing); or (iv) registered as of the date hereof against title to the real property comprising Freedom Assets on which the Leased Premises are situated in the applicable land registry offices (other than Liens granted in connection with Indebtedness);
- (j) minor imperfections or irregularities of title to real property that do not, individually or in the aggregate, materially detract from the value or materially and adversely impact the use of the real property in the Ordinary Course of the Freedom Assets affected thereby as they are being used on the date of this Agreement; and
- (k) Liens listed and described in Schedule 1.1(c) of the Disclosure Letter.

“Person” includes any individual, partnership, association, body corporate, trust, organization, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Personal Information” means any information that is subject to any Privacy Law or capable of being associated with a legal Person (in jurisdictions where legal Persons have the benefit of, or are protected by, Privacy Laws) or with an individual consumer or device, including information that identifies, or could be combined with other information to identify a device or natural person, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including Social Insurance number and driver’s license number), medical, health or insurance information, gender, date of birth, educational or employment information, any religious or political view or affiliation, marital or other status, photograph, face geometry or biometric information, and any other data used or intended to be used to identify, contact or precisely locate an individual. “Personal Information” includes information in any form, including paper, electronic and other forms.

“Post-Closing Employee Plans” has the meaning specified in Section 4.10.

“Pre-Closing Receivables” has the meaning specified in Section 4.23.

“Pre-Closing Tax Period” means any taxable period ending on or before the Closing Time (but shall not include any taxable period beginning on the Closing Date) and, with respect to a Straddle Period, the portion of such Straddle Period ending at the Closing Time.

“Preferred Shares” means Preferred shares in the capital of Freedom.

“Primary ISED Approval” means the receipt of all approvals required from ISED Canada for the deemed transfer of all of the Freedom ISED Licenses to the Purchaser [REDACTED]

“Privacy Laws” means any applicable Law that governs the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure or transfer of Personal Information and any such law governing data breach notification, in any jurisdiction in which Freedom or FMDI provides services, including, the *Personal Information Privacy and Electronic Documents Act* (Canada), the CASL, and any published interpretation and guidance issued by any Governmental Entity.

“Property Taxes” has the meaning specified in Section 4.7(j).

“Purchase Price” has the meaning specified in Section 2.4.

“Purchase Price Dispute Notice” has the meaning specified in Section 2.8(b).

“Purchased Shares” means all of the issued and outstanding shares of Freedom as of the Closing Time (after giving effect to any Reorganization Transactions that are effected prior to Closing).

“Purchaser” has the meaning specified in the preamble.

“Purchaser Fundamental Representations” means (a) the representations and warranties of the Purchaser set forth in paragraphs 1 [*Organization and Qualification*], 2 [*Corporate Authorization*], 3 [*Execution and Binding Obligation*], 5(a) [*Non-Contravention*] and 10 [*Brokers*] of Schedule C, and (b) the representations and warranties of the Parent Guarantor set forth in Section 7.1(g).

“Purchaser Indemnified Parties” has the meaning specified in Section 5.2.

“Real Property Lease” means any lease, sublease, license, occupancy agreement or other agreement with respect to any real property leased, subleased, licensed or otherwise occupied by Freedom or FMDI.

“Regulatory Approvals” means, collectively, (i) the Competition Act Clearance, (ii) the Primary ISED Approval, and [REDACTED]

“Related Parties” means, in respect of a Party, such Party’s past, present or future director, officer, employee, incorporator, member, partner, agent, equityholder, affiliate or other Representative of such Party, and any of its successors and assigns, and any past, present or future director, officer, employee, incorporator, member, partner, agent, equityholder, affiliate or other Representative of any of the foregoing.

“Release” has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial,

abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment.

“Remaining STI Trade Debt” has the meaning set forth in Schedule D.

“Reorganization Tax Period” means any taxable period (other than a Pre-Closing Tax Period) that includes one or more Reorganization Transactions.

“Reorganization Transactions” has the meaning set forth in Section 4.6.

“Representative” has the meaning given to it in the Confidentiality Agreement.

“Resolution Period” has the meaning specified in Section 2.8(b).

“Retained Asset Note” has the meaning specified in Section 2.6(b)(ii).

“Retained Asset Purchase Price” means the aggregate purchase price payable by Shaw Cablesystems Limited under the Asset Purchase Agreement in consideration for the Retained Assets (less the amount of the Accrued Liabilities (as defined in the Asset Purchase Agreement)), as may be adjusted in accordance with the Asset Purchase Agreement.

“Retained Assets” means the “Purchased Assets” as defined in the Asset Purchase Agreement.

“Reverse Transition Services Agreement” means the transition services agreement to be entered into between Freedom and Rogers in the form attached as Schedule H hereto, or on such other terms as may be mutually agreed to in writing by Rogers and the Purchaser.

“Review Period” has the meaning specified in Section 2.8(b).

[REDACTED]

“Roaming Agreement” means the roaming agreement to be entered into between Freedom, Rogers Communications Canada Inc. and Purchaser, on the terms set forth in Schedule K hereto, or on such other terms as may be mutually agreed to in writing by Rogers and the Purchaser, and otherwise in accordance with Section 4.21.

“Rogers” has the meaning specified in the preamble.

“Sanctions” has the meaning specified in paragraph 29 of Schedule B.

“SEC” means the United States Securities and Exchange Commission.

[REDACTED]

“Section 104 Consent Agreement” means the consent agreement entered into by Rogers, Shaw and the Commissioner of Competition on May 30, 2022 in respect of the Tribunal Proceedings in respect of section 104 of the Competition Act.

“Secured Data Room” means the secured and encrypted virtual data room established by Shaw as at 5:00 p.m. (Eastern time) on the second day immediately prior to the date of this Agreement, the index of documents of which is appended to the Disclosure Letter.

“Securities Authorities” means the Canadian Securities Authorities and the SEC.

“Securities Laws” means Canadian Securities Laws and U.S. Securities Laws.

“SEDAR” means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Canadian Securities Authorities.

“Seller Fundamental Representations” means the representations and warranties of the Seller Parties set forth in paragraphs 1 [*Organization and Qualification*], 2 [*Corporate Authorization*], 3 [*Execution and Binding Obligation*], 5(a) [*Non-Contravention*] and 7 [*Brokers*] of Schedule A.

“Seller Indemnified Parties” has the meaning specified in Section 5.3.

“Seller Parties” means, collectively, Rogers, Shaw and Shaw Telecom, and **“Seller Party”** means any one of them.

“Shared Contract” has the meaning specified in Section 4.18.

“Shaw” has the meaning specified in the preamble.

“Shaw Acquisition” has the meaning specified in the recitals.

“Shaw Family Group” has the meaning specified in the Arrangement Agreement.

“Shaw Filings” means all forms, reports, schedules, statements and other documents which are publicly filed or furnished by Shaw pursuant to applicable Canadian Securities Laws or the U.S. Exchange Act since August 31, 2019 to the date of this Agreement.

“Shaw Guarantees” has the meaning specified in Section 4.17(a).

“Shaw Letter of Credit” has the meaning specified in Section 4.17(b).

“Shaw Mobile” refers to the Shaw-branded wireless service, which was announced on July 30, 2020.

“Shaw Telecom” has the meaning specified in the preamble.

“Shaw Transferring Employees” means the employees of Shaw or any of its Subsidiaries (other than Freedom or FMDI) set forth in Schedule 4.9(b) of the Disclosure Letter who are transferring to Freedom as part of the Employee Transfers (but excluding any individual that is no longer employed by Shaw or one of its Subsidiaries (other than Freedom or FMDI) at the time the Employee Transfers are implemented).

“Small Cell Licensing Agreement” means the licensing agreement to be entered into between Rogers or its applicable affiliate(s) and Parent Guarantor or its applicable affiliate(s) on the terms

set forth in Schedule Q hereto, or on such other terms as may be agreed to in writing by Rogers and the Purchaser, and otherwise in accordance with Section 4.21.

[REDACTED]

“Software” means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

[REDACTED]

“Spectrum Swap Agreement (2500 MHz)” means the spectrum swap agreement between Freedom and Rogers in the form attached as Schedule I hereto, or on such other terms as may be mutually agreed to in writing by Rogers and the Purchaser.

“Spectrum Swap Agreement (AWS-1)” means the spectrum swap agreement between Freedom and Rogers in the form attached as Schedule J hereto, or on such other terms as may be mutually agreed to in writing by Rogers and the Purchaser.

“Spectrum Swap Agreements” means, collectively, the Spectrum Swap Agreement (2500 MHz) and the Spectrum Swap Agreement (AWS-1).

“Statutory Plans” means statutory benefit plans which Shaw or its Subsidiaries, as applicable, are required to participate in or comply with, including any benefit plan administered by any federal or provincial government and any benefit plans administered pursuant to applicable health, tax, workplace safety insurance, and employment insurance legislation.

“Straddle Period” means any taxable period beginning before and ending after the Closing Date.

“Subsidiary” has the meaning specified in Section 1.2(j).

“Target Net Working Capital” means [REDACTED]

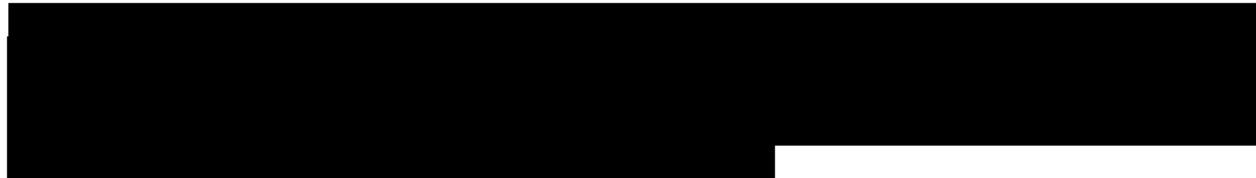
“Tax Act” means the *Income Tax Act* (Canada).

“Tax Returns” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports, and including any documents filed under section 125.7 of the Tax Act) filed or required to be filed in respect of Taxes.

“Taxes” means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, and any amounts owing or refunds owing under section 125.7 of the Tax Act, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized

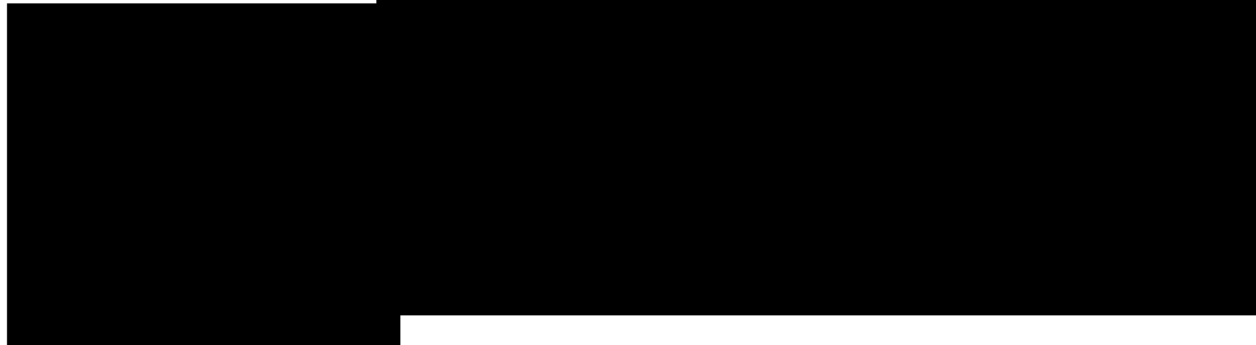
sales, provincial sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party, and in each case, whether disputed or not.

"Technical Lease" means a macro-site lease or license of real property which permits the installation and operation of a cellular tower or rooftop antenna, or a license to install a cellular antenna on a tower or structure (which, for greater certainty, shall exclude small cell licenses and attachment agreements).



"Third-Party Claim" has the meaning specified in Section 5.5(a).

"Third-Party Internet Access Services Agreements" means (i) the third-party internet access services agreement to be entered into between Rogers Communications Canada Inc. and Parent Guarantor and the CSG Agreement to be entered into between Rogers Communications Canada Inc. and Parent Guarantor



"Transaction" means, collectively, the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement or the Ancillary Agreements (including, for greater certainty, the Reorganization Transactions and excluding, for greater certainty, the Shaw Acquisition).

"Transaction Expenses" means the following amounts, but solely to the extent that such amount is an obligation of Freedom or FMDI that has not been paid prior to Closing: (a) all fees, expenses and disbursements of legal counsel, investment bankers, accountants, consultants, economists and other professional advisors incurred in connection with the Transaction (including the

Reorganization Transactions but excluding any reimbursable expenses contemplated in Sections 4.13(c), 4.17 or 4.20(b)), (b) any stay, sale, retention, transaction or change of control bonuses, or, subject to Section 4.9, severance payments payable by Freedom or FMDI to any current or former employee, officer, director or other service provider of or to Freedom or FMDI pursuant to any existing Contract with such Person or as otherwise required by Law or agreed to by Rogers, Shaw, or any of their affiliates, in each case to the extent payable as a result of the consummation of the Transaction (but excluding, for greater certainty, any severance or other payments [REDACTED] arising as a result of the occurrence of one or more additional post-Closing actions taken by the Purchaser or any of its affiliates (including, from and after Closing, Freedom or FMDI)), together with the employer portion of any taxes payable on such amounts and (c) all broker's, finder's or similar fees incurred in connection with the Transaction.

"Transfer Date" has the meaning specified in Section 4.9(a).

"Transition Services Agreement" means the transition services agreement to be entered into between Freedom and Rogers in the form attached as Schedule G hereto, or on such other terms as may be mutually agreed to in writing by Rogers and the Purchaser.

"Transport Agreement" means the transport agreement to be entered into between Freedom and Rogers, on the terms set forth in Schedule O hereto, or on such other terms as may be agreed to in writing by Rogers and the Purchaser, and otherwise in accordance with Section 4.21.

"Tribunal Proceedings" means the proceedings commenced by the Commissioner of Competition against Rogers and Shaw before the Competition Tribunal in file CT-2022-02 pursuant to sections 92 and 104 of the Competition Act.

"Unaudited Freedom Financial Statements" means the unaudited carve-out consolidated statements of financial position, income and comprehensive income, changes in net investment of parent and cash flows of Freedom (which are prepared on the same basis as the Audited Freedom Financial Statements and exclude the financial results, assets and liabilities associated with the Shaw Mobile wireless business and Freedom Gateway Internet Business) as of and for the nine-month period ended May 31, 2022 attached as Schedule 3.1(9)(b) of the Disclosure Letter.

"U.S. Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended from time to time and the rules and regulations of the SEC promulgated thereunder.

"U.S. Securities Act" means the *Securities Act of 1933* of the United States, as amended from time to time and the rules and regulations of the SEC promulgated thereunder.

"U.S. Securities Laws" means the U.S. Securities Act and all other applicable U.S. federal securities laws.

"willful breach" means a material breach of this Agreement that is a consequence of any act or failure to act by the breaching Party with the actual knowledge that the taking of such act or the failure to take such act would, or would be reasonably expected to, cause a material breach of this Agreement.

[REDACTED]



1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

(a) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(b) **Currency.** Unless otherwise specified, (i) all references to dollars or to \$ are references to Canadian dollars, and (ii) in the event that any amounts are required to be converted from a foreign currency to Canadian dollars or vice versa, such amounts shall be converted using the most recent closing exchange rate of The Bank of Canada available before the relevant calculation date (it being understood and agreed that, for purposes of the calculation or determination of (x) the Estimated Closing Net Working Capital or the Estimated Closing Net Debt or any component thereof, the exchange rate shall be determined using the applicable closing rate published by the Bank of Canada on the Business Day immediately preceding the delivery of the Estimated Closing Statement, and (y) the Closing Net Working Capital or the Closing Net Debt or any component thereof, exchange rate shall be determined using the applicable closing rate published by the Bank of Canada on the Closing Date).

(c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) **Certain Phrases and References, etc.**

- (i) The words “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”.
- (ii) The phrase “to the extent” means the degree to which the subject matter thereof relates and does not simply mean “if”.
- (iii) Except as the context otherwise requires, the phrase “or” is not exclusive and has the inclusive meaning of “and/or”.
- (iv) Unless stated otherwise, “Article”, “Section”, “paragraph” and “Schedule” followed by a number or letter mean and refer to the specified Article, Section or paragraph of or Schedule to this Agreement.
- (v) The term “Agreement” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated, and includes all schedules to it (and in the case of this Agreement, the Disclosure Letter).

(vi) The term “made available” means (A) copies of the subject material were included in the Data Room, (B) copies of the subject material were provided to the Purchaser or its Representatives in accordance with the procedures relating to the treatment of Evaluation Material contemplated by the Confidentiality Agreement, or (C) the subject material was listed in the Disclosure Letter and copies thereof were provided to the Purchaser or its Representatives.

(e) **Capitalized Terms.** Except as otherwise expressly provided in any Schedule or the Disclosure Letter, all capitalized terms used in any Schedule or in the Disclosure Letter have the meanings ascribed to them in this Agreement.

(f) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of Freedom, it is deemed to refer to the actual knowledge of Bradley Shaw, Executive Chair and Chief Executive Officer, Trevor English, Executive Vice President, Chief Financial and Corporate Development Officer, Paul McAleese, President, Peter Johnson, Executive Vice President, Chief Legal and Regulatory Officer or Zoran Stakic, Chief Operating Officer and Chief Technical Officer, after reasonable inquiry.

(g) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise. Any reference to a section of a federal taxation statute of Canada shall, unless otherwise expressly indicated or unless the context otherwise requires, include and refer to the equivalent provisions of any applicable provincial taxation statute.

(h) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Eastern time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Eastern time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(i) **Time References.** References to days means calendar days, unless stated otherwise. References to time are to local time in Montréal, Québec and Toronto, Ontario unless otherwise stated.

(j) **Affiliates and Subsidiaries.** For the purpose of this Agreement, a Person is an “affiliate” of another Person if one of them is a Subsidiary of the other or each one of them is controlled, directly or indirectly, by the same Person, provided that (i) prior to Closing, Freedom and FMDI shall constitute “affiliates” of Shaw and Shaw Telecom, (ii) from and after Closing, Freedom and FMDI shall constitute “affiliates” of the Purchaser (and shall cease to be “affiliates” of Shaw and Shaw Telecom), (iii) in no case shall an “affiliate” of Shaw, Shaw Telecom or Rogers include any member of the Shaw Family Group, Corus Entertainment Inc., or the Rogers Control Trust and (iv) in no case shall an “affiliate” of the Purchaser or the Parent Guarantor include Pierre Karl Péladeau or members of his family. A “Subsidiary” means a Person that is controlled directly or indirectly by another Person and includes a Subsidiary of that Subsidiary. A Person is considered to “control” another Person if: (i) the first Person beneficially owns or directly or indirectly exercises control or direction over securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors of the second Person, unless that first Person holds the voting securities only to secure an obligation, or (ii) the second

Person is a partnership, other than a limited partnership, and the first Person holds more than 50% of the interests of the partnership, or (iii) the second Person is a limited partnership, and the general partner of the limited partnership is the first Person. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of Shaw, each such provision shall be construed as a covenant by Shaw to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

1.3 Schedules

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

1.4 Disclosure Letter

The Disclosure Letter itself and all information contained in it is Evaluation Material and is subject to the terms and conditions of the Confidentiality Agreement.

ARTICLE 2 PURCHASE AND SALE; CLOSING

2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions set forth herein, at the Closing on the Closing Date, Shaw Telecom shall sell, transfer, assign, convey and deliver to the Purchaser, and the Purchaser shall purchase from Shaw Telecom, all right, title and interest in and to the Purchased Shares, free and clear of all Liens (except for restrictions on transfer under Freedom's Constating Documents or applicable Securities Laws).

2.2 Closing

Subject to the satisfaction (or, where legally permissible, waiver by the Party or Parties entitled to the benefit of the applicable condition) of all conditions set forth in Section 2.3, the closing of the purchase and sale of the Purchased Shares (the "**Closing**") shall take place as early as practicable on the Closing Date (the "**Closing Time**"), via electronic exchange of signatures, unless another time or date is agreed to in writing by the Parties.

2.3 Conditions to Closing

(a) Mutual Conditions Precedent. The Parties are not required to complete the Transaction unless each of the following conditions is satisfied at or prior to the Closing Time, which conditions (other than the conditions in Section 2.3(a)(i) which may be waived jointly (but not individually) by Rogers and Shaw) may only be waived (to the extent permissible under applicable Law), in whole or in part, by the unanimous consent of each of Rogers, Shaw and the Purchaser:

- (i) **Shaw Acquisition**. All conditions to the completion of the Shaw Acquisition as set forth in Article 6 of the Arrangement Agreement have been satisfied or waived (where permitted) by the party or parties to the Arrangement Agreement entitled to the benefit of such condition.

- (ii) **Key Freedom Regulatory Approvals.** Each of the Key Freedom Regulatory Approvals have been made, given or obtained and each such Key Freedom Regulatory Approval is in force and has not been rescinded or amended in such a way as to prevent or otherwise make illegal the consummation of the Transaction.
- (iii) **Illegality.** No Law, including the Section 104 Consent Agreement or any order of the Competition Tribunal pursuant to the Tribunal Proceedings, is in effect that makes the consummation of the Transaction illegal or otherwise prohibits or enjoins any of the Parties from consummating the Transaction.

(b) Additional Condition Precedent to the Obligations of the Purchaser. The Purchaser is not required to complete the Transaction unless the following condition is satisfied, which condition is for the exclusive benefit of the Purchaser and may only be waived (to the extent permissible under applicable Law), in whole or in part, by the Purchaser in its sole discretion:

- (i) **Material Adverse Effect.** Since the date of this Agreement, there has not occurred a Material Adverse Effect.

(c) Without limiting the rights of the Parties under Section 6.1 [*Termination*], except as expressly set forth in this Section 2.3 there are no conditions precedent to the Parties' obligations to consummate the Closing on the Closing Date and, for greater certainty, neither the accuracy of a Party's representations and warranties contained in this Agreement, nor a Party's compliance with its covenants contained in this Agreement, shall be a condition to Closing.

2.4 Purchase Price

The aggregate purchase price (the "**Purchase Price**") for the Purchased Shares shall be equal to:

- (a) the Base Purchase Price;
- (b) *minus* the Closing Net Debt (which, for greater certainty, shall result in an increase in the Purchase Price if Closing Net Debt is a negative number);
- (c) *plus* the amount, if any, by which the Closing Net Working Capital exceeds the Target Net Working Capital;
- (d) *minus* the amount, if any, by which the Closing Net Working Capital is less than the Target Net Working Capital;
- (e) *plus* the Retained Asset Purchase Price;
- (f) *minus* [REDACTED] and
- (g) *minus* [REDACTED]

2.5 Estimated Closing Statement

(a) At least three Business Days prior to the anticipated Closing Date, the Seller Parties shall deliver (or cause to be delivered) to the Purchaser a statement (as it may be adjusted pursuant to Section 2.5(b), the “**Estimated Closing Statement**”) setting forth (i) the Sellers Parties’ good faith estimates of (A) the Closing Net Working Capital (“**Estimated Closing Net Working Capital**”), and (B) the Closing Net Debt (the “**Estimated Closing Net Debt**”), which estimate shall include, for greater certainty, the Seller Parties’ good faith estimate of the Remaining STI Trade Debt, if any (the “**Estimated Remaining STI Trade Debt**”), and (ii) the Seller Parties’ resulting good faith calculation of the Purchase Price determined without regard to Section 2.9 or [REDACTED] (the “**Estimated Purchase Price**”). The Estimated Closing Statement shall be prepared in accordance with this Agreement and the Accounting Principles, and shall be accompanied by reasonable supporting detail with respect to the calculation of the amounts set out therein (including details relating to the intercompany payments contemplated in Section 1 of Schedule D).

(b) Following the delivery of the Estimated Closing Statement, the Seller Parties shall consider in good faith any of Purchaser’s comments on the calculation of the Estimated Purchase Price and the components thereof and make any revisions to the Estimated Closing Statement that are agreed to by Rogers and the Purchaser prior to the Closing Date.

(c) Concurrently with the delivery of the Estimated Closing Statement, the Seller Parties shall deliver (or cause to be delivered) to the Purchaser a statement certified by a senior officer of Shaw, without personal liability, setting forth the calculation of [REDACTED]

2.6 Closing Payments

(a) At the Closing, but prior to the purchase and sale of the Purchased Shares pursuant to Section 2.1 (i) the Purchaser shall, as an advance to Freedom by way of a non-interest bearing loan, pay in cash by wire transfer of immediately available funds, an aggregate amount equal to the Estimated Remaining STI Trade Debt, and (ii) Freedom shall use the proceeds of such advance to repay and discharge the Estimated Remaining STI Trade Debt and shall provide a direction letter to the Purchaser (which direction letter shall set forth the Estimated Remaining STI Trade Debt) directing the Purchaser to make or cause to be made the payments described in the preceding sentence directly to Shaw Telecom (or as otherwise directed by Rogers) by wire transfer of immediately available funds to the account designated in writing by Rogers at least one Business Day prior to Closing. The Seller Parties shall document such advance and the satisfaction of the Estimated Remaining STI Trade Debt in a manner satisfactory to the Purchaser, acting reasonably.

(b) At the Closing, the Purchaser shall:

(i) pay, or cause to be paid an amount equal to:

(A) the Estimated Purchase Price;

(B) *minus* the [REDACTED]

(C) *minus* [REDACTED]

(D) *minus* the Retained Asset Purchase Price,

to Shaw Telecom (or as otherwise directed by Rogers) by wire transfer of immediately available funds to the account designated in writing by Rogers at least one Business Day prior to Closing; and

- (ii) issue to Shaw Telecom a non-interest bearing promissory note having a principal amount equal to the Retained Asset Purchase Price (the "**Retained Asset Note**").

(c) From and after Closing, the Purchaser shall discharge and pay, or cause to be discharged and paid, on behalf of Freedom and FMDI, as applicable, all Transaction Expenses owing as and when due and shall indemnify the Seller Parties and their respective affiliates for any and all losses, damages, claims, costs, expenses or other liabilities incurred or sustained by, or imposed upon any of them based upon, arising out of, or by reason of, the Transaction Expenses (but solely to the extent that such Transaction Expenses were included in Closing Net Debt or as a liability in Closing Net Working Capital as finally determined pursuant to this Agreement).

2.7 Closing Deliverables

(a) Closing Deliverables of the Seller Parties. At or prior to the Closing, the Seller Parties shall deliver, or cause to be delivered, to the Purchaser (except to the extent already in the possession or control of Freedom or FMDI):

- (i) share certificates evidencing the Purchased Shares, duly endorsed in blank or accompanied by share transfers or other instruments of transfer duly executed in blank;
- (ii) subject to Section 4.21, the Ancillary Agreements, duly executed by each of the Seller Parties, Freedom, FMDI and their respective affiliates that are party thereto, as applicable;
- (iii) duly executed resignation and mutual release letters, in customary form, effective as of the Closing Time, of all individuals who are directors of Freedom or FMDI immediately prior to the Closing Time;
- (iv) a certificate of status, compliance or good standing with respect to each of the Seller Parties, Freedom and FMDI issued by appropriate government officials of their respective jurisdictions of incorporation;
- (v) a confirmation of sale duly executed by Shaw Telecom in the form of Schedule R; and
- (vi) the minute books and corporate seals (if any) of Freedom and FMDI (to be delivered at the head office of the Purchaser).

(b) Closing Deliverables of the Purchaser. At or prior to the Closing, the Purchaser shall deliver, or cause to be delivered, to the Seller Parties:

- (i) the Retained Asset Note;
- (ii) subject to Section 4.21, the Ancillary Agreements, duly executed by each of the Purchaser and its affiliates that is party thereto (excluding, for greater certainty, Freedom and FMDI), as applicable; and
- (iii) a certificate of status, compliance or good standing with respect to each of the Purchaser and Parent Guarantor issued by appropriate government officials of their respective jurisdictions of incorporation.

2.8 Post-Closing Adjustment

(a) Closing Statement. As promptly as practicable, but no later than 90 days after the Closing Date, the Purchaser shall prepare and deliver to Rogers a statement (the "**Closing Statement**"), setting forth (i) the Purchaser's good faith calculations of (A) the Closing Net Working Capital, and (B) the Closing Net Debt, and (ii) the Purchaser's resulting good faith calculation of the Purchase Price (determined without regard to Section 2.9 or [REDACTED]). The Closing Statement shall be prepared in accordance with this Agreement and the Accounting Principles, and shall be accompanied by reasonable supporting detail with respect to the calculation of the amounts set out therein.

(b) Review Period. Rogers may, within 45 days following the later of (i) Rogers' receipt of the Closing Statement, and (ii) the date that the Purchaser satisfies those information requests described in Section 2.8(d) that are made within 10 Business Days from Rogers' receipt of the Closing Statement (the "**Review Period**"), provide a written notice to the Purchaser disputing all or any part of the Closing Statement (such notice, a "**Purchase Price Dispute Notice**"), which Purchase Price Dispute Notice shall set forth in reasonable detail the items and amounts that Rogers disputes and Rogers' alternative calculation of each disputed item. Any item set forth in the Closing Statement that is not disputed in a Purchase Price Dispute Notice shall become final and binding upon the Parties on the day following the expiration of the Review Period. If a Purchase Price Dispute Notice is provided to the Purchaser, then the Purchaser and Rogers shall negotiate in good faith to resolve the disputed items specified in the Purchase Price Dispute Notice during the 30-day period commencing on the date of the Purchaser's receipt of the Purchase Price Dispute Notice or such longer period as Rogers and the Purchaser may agree in writing (the "**Resolution Period**"). If Rogers and the Purchaser reach agreement on the final resolution of a disputed item during such period, the resolution of such disputed item shall be final and binding upon the Parties and form part of the final Closing Statement.

(c) Accounting Expert. If Rogers and the Purchaser do not agree upon a final resolution with respect to all disputed items within the Resolution Period, then the remaining items in dispute shall be submitted as promptly as practicable to PricewaterhouseCoopers LLP or, if such firm is unavailable or unwilling to act, such other internationally or nationally recognized independent accounting firm reasonably acceptable to the Purchaser and Rogers (the "**Accounting Expert**") for resolution. If Rogers and the Purchaser cannot agree on the Accounting Expert, either of them may apply, upon prior notice to the other, to a court of competent jurisdiction to appoint the Accounting Expert, and such appointment will be final and binding upon the Parties. The Accounting Expert shall act solely as an accounting expert and not as an arbitrator and its decision shall be based solely on (i) the provisions set forth in this Agreement, including the Accounting Principles and the definitions contained herein, and (ii) a single written presentation provided to the Accounting Expert by the Purchaser and a single written presentation provided to the Accounting Expert by Rogers, each of which shall be delivered within 15 days after the

engagement of the Accounting Expert and limited to the disputed items, and not on independent review. No discovery shall be permitted and no hearing will be held. Neither Rogers nor the Purchaser shall, and they shall cause their respective Representatives not to, engage in ex parte communications with the Accounting Expert. Rogers and the Purchaser agree to instruct the Accounting Expert to render a determination of the applicable dispute within 30 days after submission of the written presentations to such Accounting Expert in accordance with clause (ii) above, which determination must be in writing and must set forth, in reasonable detail, the basis therefor. The engagement fees and all other fees and expenses of the Accounting Expert shall be borne by the Purchaser, on the one hand, and Rogers, on the other hand, in proportion to the portion of the aggregate amount in dispute that is finally resolved by the Accounting Expert in a manner adverse to such party. For greater certainty and by way of example only, if the Purchaser claims the appropriate adjustments are \$1,000, and Rogers contests only \$500 of the amount claimed by the Purchaser, and if the Accounting Expert ultimately resolves the dispute by awarding the Purchaser \$300 of the \$500 contested, then the costs and expenses of the Accounting Expert will be allocated sixty percent (60%) (i.e., 300/500) to Rogers and forty percent (40%) (i.e., 200/500) to the Purchaser. In resolving the disputed items, the Accounting Expert may not assign a value to any item greater than the greatest value claimed for such item, or less than the smallest value for such item, claimed by either the Purchaser or Rogers, and shall limit its decision to only such items as are submitted to it. Such determination of the Accounting Expert shall, absent fraud or manifest error, be final, conclusive and binding upon, and non-appealable by the Parties. Notwithstanding anything herein to the contrary, the failure of the Accounting Expert to strictly conform to any deadline or time period contained herein shall not render the determination of the Accounting Expert invalid and shall not be a basis for seeking to overturn any determination rendered by the Accounting Expert.

(d) Access to Information. After the date that the Purchaser delivers the Closing Statement to Rogers and until the Closing Statement becomes final and binding upon the Parties pursuant to this Section 2.8, subject to applicable Laws, Freedom and the Purchaser shall (and shall cause each of their affiliates to) reasonably cooperate with and provide Rogers and its Representatives with reasonable access (including electronic access), upon prior written notice and during normal business hours, to (i) the books, work papers, records, schedules, memoranda, and other materials of the Purchaser, Freedom and their respective Representatives (including all supporting schedules, data, and other materials in connection with the Purchaser's calculations of the Closing Net Working Capital and the Closing Net Debt), (ii) senior accounting personnel of the Purchaser and of Freedom (and the Purchaser shall use its commercially reasonable efforts to cause such personnel to cooperate and work in good faith with the Rogers and its Representatives), and, (iii) subject to the execution of any customary work paper access letters required by them, the Purchaser's and Freedom's advisors and their work papers, in each case, to the extent relevant to the preparation of the Closing Statement and for the purpose of reviewing the Closing Statement, disputing the Closing Statement and/or agreeing upon the Closing Statement (in whole or in part).

(e) Post-Closing Adjustment.

- (i) If the Purchase Price, as finally determined in accordance with this Section 2.8 (determined without regard to Section 2.9 or [REDACTED] is greater than the Estimated Purchase Price, then the Purchaser shall promptly (but in any event within five Business Days following the final determination of the Purchase Price pursuant to this Section 2.8) pay or cause to be paid, by wire transfer of immediately available funds to such account(s) designated in writing by Rogers, an

amount in cash equal to the Purchase Price (determined without regard to Section 2.9 or [REDACTED]) less the Estimated Purchase Price.

- (ii) If the Purchase Price, as finally determined in accordance with this Section 2.8 (determined without regard to Section 2.9 or [REDACTED]), is less than the Estimated Purchase Price, then Shaw Telecom shall promptly (but in any event within five Business Days following the final determination of the Purchase Price pursuant to this Section 2.8) pay or cause to be paid, by wire transfer of immediately available funds to such account(s) designated in writing by the Purchaser, an amount in cash equal to the Estimated Purchase Price less the Purchase Price (determined without regard to Section 2.9 or [REDACTED]).

2.9 [REDACTED]

(a) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d) [REDACTED]

(e)

[Redacted]

(f)

[Redacted]

(g)

[Redacted]

■

[Redacted]

■

[Redacted]



(h)



ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Seller Parties and Freedom

(a) Each of the Seller Parties hereby represents and warrants to the Purchaser, severally (and not jointly) in respect of itself, that the representations and warranties relating to such Seller Party set forth in Schedule A are true and correct as of the date hereof and as at the Closing Time, and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with entering into and performing this Agreement.

(b) Except as set forth in the Disclosure Letter, or in the Shaw Filings made prior to the date of this Agreement (excluding any disclosure in such documents under the headings "Caution Concerning Forward-Looking Statements" or "Known Events, Trends, Risks & Uncertainties" and any other disclosures contained therein that are predictive, cautionary or forward-looking in nature), Shaw hereby represents and warrants to the Purchaser that the representations and warranties set forth in Schedule B are true and correct as of the date hereof and as at the Closing Time, and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with entering into and performing this Agreement.

(c) Except for the representations and warranties set forth in this Agreement, none of the Seller Parties, Freedom nor any other Person makes or has made any other express or implied representation and warranty, whether written or oral, with respect to the Seller Parties, Freedom, FMDI or the Freedom Business.

3.2 Representations and Warranties of the Purchaser

(a) The Purchaser hereby represents and warrants to the Seller Parties that the representations and warranties set forth in Schedule C are true and correct as of the date hereof and as at the Closing Time and acknowledges and agrees that the Seller Parties are relying upon such representations and warranties in connection with entering into and performing this Agreement.

(b) Except for the representations and warranties set forth in this Agreement, neither the Purchaser nor any other Person makes or has made any other express or implied representation and warranty, whether written or oral, with respect to the Purchaser.

ARTICLE 4 COVENANTS

4.1 Conduct of the Freedom Business

(a) Shaw and Freedom covenant and agree that, during the period from the date of this Agreement until the earlier of the Closing Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), (ii) as required or permitted by this Agreement (including, for greater certainty, as contemplated by the Reorganization Transactions) or the Arrangement Agreement, (iii) in connection with any COVID-19 Measures undertaken by Shaw or its Subsidiaries, or (iv) as required by Law or a Governmental Entity, they will, and will cause their respective Subsidiaries to, use their respective reasonable best efforts to conduct the Freedom Business in the Ordinary Course and in accordance, in all material respects, with applicable Laws, and to use their respective commercially reasonable efforts to (x) maintain and preserve in all material respects the business organization, operations, assets, properties, employees, goodwill and relationships of the Freedom Business with customers, suppliers, partners and other Persons having material business relations with the Freedom Business in the Ordinary Course, (y) make the aggregate capital expenditures in the 2022 fiscal year and 2023 fiscal year, which would amount to at least [REDACTED] of the capital expenditures set out in Schedule 4.1(b)(xi) of the Disclosure Letter in respect of each year (which aggregate amount shall be pro-rated for the period between the date of this Agreement and the Closing Date, in respect of the 2022 fiscal year, and the start of the 2023 fiscal year and the Closing Date in respect of the 2023 fiscal year, as applicable), and (z) maintain in all material respects the form, scope, level and quality of the services provided by Shaw or any of its affiliates to Freedom or FMDI as of the date of this Agreement in support of the operation by Freedom and FMDI of the Freedom Business, including any reporting practices relating to such service. Notwithstanding the foregoing provisions of this Section 4.1(a), (A) the obligations of Shaw under this Section 4.1(a) (including its obligations to cause its Subsidiaries to take any action) shall apply solely with respect to, and solely to the extent that Shaw or such Subsidiaries conduct, the Freedom Business, and (B) neither Shaw nor Freedom shall be deemed to have failed to satisfy its obligations under this Section 4.1(a) to the extent such failure resulted from their failure to take any action prohibited by Section 4.1(b).

(b) Without limiting the generality of Section 4.1(a), Shaw and Freedom covenant and agree that, during the period from the date of this Agreement until the earlier of the Closing Time and the time that this Agreement is terminated in accordance with its terms, except (1) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), (2) as required or permitted by this Agreement (including, for greater certainty, as contemplated by the Reorganization Transactions) or the Arrangement Agreement, (3) in connection with any COVID-19 Measures undertaken by Shaw or its Subsidiaries, or (4) as required by Law or a Governmental Entity, Freedom shall not, and shall not permit FMDI to, and Shaw shall not, and shall not permit its Subsidiaries to (in each case solely with respect to, and solely to the extent Shaw or any such Subsidiaries conduct, the Freedom Business), directly or indirectly:

- (i) amend the Constatng Documents of Freedom or FMDI;
- (ii) enter into any material new line of business or discontinue any material existing line of business;
- (iii) split, combine or reclassify any shares of the capital stock of Freedom or FMDI or amend or modify any term of any outstanding debt security of Freedom or FMDI;
- (iv) declare, set aside or pay any dividend or other distribution on any shares of capital stock of Freedom (whether in stock, property or any combination thereof);
- (v) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of capital stock of Freedom or FMDI or any of their other outstanding securities;
- (vi) issue, grant, deliver, sell, pledge or otherwise encumber (except for restrictions on transfer under Freedom's Constatng Documents or applicable Securities Laws), or authorize the issuance, granting, delivery, sale, pledge or other encumbrance (except for restrictions on transfer under Freedom's Constatng Documents or applicable Securities Laws) of, any shares of the capital stock or other equity or voting interests of Freedom or FMDI, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of the shares of capital stock of Freedom or FMDI;
- (vii) reduce the stated capital of Freedom or FMDI, or reorganize, arrange, restructure, amalgamate or merge Freedom or FMDI;
- (viii) adopt a plan of complete or partial liquidation, consolidation or winding-up, or resolutions providing for the liquidation or dissolution of Freedom or FMDI or the Freedom Assets, or file a petition in bankruptcy under any applicable Law on behalf of Freedom or FMDI, or consent to the filing of any bankruptcy petition against Freedom or FMDI under any applicable Law;

- (ix) other than as permitted by Schedule 4.1(b)(ix) of the Disclosure Letter, acquire (by merger, consolidation, exchange, acquisition of securities, acquisitions, lease, or license of assets, contributions to capital or otherwise), directly or indirectly, in one transaction or in a series of related transactions, an interest in any Person, assets, properties, securities, interests or businesses, other than:
 - (A) assets for use in Ordinary Course business operations that do not, in the applicable fiscal year, exceed more than 105% of the amounts budgeted for such acquisitions in Schedule 4.1(b)(ix) of the Disclosure Letter in respect of such fiscal year;
 - (B) acquisitions for consideration less than \$5,000,000 in the aggregate; or
 - (C) as permitted by Section 4.1(b)(xi);
- (x) sell, pledge, lease, license, encumber (other than a Permitted Lien) or otherwise dispose of or transfer any Freedom Assets or any interest in any Freedom Assets other than:
 - (A) dispositions of assets for consideration less than \$5,000,000 in the aggregate
 - (B) in relation to internal transactions solely involving Freedom and FMDI;
 - (C) assets sold in the Ordinary Course; or
 - (D) in accordance with Schedule 4.1(b)(x) of the Disclosure Letter;
- (xi) other than as permitted by Section 4.1(b)(ix), make any capital expenditure or commitment which, in the applicable fiscal year, would exceed more than 105% the aggregate amount of capital expenditures provided for in Schedule 4.1(b)(xi) of the Disclosure Letter in respect of such fiscal year;
- (xii) amend or modify in any material respect, or terminate, cancel or waive or fail to exercise any material right under, any Material Contract or enter into any Contract:
 - (A) under which Freedom or FMDI is obligated to make or expects to receive payment in excess of \$10,000,000; or
 - (B) which is material to the Freedom Business and which has a term greater than two years;
- (xiii) prepay any long-term Indebtedness before its scheduled maturity, or increase, create, incur, assume or otherwise become liable for any Indebtedness or guarantees thereof, other than replacing, amending, renewing or extending any Real Property Lease, leases required to be capitalized under IFRS or purchase money obligations in the Ordinary

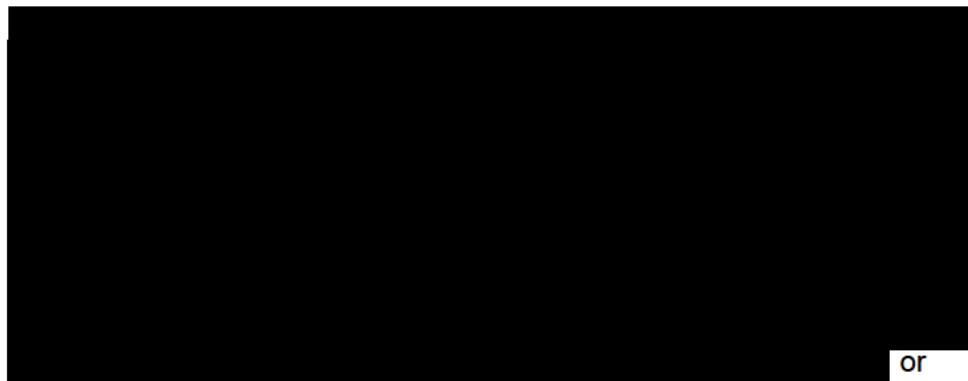
Course it being understood that same shall be replaced, amended, renewed or extended in accordance with the terms of any existing Real Property Leases, leases required to be capitalized under IFRS or purchase money obligations, if applicable, or on prevailing market terms and conditions in all material respects.

- (xiv) make any loan or advance to any Person (other than loans between Freedom and FMDI or in respect of accounts payable to trade creditors or accrued liabilities incurred in the Ordinary Course);
- (xv) make any material change in Freedom's or FMDI's methods of accounting, except as required by concurrent changes in IFRS;
- (xvi) except as contemplated in Section 4.7 or as disclosed in Schedule 4.1(b)(xvi) of the Disclosure Letter: (A) make, change or rescind any material Tax election, information schedule, return or designation, (B) settle or compromise any material Tax claim, Assessment, liability, action, suit, proceeding, hearing or controversy, (C) file any materially amended Tax Return, (D) enter into any material agreement with a Governmental Entity with respect to Taxes, (E) enter into or change any material Tax sharing, Tax advance pricing agreement, Tax allocation or Tax indemnification agreement that is binding on Freedom or FMDI, (F) surrender any right to claim material Tax abatement, reduction, deduction, exemption, credit or refund, (G) consent to the extension or waiver of the limitation period applicable to any material Tax matter, (H) make a request for a material Tax ruling to any Governmental Entity, (I) materially amend or change any of its methods for reporting income, deductions or accounting for income Tax purposes, or (J) take any action outside of the Ordinary Course which would reasonably be expected to materially reduce the Freedom Tax Attributes existing as of June 17, 2022;
- (xvii) other than as required by the terms of any Employee Plan or applicable Law, or as disclosed in Schedule 4.1(b)(xvii) of the Disclosure Letter, and except for annual increases in compensation levels of the Freedom Employees, taken as a whole, that do not exceed ■ in the aggregate relative to such compensation levels in respect of the most recently completed fiscal year of Freedom, grant any increase or decrease in the amount of wages, salaries, bonuses, incentives or other compensation payable to any Freedom Employees;
- (xviii) enter into or negotiate any collective bargaining, union agreement, employee association agreement, project labour agreement or similar Contract with respect to the Freedom Business or the Freedom Employees;
- (xix) other than in accordance with Schedule 4.1(b)(xix) of the Disclosure Letter, as permitted by Section 4.1(b)(xvii) or as required by the terms of any Employee Plan or written employment agreement:
 - (A) make any bonus or profit sharing distribution or similar payment of any kind to a Freedom Employee, or adopt or otherwise implement

- any employee or executive bonus or retention plan or program for Freedom Employees;
- (B) increase any severance, change of control or termination pay or similar compensation or benefits payable to (or amend any existing Contract with) any Freedom Employee, any director of Freedom or FMDI or independent contractor of Freedom or FMDI;
 - (C) enter into any employment, deferred compensation, independent contractor, consultant, or other similar Contract (or amend any such existing Contract) with any director or officer of Freedom or FMDI or, other than in the Ordinary Course, any Freedom Employee (other than a director or officer of Freedom or FMDI) or any independent contractor or consultant of Freedom or FMDI;
 - (D) loan or advance money or other property to any of Freedom's or FMDI's present or former directors or officers, any Freedom Employees (other than expense reimbursements, expense accounts and advances in the Ordinary Course);
 - (E) terminate any Employee Plan, amend or modify, in a material way, any Employee Plan, or adopt any plan, agreement, program, policy, trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date hereof;
 - (F) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution or vesting under any Employee Plan; or
 - (G) fund any pension solvency deficit in respect of any Employee Plan;
- (xx) other than as disclosed in Schedule 4.1(b)(xx) of the Disclosure Letter, enter into any transaction with a "related party" (within the meaning of MI 61-101), except for (A) transactions consistent in type and quantum with such transactions as disclosed in the "Related Party Transactions" disclosure in note 17 of the Audited Freedom Financial Statements, or (B) expense reimbursements, expense accounts and advances in the Ordinary Course;
 - (xxi) amend, modify, terminate, cancel or let lapse any material insurance (or re-insurance) policy under which the Freedom Business is otherwise insured, in effect on the date of this Agreement unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums are in full force and effect;
 - (xxii) other than in the Ordinary Course or in connection with this Agreement or the Transaction, abandon or fail to diligently pursue any application for any material Authorization relating to the Freedom Business required by

applicable Law, or take or omit to take any action that would reasonably be expected to lead to the termination of any such material Authorization relating to the Freedom Business;

- (xxiii) except in connection with the Tribunal Proceedings or relating to a Consent Agreement, release, compromise or settle any litigation, proceeding or governmental investigation affecting Freedom, FMDI or the Freedom Business except to the extent that such proposed release, compromise or settlement meets each of the following conditions:
- (A) involves only the payment of money damages to be paid solely to or by or on behalf of Freedom or FMDI;
 - (B) does not include an admission or acknowledgment of liability or culpability with respect to Freedom or FMDI;
 - (C) does not impose an injunction or other similar form of relief upon Freedom or FMDI;
 - (D) does not involve or relate to any criminal or quasi-criminal action or proceeding;
 - (E) would not reasonably be expected to materially and adversely affect the operation of the Freedom Business after Closing;
 - (F) would not reasonably be expected to have any material and adverse reputational impact on the Purchaser, Freedom or their affiliates; and
 - (G) could not reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by this Agreement;
- (xxiv) grant or commit to grant an exclusive licence or otherwise transfer any Intellectual Property or exclusive rights in or in respect thereto that is material to the Freedom Business, other than to Freedom or FMDI;
- (xxv) actively seek nor use any subscriber lists to solicit or to transfer any Freedom Mobile wireless subscribers to become Shaw Mobile wireless subscribers;
- (xxvi)



or

- (xxvii) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

(c) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement (i) is intended to allow the Purchaser to exercise material influence over the operations of Freedom, FMDI or the Freedom Business prior to the Closing Time, or (ii) shall be interpreted in such a way as to place any Party in violation of any applicable Law or Authorization.

(d) The Purchaser shall, promptly following the date hereof, designate two individuals from either of whom the Seller Parties or Freedom may seek consent to undertake any actions not otherwise permitted to be taken by this Section 4.1 and shall ensure that such individuals will respond, on behalf of the Purchaser, to the requests of the Seller Parties and Freedom in an expeditious manner.

(e) The Parties acknowledge and confirm that in respect of their communications they have at all times complied with, and will continue to comply with, ISED Canada's policy on prohibition of collusion and other communication rules applicable to spectrum license auctions.

4.2 Covenants of the Seller Parties and Freedom Relating to the Transaction

(a) Subject to the terms and conditions of this Agreement, the Seller Parties and Freedom shall perform all obligations required to be performed by them under this Agreement, cooperate with the Purchaser in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as of the Closing Time, the Transaction and, without limiting the generality of the foregoing, the Seller Parties and Freedom shall and, where appropriate, shall cause their respective Subsidiaries to (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4):

- (i) use their respective commercially reasonable efforts, upon reasonable consultation with the Purchaser, to oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Transaction and defend, or cause to be defended, any lawsuits or proceedings to which it is a party or brought against it or its directors or officers challenging the Transaction;
- (ii) use their respective commercially reasonable efforts to satisfy all conditions precedent in this Agreement and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement, the Ancillary Agreements or the Transaction;
- (iii) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction;
- (iv) use their respective commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Seller Parties and their Subsidiaries relating to the Transaction; and

- (v) use their respective commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required under (i) the Material Contracts and the Real Property Leases identified in Schedule 4.2(a)(v) of the Disclosure Letter, and (ii) any material Technical Lease that is a Freedom Asset, in connection with the Transaction,

provided that, (A) notwithstanding the foregoing, the covenant in Section 4.2(a)(v) shall apply only to Shaw, Shaw Telecom and Freedom, and (B) for greater certainty, nothing in this Agreement (including this Section 4.2) imposes any obligation on the Seller Parties to take any action under or with respect to the Arrangement Agreement that is not expressly required to be taken under the terms of the Arrangement Agreement.

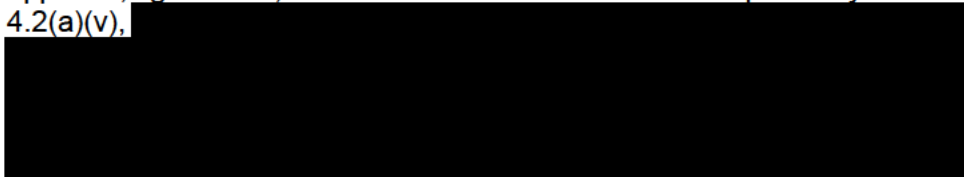
- (b) The Seller Parties shall promptly notify the Purchaser of:
 - (i) any notice or other communication from any Person alleging (A) that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is or may be required for the implementation of this Agreement, the Ancillary Agreements or the Transaction, or (B) that such Person is terminating, may terminate, or is otherwise materially adversely modifying or may materially adversely modify its relationship with Freedom, FMDI or the Freedom Business as a result of this Agreement, the Ancillary Agreements or the Transaction;
 - (ii) other than in connection with the Regulatory Approvals (which shall be governed by Section 4.4), unless prohibited by Law, any notice or other communication from any Governmental Entity in respect of the Transaction (and the Seller Parties shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or
 - (iii) any material filing, actions, suits, claims, investigations or proceedings commenced or, to the knowledge of any of the Seller Parties, threatened against, relating to or involving or otherwise affecting the Seller Parties, Freedom, FMDI or the Freedom Business in connection with this Agreement, the Ancillary Agreements or the Transaction.

4.3 Covenants of the Purchaser Relating to the Transaction

(a) Subject to the terms and conditions of this Agreement, the Purchaser shall perform all obligations required to be performed by it under this Agreement, cooperate with the Seller Parties and Freedom in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as of the Closing Time, the Transaction and, without limiting the generality of the foregoing, the Purchaser shall (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4):

- (i) use its commercially reasonable efforts, upon reasonable consultation with the Seller Parties and Freedom, to oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Transaction and defend, or cause to be defended,

any proceedings to which it is a party or brought against it or its directors or officers challenging the Transaction;

- (ii) use its commercially reasonable efforts to effect all necessary registrations, filings and submission of information required by Governmental Entities from it relating to the Transaction;
- (iii) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement, the Ancillary Agreement or the Transaction;
- (iv) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction; and
- (v) provide Shaw reasonable assistance and timely cooperation as is reasonably requested by Shaw in connection with Shaw and its Subsidiaries obtaining, any consent, waiver, permits, exemption, order, approval, agreement, amendment or confirmation contemplated by Section 4.2(a)(v),  provided that the Purchaser shall not be required to grant any Liens other than Permitted Liens that were in existence prior to the Closing and provided that such Permitted Liens shall not extend to assets other than the Freedom Assets.

(b) The Purchaser shall promptly notify the Seller Parties of:

- (i) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement, the Ancillary Agreements or the Transaction;
- (ii) other than in connection with the Regulatory Approvals (which shall be governed by Section 4.4), unless prohibited by Law, any notice or other communication from any Governmental Entity in connection with this Agreement (and the Purchaser shall contemporaneously provide a copy of any such written notice or communication to the Seller Parties); or
- (iii) any material filing, action, suit, claim, investigation or proceeding commenced or, to the knowledge of the Purchaser, threatened against, relating to or involving or otherwise affecting the Purchaser or any of its affiliates in connection with this Agreement, the Ancillary Agreements or the Transaction.

4.4 Regulatory Approvals

(a) The Parties agree to use their respective commercially reasonable efforts, and to cause their relevant affiliates to use their respective commercially reasonable efforts, to obtain the Regulatory Approvals and to effect all necessary registrations, filings and submissions of information required by Governmental Entities from any of them relating to the Transaction as soon as reasonably practicable and in any event so as to allow the Closing to occur before the Outside Date.

(b) The Parties acknowledge that, prior to the date of this Agreement:

- (i) Rogers and the Purchaser filed with the Commissioner of Competition a request for Competition Act Clearance in respect of the Transaction; and
- (ii) Rogers, the Purchaser and Shaw filed one or more applications with ISED related to both (A) the Primary ISED Approval and (B) [REDACTED]

(c) [REDACTED]

(d) For the avoidance of doubt, subject to Section 4.4(e)(iv) and Section 8.7 providing that a Party shall communicate with a regulator without participation of the other Party or its counsel if the regulator so requests, Rogers shall have primary responsibility for the determination and direction of all efforts and strategy related to obtaining the Regulatory Approvals. For greater certainty, Rogers shall be responsible for the defence to the Tribunal Proceedings. To the extent that Rogers proposes to make submissions or other communications concerning the Purchaser's business to any Governmental Entity, Rogers shall provide the Purchaser with a reasonable opportunity to review and comment on any submissions and other communications. In the event that Rogers and the Purchaser do not agree as to the contents of any submissions concerning the Purchaser's business, Rogers and the Purchaser shall act reasonably to identify a resolution satisfactory to Rogers and the Purchaser. Subject to applicable Law, the Purchaser and Shaw shall make commercially reasonable efforts to support Rogers in connection with the efforts related to the obtaining of the above-noted Regulatory Approvals.

(e) The Parties shall:

- (i) with respect to any proposed applications, notices, filings, submissions, correspondence, agreements, orders, plans, undertakings, or other information or communications relating to the Regulatory Approvals by one Party, provide the other Parties the commercially reasonable assistance they may reasonably request in the preparation of the same (including

providing any information reasonably requested by the other Parties or their outside counsel), provide the other Parties with draft copies thereof in advance and a reasonable opportunity to review and comment thereon prior to supplying to or filing with a Governmental Entity, and provide the other Parties with final copies thereof once supplied or filed, as applicable (in each case except for any such materials or parts thereof that the disclosing party, acting reasonably, considers confidential and competitively sensitive, which shall instead be provided on an outside counsel-only basis to external counsel of the other Parties);

- (ii) cooperate on a timely basis in the preparation of any response by another Party to any request for additional information received by such other Party from a Governmental Entity in connection with the Regulatory Approvals;
- (iii) use their respective commercially reasonable efforts to provide, respond to and submit all documentation and information that is required by Law or a Governmental Entity in connection with obtaining the Regulatory Approvals as soon as practicable;
- (iv) provide the other Parties and their counsel with advance notice of and an opportunity to participate in any meeting, telephone call or other discussion with any Governmental Entity in connection with the Regulatory Approvals unless it would only be appropriate for such meeting, telephone call or discussion to be attended by the other Parties' external counsel provided that a Party may communicate with a Governmental Entity without the participation of the other Parties if the Governmental Entity so requests;
- (v) otherwise keep each other reasonably informed, on a timely basis, of the status of discussions with any Governmental Entity relating to the Regulatory Approvals, including promptly providing copies of any written communications received from any Governmental Entity concerning the Regulatory Approvals or summaries of any verbal communications received in that regard; and
- (vi) assist at discussions or meetings with a relevant Governmental Entity for the purpose of obtaining the Regulatory Approvals.

(f) For the avoidance of doubt, subject to settlement privilege and other confidentiality considerations, including compliance with the Confidentiality Order in the Tribunal Proceedings on May 19, 2022, Rogers and Shaw shall keep the Purchaser reasonably apprised of material developments in the Tribunal Proceedings, but shall not otherwise be required to provide the Purchaser with any right to (a) participate in the Tribunal Proceedings; (b) to direct, influence, or consult with Rogers or Shaw with regard to the conduct of the Tribunal Proceedings or filings therein.

(g) The Parties shall not, and shall not allow any of their affiliates to, take any action, enter into any transaction, including any merger, acquisition, business combination, joint venture, disposition, lease or contract, that would reasonably be expected to prevent, impede the obtaining of, or increase the risk of not obtaining, any of the Regulatory Approvals so as to allow the Closing to occur before the Outside Date. The Parties shall not offer any changes to this Agreement or

the Ancillary Agreements to any Governmental Entity without the prior written consent of each of the Parties.

(h) If requested by the Commissioner, the Purchaser shall be a signatory to a Consent Agreement to confirm that the Purchaser will consummate the Transaction on terms consistent with this Agreement, and as may otherwise be acceptable to the Purchaser.

(i) The Purchaser shall be responsible for paying any filing fee associated with obtaining the Competition Act Clearance.

4.5 Access to Information; Confidentiality

(a) Subject to applicable Law and the terms of any existing Contracts, upon reasonable notice, Shaw and Rogers shall afford (or cause to be afforded to) the Purchaser and its Representatives reasonable access during normal business hours, throughout the period prior to the Closing, to its employees, properties, books, Contracts and records (including Tax Returns and Tax work papers) to the extent related to Freedom, FMDI or the Freedom Business, and, during such period, Shaw and Rogers shall furnish (or cause to be furnished) as promptly as practicable to the Purchaser and its Representatives all information concerning Freedom, FMDI or the Freedom Business as may be reasonably requested, and shall provide (or cause to be provided) such on-site access for a reasonable number of Representatives of the Purchaser at Freedom's headquarters and other key facilities, during normal business hours and in such manner as does not unreasonably interfere with the conduct of the business of Shaw or any of its Subsidiaries, for Representatives of the Purchaser who will be designated by the Purchaser to assist in transitional matters. All requests for information made pursuant to this Section 4.5(a) shall be directed to the Persons designated by Rogers. No information received pursuant to this Section 4.5(a) or at any time prior to or following the date of this Agreement shall affect or be deemed to modify any representation or warranty made by the Seller Parties or Freedom herein.

(b) Section 4.5(a) above shall not require Shaw or Rogers to (and Shaw shall not, without the prior consent of Rogers, not to be unreasonably withheld, conditioned or delayed) permit (or cause to be permitted) any access, or to disclose any information that, in the reasonable, good faith judgment of Rogers or Shaw after consultation with outside legal counsel, would reasonably be expected to result in the breach of any Contract, any violation of any Law or cause any privilege (including attorney-client privilege) that Rogers or Shaw would be entitled to assert to be waived with respect to such information; provided that, the Parties shall cooperate in seeking to find a way to allow disclosure of such information to the extent (i) doing so would not (in the good faith judgment of Rogers and Shaw, after consultation with outside counsel) be reasonably likely to result in the breach of any Contract, any violation of any such Law or be likely to cause such privilege to be waived with respect to such information, or (ii) the risk associated with doing so could reasonably (in the good faith judgment of Rogers and Shaw, after consultation with outside legal counsel) be managed through the use of customary "clean-room" arrangements.

(c) The Parties acknowledge and agree that, notwithstanding Section 14 of the Confidentiality Agreement, the Confidentiality Agreement shall continue to apply in accordance with its terms until the earlier of the Closing and the termination of this Agreement in accordance with its terms and that, for greater certainty, any information provided under this Section 4.5 that is Evaluation Material shall be subject to the terms of the Confidentiality Agreement. If this Agreement is terminated in accordance with its terms, the obligations under the Confidentiality Agreement shall survive the termination of this Agreement in accordance with its terms.

4.6 Reorganization Transactions

The Seller Parties and Freedom shall, or shall cause their Subsidiaries to, as applicable, consummate the transactions and take the actions set forth in Schedule D at the times and in the manner set forth in Schedule D (or such other transactions or actions and at such other times as may be requested by the Seller Parties on a timely basis prior to the Closing Date and agreed to in writing by the Purchaser, acting reasonably) (collectively, the "**Reorganization Transactions**"). The Purchaser shall reasonably cooperate with the Seller Parties and Freedom in connection with the Reorganization Transactions. The Seller Parties shall provide on a timely basis and, without limiting the generality of the foregoing, at least five Business Days prior to the Closing Date, a draft of each document prepared to implement the Reorganization Transactions to the Purchaser for its prompt review and comments, and each such document shall be in a form satisfactory to the Purchaser, acting reasonably, it being understood that draft Tax elections may be provided to the Purchaser without figures when those remain unknown as of Closing. Except for representations, warranties and covenants relating to the Reorganization Transactions, any action taken pursuant to this Section 4.6 or the Reorganization Transactions shall be deemed for all purposes of this Agreement not to constitute a breach of any representation, warranty or covenant of the Seller Parties or Freedom. The Reorganization Transactions shall be authorized by all necessary corporate actions of the applicable Seller Parties and Freedom and shall be effected in compliance with all Laws.

4.7 Tax Matters

(a) If the Parties agree that, or a Governmental Entity asserts that, Freedom has made an "excessive eligible dividend designation" (as defined in subsection 89(1) of Tax Act) in respect of any dividend paid (or deemed paid) before Closing, Shaw Telecom hereby concurs (or shall cause the recipient of the relevant dividend to concur) in the making of an election under subsection 185.1(2) of the Tax Act in respect of the full amount thereof and such election shall be made by Freedom in the manner and within the time prescribed by subsections 185.1(2) and 185.1(3) of the Tax Act. Shaw Telecom covenants and agrees to do all such things, including entering into any elections to give effect to the foregoing.


(b) Freedom covenants and agrees that, until the Closing Date, Freedom and FMDI shall (i) duly and timely file with the appropriate Governmental Entity, all Tax Returns required to be filed by any of them, which shall be correct and complete in all material respects, and (ii) pay, withhold, collect and remit to the appropriate Governmental Entity in a timely fashion all material amounts required to be so paid, withheld, collected or remitted.

(c)



(d)





(e) Notwithstanding Section 4.1(b)(xvi) of this Agreement, the Parties agree that Freedom shall duly and timely file Form T2027 – Election to Deem Amount of Settlement of a Debt or Obligation pursuant to subsection 80.01(4) of the Tax Act (and applicable provincial legislation) for its taxation year that includes the dissolution of 1345068 B.C. Ltd to elect to have the long term debt between Freedom, as debtor, and 1345068 B.C. Ltd., as creditor, settled for the adjusted cost base in such long term debt.

(f)



(g) The Seller Parties shall prepare all Tax Returns for each of Freedom and FMDI that are due after the Closing Date in respect of the Pre-Closing Tax Periods on a timely basis, in a manner that is consistent with each of Freedom and FMDI's existing procedures for preparing Tax Returns, except as required by Law. The Seller Parties shall make available to the Purchaser a draft of such Tax Returns (30 days prior to the due date for filing the Tax Returns with the appropriate taxing authorities in the case of income Tax Returns and 10 days prior thereto in the case of other Tax Returns). The Purchaser shall have the right to review the draft of such Tax Returns and to make any comments that it deems appropriate, and the Seller Parties shall consider such comments acting reasonably and in good faith and shall accept such comments to the extent they are reasonable and comply with all applicable Law, and the Purchaser shall cause the Tax Returns (as finalized by the Seller Parties) to be filed with the applicable Governmental Entity on a timely basis. The Parties shall cooperate reasonably and in good faith to determine whether an election should be filed under subsection 256(9) of the Tax Act for the taxation years of Freedom and FMDI ending immediately before the Closing.

(h) The Purchaser shall prepare and file all Tax Returns for each of Freedom and FMDI that are due after the Closing Date in respect of Reorganization Tax Periods on a timely basis, in a manner that is consistent with each of Freedom and FMDI's existing procedures for preparing Tax Returns, except as required by Law. The Purchaser shall make available to the Seller Parties a draft of such Tax Returns (30 days prior to the due date for filing the Tax Returns with the appropriate taxing authorities in the case of income Tax Returns and 10 days prior thereto in the case of other Tax Returns). The Seller Parties shall have the right to review the draft of

such Tax Returns and to make any comments that they deem appropriate, and the Purchaser shall consider such comments reasonably and in good faith and shall accept such comments to the extent necessary to ensure that the other provisions of this Section 4.7 are satisfied.

(i) Any refunds of Taxes received by, or credited to, Freedom or FMDI from an applicable Governmental Entity for any Pre-Closing Tax Period (or any Reorganization Tax Period to the extent directly attributable to a Reorganization Transaction) shall be paid to Shaw Telecom forthwith after such amount is so received or credited, net of Taxes thereon, except to the extent such amount is (i) taken into account in the calculation of Closing Net Working Capital or Closing Net Debt, or (ii) included in the definition of Freedom Tax Attributes, in each case as finally determined in accordance with this Agreement. Such amount shall include any applicable interest with respect thereto (net of Taxes thereon). At the request of the Seller Parties, the Purchaser shall use its commercially reasonable efforts to cause Freedom and FMDI to pursue claims for such refund. This provision shall not apply to a refund to the extent that it arises as a result of the carryback of a loss or other Tax attribute from a Tax period ending after the Closing (other than as mentioned above for any Reorganization Tax Period).

(j) In the case of Taxes that are payable with respect to any Straddle Period, the portion of such Taxes that is attributable to the Pre-Closing Tax Period portion of such Straddle Period shall be determined as follows: (i) in the case of ad valorem, property, or similar Taxes ("**Property Taxes**"), the amount of such Property Taxes attributable to the Pre-Closing Tax Period of such Straddle Period shall be deemed to be the amount of such Taxes for the entire Straddle Period, multiplied by a fraction, the numerator of which shall be the number of days in such Straddle Period ending on and including the Closing Date, and the denominator of which shall be the number of calendar days in the entire Straddle Period; and (ii) in the case of Taxes that are based upon income, receipts, sales, revenue, production, or similar items, or other Taxes that are not Property Taxes, the amount of any such Taxes attributable to the Pre-Closing Tax Period of such Straddle Period shall be determined based upon an interim closing of the books as of and including the Closing Date.

(k) The Parties will cooperate reasonably and in good faith to determine whether the transactions set out in this Agreement and any related transactions are required to be reported to any applicable taxing authority pursuant to section 237.3 or 237.4 of the Tax Act or sections 1079.8.5 to 1079.8.6.4 of the *Taxation Act* (Québec) (or any provisions of similar effect) and, if so, the Parties shall cooperate to make such reporting in a comprehensive and timely manner, in the form required by such Law. The Parties may request reasonable representations and warranties from each other to the extent necessary to establish any factual matters relevant to the determination of whether reporting is required and the content of such reporting.

(l) If, at any time after the Closing Date, the Purchaser or a Seller Party becomes aware that an "advisor" (as is or may be defined for purposes of section 237.3 or proposed section 237.4 of the Tax Act, or the relevant provisions of the *Taxation Act* (Québec)) has determined, that any transaction contemplated by this Agreement (including the Reorganization Transactions) is subject to the reporting requirements under section 237.3 of the Tax Act, the notification requirements under proposed section 237.4 of the Tax Act, or sections 1079.8.5 to 1079.8.6.4 of the *Taxation Act* (Québec), including as a result of any future amendments or proposed amendments to such provisions, the Purchaser or Seller Party, as the case may be, shall inform the other party of its advisor's intent to comply with any such requirements and the Parties shall cooperate with respect to preparing and filing the applicable information returns and/or notifications.

(m)



4.8 Public Communications

(a) The Parties agree to issue a press release with respect to this Agreement as soon as practicable after its due execution.

(b) A Party shall not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Transaction, without the prior written consent of the other Parties hereto (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that, notwithstanding anything to the contrary in this Agreement or the Confidentiality Agreement, each Party shall be permitted to make any disclosure or filing in accordance with applicable Securities Laws or the rules, regulations or requests of applicable stock exchanges, including in any prospectus, business acquisition report, material change report or other timely disclosure document (other than a press release), and if, in the opinion of its outside legal counsel, such disclosure or filing is required and the other Parties have not reviewed or commented on the disclosure or filing, the Party shall use its commercially reasonable efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing. The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their respective counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. Notwithstanding the foregoing, a Party (i) may make internal announcements to employees and have discussions with its shareholders, financial analysts and other stakeholders relating to this Agreement or the Transaction, and (ii) may make public announcements in the ordinary course of business that do not relate specifically to this Agreement or the Transaction, provided that, in each case, such announcements or discussions, as applicable, are not inconsistent with the most recent press releases, public disclosures or public statements that were approved by the Parties prior to filing or release, as applicable.

(c) Subject to Section 4.8(b), the Seller Parties shall use commercially reasonable efforts to provide all notices required to be provided by the Seller Parties under any applicable Contract or Law (in a manner acceptable to the Purchaser, acting reasonably) in order to sufficiently inform the Freedom customers of the transactions described herein and in the Ancillary Agreements and the Purchaser's contact information.

(d) The Parties acknowledge that each of Shaw, Rogers and the Parent Guarantor may file this Agreement (with such redactions as Shaw, Rogers and the Parent Guarantor may jointly determine) and a material change report relating thereto on SEDAR.

(e) If the Parent Guarantor is required prepare and file a business acquisition report ("**BAR**") pursuant to Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations in respect of the transactions contemplated by this Agreement, until the earlier of the date upon which the BAR is filed and the 75th day following Closing, the Seller Parties shall use their commercially reasonable efforts to (i) promptly respond to reasonable enquiries from the Parent

Guarantor as to matters reasonably required for the Parent Guarantor to prepare the BAR in accordance with applicable Securities Laws, and (ii) cause Shaw's auditor to cooperate with the Parent Guarantor's accounting professionals and auditors as is reasonably requested by the Parent Guarantor in order to prepare the BAR in accordance with applicable Securities Laws, provided that, in the case of clauses (i) and (ii) above, such assistance does not unreasonably interfere with the ongoing business and operations of any of the Seller Parties and subject to such other reasonable and customary requirements as Shaw's auditor may request. The Purchaser shall promptly reimburse the Seller Parties for all documented out-of-pocket costs and expenses incurred by the Seller Parties (including any fees and disbursements of Shaw's auditor) in connection with all actions taken pursuant to this Section 4.8(e) and shall indemnify and hold harmless the Seller Parties and their respective affiliates from and against any and all Losses suffered or incurred in connection with any matters contemplated by this Section 4.8(e), except to the extent such Losses arise out of or result from the fraud or gross negligence of the Seller Parties or any of their respective affiliates or Representatives.

4.9 Employment Matters

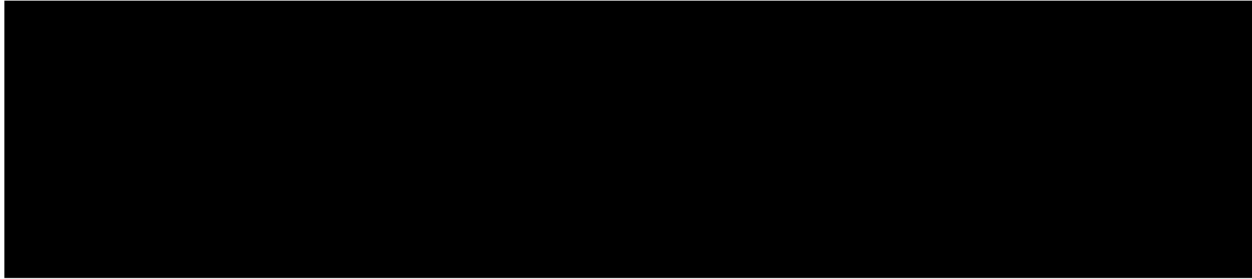
(a) Shaw shall, or shall cause its Subsidiaries to, as applicable: (i) deliver to each of the Shaw Transferring Employees and Freedom Transferring Employees a notice of transfer to an affiliate at least five Business Days prior to the anticipated Closing Date (which notice shall be in a form acceptable to Rogers and the Purchaser, each acting reasonably), and (ii) use its commercially reasonable efforts to transfer such Shaw Transferring Employees and Freedom Transferring Employees to Freedom or Shaw (or a Subsidiary of Shaw other than Freedom or FMDI), as applicable, at least one Business Day prior to Closing (the "**Transfer Date**"), and not in any way attempt to discourage any of the Shaw Transferring Employees from accepting such transfer, on terms and conditions of employment which are substantially similar in the aggregate to the terms and conditions of employment under which such employees were employed by Shaw or any of its Subsidiaries immediately prior to such transfer, and otherwise in a manner acceptable to Rogers and the Purchaser, each acting reasonably (such transfers, the "**Employee Transfers**"). Concurrently with such Employee Transfers, Shaw shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to assign or transfer, to the extent assignable or transferable, any written employment and/or restrictive covenant agreements between Shaw or any of its Subsidiaries and any such Shaw Transferring Employee or Freedom Transferring Employee to the employer of such employee after giving effect to the Employee Transfers.

(b) Notwithstanding the foregoing, if any Shaw Transferring Employee is inactive by reason of disability on the Transfer Date, such Shaw Transferring Employee's employment shall only be transferred to Freedom when such employee is capable of returning to work and actually returns to work on a scheduled return date that is not more than one year following the Closing Date.

(c) The Parties acknowledge and agree that (i) no consent from the Purchaser hereunder shall be required in connection with effecting the Employee Transfers in accordance with the provisions of this Section 4.9, and (ii) nothing herein shall be deemed to restrict, prohibit or otherwise impair the Seller Parties' or Freedom's ability to consummate the Employee Transfers.

(d)





(e)



(f) From and after the transfer of each Freedom Transferring Employees to Shaw or its Subsidiary, as applicable, Shaw or such Subsidiary, as applicable, shall assume and become liable for all obligations relating to the employment or termination of employment of such Freedom Transferring Employee, whether arising prior to, on or after the Closing Date. The Seller Parties shall indemnify the Purchaser and its affiliates in respect of any and all Losses incurred or sustained by, or imposed upon, them based upon, arising out of, or by reason of the employment or termination of employment of each such Freedom Transferring Employee.

(g) The Purchaser agrees to continue the employment (or to cause Freedom to continue the employment) of the Freedom Employees [REDACTED] on substantially similar terms and conditions of employment in the aggregate as the terms and conditions which applied to them immediately prior to Closing. Without limiting the generality of the foregoing, the Purchaser agrees to maintain in effect the severance practices set forth in Schedule 4.9(e) of the Disclosure Letter for Freedom Employees for a period of no less than one year following the Closing Date.

(h) Notwithstanding anything in this Agreement to the contrary, this Section 4.9 shall not give any Freedom Employee any right to continued employment or impair in any way the right of Freedom to terminate the employment or modify the terms and conditions of employment of any Freedom Employee after the Closing Date, provided that the Purchaser acknowledges and agrees that Freedom will be solely liable for any constructive dismissal liability in connection with any changes to the terms and conditions of employment of any Freedom Employee implemented by Freedom after the Closing Date.

(i) The provisions of this Section 4.9 are solely for the benefit of the Parties, and no Freedom Employee or any other individual associated therewith shall be regarded for any

purposes as a third party beneficiary of this Agreement or have the right to enforce the provisions thereof.

4.10 Employee Benefits

(a) The Purchaser shall adopt or designate employee benefit plans, effective as of the Closing Time or as soon as reasonably practicable following the Closing Time, which shall provide substantially similar benefits, in the aggregate, as those provided to Freedom Employees under the Employee Plans immediately prior to the Closing Date (the "**Post-Closing Employee Plans**").

(b) Subject to the terms of the Transition Services Agreement, all Freedom Employees as of the date on which the applicable Post-Closing Employee Plan is adopted or designated pursuant to paragraph 4.10(a) (in each case, a "**Benefit Transition Date**"), cease to participate in and accrue further benefits under the corresponding Employee Plan. Shaw shall retain all liabilities, obligations and responsibilities under the Employee Plan as at the applicable Benefit Transition Date and the Purchaser's or Freedom's sole obligation with respect to such Employee Plan shall be to pay the amounts required pursuant to the Transition Services Agreement. Subject to the terms and conditions of the applicable Post-Closing Employee Plans, each Freedom Employee shall be eligible to participate in the Post-Closing Employee Plans corresponding to the Employee Plans in which they were eligible to participate immediately prior to the applicable Benefit Transition Date. Shaw or its Subsidiaries, as applicable, shall reasonably cooperate with Freedom (and, following the Closing Time, with the Purchaser) such that (i) Freedom ceases to be a participating employer under the Employee Plans effective as of the end of the day immediately preceding the applicable Benefit Transition Date, including the completion of any required amending agreement, resolution or governmental filing required to effect the foregoing, and (ii) Freedom can have access to such information it may reasonably require in order to comply with its obligations under this Section 4.10.

(c) Neither Freedom, FMDI nor the Purchaser shall have any liability, obligation or responsibility for any claim incurred up to the applicable Benefit Transition Date by Freedom Employees in respect of the Employee Plans other than the payment of the amounts required pursuant to the Transition Services Agreement. A claim is considered to be incurred on the date on which the event giving rise to such claim occurred and, in particular: (i) with respect to a death or dismemberment claim, shall be the date of the death or dismemberment; (ii) with respect to a short-term or long-term disability claim, shall be the date that the period of short-term or long-term disability commenced; and (iii) with respect to an extended health care claim, including, without limitation, dental, vision and medical treatments, shall be the date of the treatment.

(d) All Shaw Transferring Employees who are on a disability leave under an Employee Plan as of a Benefit Transition Date shall continue to be eligible to participate in the applicable Employee Plan(s) providing disability benefits and such other group benefits to which they remain automatically entitled during a disability leave until such employee's return to work date, and shall become eligible to participate in the corresponding Post-Closing Employee Plans providing for such benefits upon such return to work. The cost of the benefits provided under the Employee Plans to Shaw Transferring Employees who are on a disability leave shall be borne by Shaw.

(e) With respect to all Post-Closing Employee Plans, for purposes of determining eligibility to participate, level of benefits and vesting of benefits, the Purchaser shall (and shall cause Freedom to, as applicable) recognize and give full credit for the service of the applicable

Freedom Employee with Shaw or its Subsidiaries (as well as any predecessor employer of Shaw or its Subsidiaries, to the extent service with the predecessor employer was recognized by Shaw or such Subsidiary for purposes of the comparable Employee Plan) as service with the Purchaser or Freedom, as applicable; provided, that such service need not be recognized to the extent recognition would result in any duplication of benefits or compensation for the same period of service, or is not permitted under the applicable benefit plan, and subject, in any case, to compliance with applicable Laws.

(f) Following the applicable Benefit Transition Date, the Purchaser shall, and shall cause Freedom to, as applicable use its commercially reasonable efforts to cause the applicable carriers to waive all pre-existing condition exclusions, actively-at-work requirements and waiting periods for each Freedom Employee and his or her eligible covered dependents under each Post-Closing Employee Plan providing medical, dental, pharmaceutical and/or vision benefits, but only to the same extent such limitations were waived or satisfied as of immediately prior to the applicable Benefit Transition Date under the comparable Employee Plan as in effect on such date.

(g) The provisions of this Section 4.10 are solely for the benefit of the Parties, and no provision in this Section 4.10 is intended to, or shall, constitute the establishment or adoption of or an amendment to any Employee Plan and no current or former employee or any other individual associated therewith shall be regarded for any purposes as a third party beneficiary of this Agreement or have the right to enforce the provisions thereof.

4.11 Director and Officer Insurance and Indemnification

(a) Prior to the Closing Date, the Seller Parties shall purchase customary “tail” policies of directors’ and officers’ liability insurance naming the directors and officers of Freedom and FMDI as direct beneficiaries and providing protection no less favourable in the aggregate to the protection provided by the policies maintained by Shaw and its Subsidiaries (including Freedom and FMDI) which are in effect immediately prior to the Closing Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Closing Date, and the Seller Parties shall maintain such tail policies in effect without any reduction in scope or coverage for six years from the Closing Date; provided that the Seller Parties shall not be required to pay any amounts in respect of such coverage prior to the Closing Time and provided further that the cost of such policies shall not exceed 300% (such amount, the “**Base Premium**”) of Shaw’s (as applicable) current annual aggregate premium for policies currently maintained by Shaw or its Subsidiaries; provided further, however, that if such insurance can only be obtained at a premium in excess of the Base Premium, the Seller Parties (as applicable) may purchase the most advantageous policies of directors’ and officers’ liability insurance reasonably available for an annual premium not to exceed the Base Premium, and the Seller Parties shall maintain such coverage for six years from the Closing Date. For greater certainty, the Purchaser acknowledges and agrees that, at the Seller Parties’ option, the foregoing directors’ and officers’ liability insurance policy may form part of the directors’ and officers’ liability insurance policy required to be purchased by Shaw pursuant to Section 4.13 of the Arrangement Agreement.

(b) The Purchaser shall cause Freedom and FMDI to honour all rights to indemnification or exculpation now existing under applicable Law, the Constatng Documents of Freedom and FMDI or under indemnification agreements entered into in the ordinary course of business in favour of present and former employees, officers and directors of Freedom and FMDI (together with their respective heirs, executors or administrators, the “**D&O Indemnitees**”), and acknowledges that such rights shall survive the Closing and shall continue in full force and effect in accordance with their terms without modification for a period of not less than six years from the

Closing Date, and the Purchaser shall cause Freedom and FMDI and any of their respective successors or assigns (including any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of Freedom or FMDI with or into one or more other entities (pursuant to a statutory procedure or otherwise)), as applicable, to continue to honour such rights of indemnification and exculpation and indemnify such D&O Indemnitees pursuant thereto, with respect to actions or omissions of such D&O Indemnitees occurring prior to the Closing Time, for six years from the Closing Date.

(c) If Freedom, FMDI or any of their respective successors or assigns (including any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of Freedom or FMDI with or into one or more other entities (pursuant to a statutory procedure or otherwise)) (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of Freedom or FMDI) assumes all of the obligations set forth in this Section 4.11.

(d) The Purchaser shall pay all reasonable expenses, including legal fees, that may be incurred by any D&O Indemnitee in enforcing the indemnity and other obligations provided for in this Section 4.11. The rights of each D&O Indemnitee hereunder shall be in addition to, and not in limitation of, any other rights such D&O Indemnitee may have under the Constating Documents of Freedom or FMDI or any other indemnification arrangements.

(e) The provisions of this Section 4.11 shall be binding, jointly and severally, on all successors and assigns of the Purchaser.

4.12 Debt Financing

(a) The Purchaser shall take, or cause to be taken, all actions within its control and to do, or cause to be done, all things within its control that are reasonably necessary, proper or advisable to arrange and obtain the Debt Financing at or prior to the Closing on the terms and conditions contained in the Debt Commitment Letter, including to:

- (i) maintain in effect the Debt Commitment Letter in accordance with its terms (except for such amendments, supplements, modifications expressly permitted under this Section 4.12);
- (ii) negotiate and enter into the Debt Financing Documents;
- (iii) satisfy or obtain the waiver of all conditions to funding in the Debt Commitment Letter (or Debt Financing Documents entered into with respect to the Debt Financing) that are applicable to and within the control of the Purchaser to enable the consummation of the Debt Financing at or prior to the Closing; provided that the Purchaser shall not be required to pay fees or premiums to obtain the waiver of any conditions to the Debt Financing and the Debt Commitment Letter or Debt Financing Documents, and provided further that nothing in this Section 4.12(a)(iii) shall impact the Purchaser's obligations, subject to the conditions in Section 2.3, to consummate the Closing on the Closing Date pursuant to this Agreement);

- (iv) assuming that all conditions contained in the Debt Commitment Letter have been satisfied, consummate the Debt Financing at or prior to the Closing; and
- (v) enforce its rights under the Debt Commitment Letter, including in the event of a breach by the Debt Financing Sources that would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by this Agreement (it being acknowledged and agreed by the Parties that any delay to a date that would be later than the Outside Date is a material delay).

(b) The Purchaser shall have the right from time to time to amend, restate, supplement or otherwise modify, or waive its rights under, any Debt Commitment Letter or Debt Financing Document; provided that the Purchaser shall not permit, without the prior written consent of Seller Parties (such consent not to be unreasonably delayed, withheld or conditioned), any amendment, restatement, supplement or other modification to be made to, or any waiver or release of any provision or remedy to be made under, the Debt Commitment Letter or any Debt Financing Document (it being understood that the exercise of any "market flex" provisions shall not be deemed to be an amendment, restatement, supplement, termination, replacement, modification, waiver or release) if such amendment, restatement, supplement, termination, replacement, modification, waiver or release would:

- (i) reduce the aggregate amount of net proceeds available from the Debt Financing in a manner that would prevent Purchaser from having funding from committed financings (including the Debt Financing) which, together with Purchaser's cash on hand and undrawn availability under its revolving credit agreement, will be sufficient for Purchaser to consummate the transactions contemplated by this Agreement; or
- (ii) impose new or additional material conditions precedent or otherwise materially expand, amend or modify any of the conditions precedent to the receipt of the Debt Financing.

(c) For avoidance of doubt, and without limitation of the Purchaser's rights hereunder and under the Debt Commitment Letter (but subject to the restrictions contained herein), the Purchaser shall be permitted to: (i) amend, restate, supplement or otherwise modify the Debt Commitment Letter to add and appoint lenders, arrangers, book-runners, underwriters, agents, syndication and documentation agents or similar entities who have not executed the Debt Commitment Letter as at the date of this Agreement to provide for the assignment and reallocation of a portion of the financing commitments contained therein (any such assignment and reallocation shall not release the obligations of the original Debt Financing Sources who executed the Debt Commitment Letter as of the date of this Agreement without the prior written consent of Seller Parties, provided however that any such assignment and reallocation shall automatically release the obligations of any applicable original Debt Financing Sources who executed the Debt Commitment Letter as of the date of this Agreement without the prior written consent of Seller Parties if the assignee purchasing such financing commitments is a Person or the affiliate of a Person with a credit rating of at least A- by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or at least A3 by Moody's Investors Service, Inc. on the date of such assignment or reallocation), and (ii) assign its rights and obligations under the Debt Commitment Letter to certain affiliates of the Purchaser to the extent permitted under the Debt Commitment Letter (provided that any such assignment shall not affect the liabilities or obligations of the

Purchaser under the terms of this Agreement and the Purchaser shall cause any such assignee to perform any such obligations to the extent necessary to preserve the original intent of the Parties under this Agreement).

(d) The Purchaser shall deliver to the Seller Parties true, correct and complete copies of any executed written amendment, modification, restatement, or supplement relating to the Debt Commitment Letter (provided that such copies may be subject to customary redactions, including with respect to fee amounts, rates, economic terms and “market flex” provisions and other confidential or commercially sensitive information (but excluding any fee letters)). Any reference in this Agreement to “Debt Commitment Letter” and “Debt Financing Document” shall include any amendment, restatement, supplement or other modification of such document, in each case, from and after such amendment, restatement, supplement or other modification.

(e) Upon reasonable request by Seller Parties, the Purchaser will provide Seller Parties with information, in reasonable detail, with respect to the current status of all material activity concerning arranging and obtaining the Debt Financing. Without limiting the generality of the foregoing, the Purchaser shall give the Seller Parties notice as soon as reasonably practicable:

- (i) of any actual material breach or material default by any party to the Debt Commitment Letter or the Debt Financing Documents of which the Purchaser becomes aware;
- (ii) of the receipt of any written notice or other communication with respect to any actual breach, default, termination or repudiation by any party to the Debt Commitment Letter or any Debt Financing Documents;
- (iii) if the Purchaser determines in good faith that it will not be able to satisfy any of the obligations to, or otherwise be able to, obtain some or any portion of the Debt Financing on the terms, in the manner or from the sources contemplated by the Debt Commitment Letter or Debt Financing Documents prior to the Outside Date; and
- (iv) if the Debt Commitment Letter expires or is terminated for any reason prior to the Outside Date.

As soon as reasonably practicable after the date Rogers delivers to the Purchaser a written request, the Purchaser shall provide any information reasonably requested by Rogers relating to the circumstances referred to in clauses (i) to (iv) in this Section 4.12(e). The Purchaser shall not be required to make a disclosure under this Section 4.12(e) to the extent that any such disclosure would be prohibited under applicable Law or contractual arrangements or could reasonably be expected to result in a waiver of attorney-client privilege.

(f) If any portion of the Debt Financing becomes unavailable on the terms and conditions (including any applicable “market flex” provisions) contemplated by the Debt Commitment Letter, the Purchaser shall use its commercially reasonable efforts to arrange and obtain, as promptly as practicable but in no event later than Closing, alternative financing for such unavailable portion, including alternative debt and/or equity financing (“**Alternative Financing**”) provided that such Alternative Financing shall not reduce aggregate proceeds in the manner described in Section 4.12(b)(i) nor impose additional conditions in the manner set forth in Section 4.12(b)(ii).

(g) The Purchaser shall deliver to Rogers true, correct and complete copies of any executed commitment or similar letter(s) for any Alternative Financing when available (provided that such copies may be subject to customary redactions with respect to fee amounts, rates, economic terms, “market flex” provisions, and other confidential or commercially sensitive information (but excluding any fee letters)). In the event that: (i) Alternative Financing as contemplated under Section 4.12(f) is obtained or (ii) the Purchaser otherwise arranges and obtains alternative debt financing, all references in this Agreement to “Debt Financing” shall be deemed to include such Alternative Financing and all references to the “Debt Commitment Letter” shall be deemed to include the applicable commitment or similar letter(s) and any related fee letter(s) for the Alternative Financing and all references to “Debt Financing Documents” shall be deemed to include the applicable credit, underwriting, agency or purchase agreement, or other definitive documentation, for such Alternative Financing

(h) The Purchaser acknowledges and agrees that the Purchaser’s obligations hereunder (including to consummate the Transaction) are not in any way, directly or indirectly, contingent, conditioned or otherwise subject to the Purchaser’s consummation of the Debt Financing, any equity financing or any other financing arrangements (including any Alternative Financing), the Purchaser obtaining the Debt Financing, any equity financing or any other financing (including any Alternative Financing) or the availability of the Debt Financing, any equity financing or any other financing (including any Alternative Financing) to the Purchaser, regardless of the reasons for why the Debt Financing, any equity financing or any other financing (including any Alternative Financing) may not be consummated, obtained or available or whether such reasons are within or beyond the control of the Purchaser.

4.13 Financing Assistance

(a) The Seller Parties shall use their commercially reasonable efforts to provide, and shall use their commercially reasonable efforts to cause their respective Representatives to provide, to the Purchaser reasonable assistance and cooperation as is reasonably requested by the Purchaser from time to time prior to the Closing as necessary in connection with arranging, obtaining and syndicating the Debt Financing, including: (i) cooperation and commercially reasonable assistance to the Purchaser in its preparation of an information or offering memorandum relating to the syndication or marketing of the Debt Financing and materials for rating agency presentations and participation by senior management of Freedom and Seller Parties in a reasonable number of due diligence sessions and meetings with actual or prospective Debt Financing Sources and rating agencies in each case at times and locations reasonably agreed and reasonably coordinated in advance thereof; (ii) timely deliver to Purchaser financial information, operating data, business and other information pertinent to the Debt Financing (including diligence information regarding Freedom and the Freedom Business in each case as reasonably requested by Purchaser in connection with the Debt Financing and either readily available to Seller Parties or Freedom or accessible to Seller Parties or Freedom using commercially reasonable efforts including (A) the quarterly and annual financial statements provided in Section 4.13(b) and (B) any financial information regarding Freedom and the Freedom Business which is reasonably required to assist Purchaser in preparing pro forma financial statements and assisting the Purchaser with its preparation of pro forma financial statements required in connection with the Debt Financing or any regulatory filings (it being understood and agreed that the Seller Parties’ obligation to provide financial statements is limited to those set out in Section 4.13(b)); provided, however, that the Seller Parties shall not be required to provide (A) any pro forma financial statements or any information regarding any post-Closing or pro forma adjustments to be incorporated into any information used in connection with the Debt Financing (including any synergies or cost savings), pro forma ownership or an as-adjusted capitalization

table, (B) projections, (C) any description of all or any component of the Debt Financing, or (D) risk factors relating to all or any component of the Debt Financing; (iii) using commercially reasonable efforts to take such actions as are reasonably requested by Purchaser to facilitate the satisfaction on a timely basis of any conditions precedent to obtaining any Debt Financing (provided that, for greater certainty, any guarantees and security interests, shall not be required to take effect before the Closing), including providing all documentation or other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA Patriot Act, and providing reasonable access to Purchaser's legal counsel or any Debt Financing Sources and their respective legal counsel and to existing data rooms solely for the purposes of (A) in the case of Purchaser's legal counsel, completing any customary legal opinions in connection with any Debt Financing and (B) in the case of any Debt Financing Sources and their respective legal counsel, completing customary diligence requests (subject to such Debt Financing Sources being subject to a customary confidentiality undertaking whether provided electronically or otherwise); (iv) causing the taking of any corporate actions by the Seller Parties reasonably necessary to permit the completion of such Debt Financing, in each case effective no earlier than the Closing Date; (v) to the extent reasonably requested by Purchaser, cooperating in connection with the repayment of any Freedom debt to be paid off or otherwise settled, in connection with the transactions contemplated in this Agreement, including using commercially reasonable efforts to obtain customary payoff letters and lien releases and discharges to be provided on the Closing Date (subject, in each case, to receipt of funds from Purchaser sufficient to make any such repayment); (vi) in the event that any Alternative Financing is in the form of debt securities, using its commercially reasonable efforts to cause its independent auditors to cooperate in connection with any such Alternative Financing (including participation in due diligence sessions and the preparation and timely delivery to Purchaser or its affiliates and the Debt Financing Sources of customary comfort letters (including customary “negative assurances”) and consents to the use of their reports in connection with any such Alternative Financing); and (vii) ensuring that, and providing such further information as may be required so that, any and all information provided under this Section 4.13 that is expressly provided by Seller Parties and Freedom for use in any offering document for any Alternative Financing does not and will not, in each case as of the dates with respect to which such information is presented, contain any Misrepresentation. In the case of Alternative Financing, if applicable, the references in this Section 4.13 to Debt Financing shall be deemed to also be references to any such Alternative Financing.

(b) The Seller Parties shall prepare unaudited carve-out consolidated statements of financial position, cash flow statements, statements of income and comprehensive income and statements of changes in net investment of parent with regard to Freedom, FMDI and the Freedom Business (excluding the financial results, assets and liabilities associated with the Shaw Mobile wireless business but including the financial results, assets and liabilities associated with the Freedom Gateway Internet Business) for each fiscal quarter ended after May 31, 2022 (to be delivered within 45 days after the end of each such fiscal quarter), and unaudited carve-out consolidated financial statements (being statements of financial position, cash flow statements, statements of income and comprehensive income and statements of changes in net investment of parent with regard to Freedom, FMDI and the Freedom Business (excluding the financial results, assets and liabilities associated with the Shaw Mobile wireless business but including the financial results, assets and liabilities associated with the Freedom Gateway Internet Business) as of and for the fiscal year ended August 31, 2022 (to be delivered within 45 days after the end of such fiscal year, and provided that such annual financial statements shall be audited and delivered within 90 days if so requested by the Purchaser by written notice to the Seller Parties on or prior to September 15, 2022), it being agreed, however, that in no event shall the Seller Parties be required to prepare or deliver any such financial statements after the Closing Date.

Notwithstanding anything to the contrary set forth in this Agreement, but without limitation of the Purchaser's right to information (including monthly financial information) pursuant to Section 4.5, other than as set forth above in this Section 4.13(b), in no event shall the Seller Parties be required to prepare any balance sheet, cash flow statement, income statement or statement of stockholder's equity with regard to Freedom, FMDI, the Freedom Business or any of their respective assets or liabilities, whether prior to or following the Closing Time.

(c) Notwithstanding the foregoing, the Purchaser agrees that (i) on the earlier of the Closing Time or the termination of this Agreement, the Purchaser shall promptly reimburse the Seller Parties for all documented out-of-pocket costs and expenses incurred by the Seller Parties in connection with all actions taken pursuant to this Section 4.13 (other than accounting costs associated with regular financial reporting by Seller Parties); and (ii) the Purchaser shall indemnify and hold harmless the Seller Parties and their respective affiliates from and against any and all Losses suffered or incurred in connection with any matters contemplated by this Section 4.13, except to the extent such Losses arise out of or result from the fraud or gross negligence of the Seller Parties or any of their respective affiliates or Representatives or, if applicable, arising out of a Misrepresentation in the information provided by or on behalf of Seller Parties or Freedom pursuant to this Section 4.13, as of the dates with respect to which such information is presented.

(d) The Seller Parties hereby consent to the use of the trademarks, trade names and logos of Freedom, FMDI or the Freedom Business in connection with the Debt Financing; provided that such trademarks, trade names and logos are used solely in a manner that is not intended, or reasonably likely, to harm or disparage Freedom, FMDI or the Freedom Business or the reputation or goodwill of Freedom, FMDI or the Freedom Business.

(e) Notwithstanding anything to the contrary herein, the Seller Parties shall only be required to undertake the actions described in Sections 4.13(a) or 4.13(b) provided that:

- (i) such actions are requested on reasonable notice and do not unreasonably interfere with the ongoing business or operations of any of the Seller Parties, Freedom or FMDI;
- (ii) none of the Seller Parties nor Freedom or FMDI shall be required to take any action pursuant to any Contract, certificate or instrument that is not contingent upon the occurrence of the Closing or that would be effective prior to the Closing Time;
- (iii) no employee, officer or director of any Seller Party or Freedom or FMDI shall be required to take any action which would result in such Person incurring any personal liability with respect to the matters related to the Debt Financing;
- (iv) none of the Seller Parties shall be required to:
 - (A) pay any commitment, consent or other similar fee, incur any liability (other than the payment of reasonable and documented out-of-pocket costs related to such co-operation which shall be reimbursed by the Purchaser) or provide or agree to provide any indemnity in connection with any Debt Financing prior to the Closing Time;

- (B) contravene any applicable Law or the Constatng Documents of any of the Seller Parties, Freedom or FMDI; or
- (C) contravene any Contract that relates to any outstanding Indebtedness of any of the Seller Parties, Freedom or FMDI or any other Contract that is material to such Person;
- (v) such action would not cause any condition to Closing set forth in Section 2.3 to fail to be satisfied by the Closing Date;
- (vi) such action would not cause any breach of this Agreement that is not irrevocably waived by the Purchaser; and
- (vii) none of the Seller Parties nor Freedom shall be required to waive or amend any terms of this Agreement.

(f) For the avoidance of doubt, the Parties agree that the Closing shall not be conditioned upon the satisfaction of the Seller Parties' obligations under this Section 4.13 and, notwithstanding anything in this Agreement to the contrary, the Seller Parties shall be deemed to have complied with their obligations under this Section 4.13 for all purposes of this Agreement unless the Debt Financing has not been obtained primarily as a result of the Seller Parties' fraud or willful breach of their obligations under this Section 4.13.

4.14 Post-Closing Confidentiality Covenants

(a) From and after the Closing, the Seller Parties, on the one hand, and the Purchaser on the other hand, shall not, and shall cause their respective Representatives not to, disclose Confidential Information of the other Party, in each case except as permitted by, and in accordance with, Section 4.14(b); provided that (A) the Seller Parties or the Purchaser (or any of their respective Representatives) may disclose Confidential Information of the other Party to their respective directors, officers, employees, advisors and auditors, but in all cases only to the extent that they need to know the Confidential Information, they have been informed of the confidential nature of the Confidential Information and they agree to be bound by and act in accordance with this Section 4.14(a) or otherwise owe similar obligations or duties of confidentiality with respect to Confidential Information, and (B) the restrictions contained in this Section 4.14(a) shall not apply to disclosure of Confidential Information by the Seller Parties or the Purchaser (or any of their respective Representatives) (x) if reasonably necessary in connection with the preparation or an audit of a Tax Return by such Person, or (y) if reasonably necessary for such Person to exercise its rights under or defend itself against or prosecute claims in connection with this Agreement or any Ancillary Agreement.

(b) For purposes of this Agreement, "**Confidential Information**" shall not include, and neither the Seller Parties nor the Purchaser (nor any of their respective Representatives) shall be subject to any confidentiality obligations pursuant to this Section 4.14 in respect of, information that (i) is or becomes generally available to the public, other than as a result of disclosure by such Party or its Representatives in violation of this Agreement or the Confidentiality Agreement, or any other Person that was known to such Party, after reasonable inquiry, to be making such disclosure in violation of an obligation of confidentiality (whether contractual, fiduciary or otherwise) to the other Party or its affiliates; (ii) can be demonstrated by the written records of such Party to have been developed by such Party independent of any disclosure by or on behalf of the other Party; or (iii) is or becomes available to such Party on a non-confidential basis from

a source other than the other Party (or any of its Representatives), provided such first Party has made reasonable inquiry in the circumstances to satisfy itself that such source, at the time of disclosure of such information to such Party, had the unrestricted right to make such disclosure to such Party and was not subject to any confidentiality obligation, whether contractual, fiduciary or otherwise, owed to the other Party or any of its affiliates.

(c) If the Seller Parties or the Purchaser (or any of their respective Representatives) becomes legally compelled (by applicable Law or by any Order, decree or directive of any competent judicial, legislative or regulatory body or authority or by the rules of a relevant stock exchange) to disclose any Confidential Information of the other Party, the Seller Parties or the Purchaser, as applicable, will provide (or cause to be provided) to the other Party prompt written notice so that the other Party may seek a protective order or other remedy and/or waive compliance with the provisions of this Agreement. The Party that is legally compelled to make such disclosure shall cooperate with and provide assistance to the other Party in seeking a protective order or other remedy with respect to such Confidential Information. If such protective order or other remedy is not obtained, and the other Party does not waive compliance with the provisions of this Agreement, the Party that is legally compelled to make such disclosure will furnish only that portion of the Confidential Information, as applicable, that is legally required to be furnished, and will exercise its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to such information.

4.15 Personal Information Privacy

The Purchaser shall at all times comply with all Privacy Laws with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Seller Parties in connection with the transactions contemplated by this Agreement (the “**Disclosed Personal Information**”) and shall execute all further necessary agreements in connection with the foregoing, including, if reasonably requested by the Seller Parties, a data transfer agreement in form and substance acceptable to the Parties, acting reasonably. The Purchaser shall only collect, use or disclose the Disclosed Personal Information for the purposes of investigating Freedom, FMDI and the Freedom Business as contemplated by this Agreement and completing the transactions contemplated in this Agreement. The Purchaser shall not make copies of the Disclosed Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Disclosed Personal Information. If the purchase of the Purchased Shares is not completed for any reason, the Purchaser shall, upon written request from the Seller Parties, return all Disclosed Personal Information to the Seller Party from whom such Disclosed Personal Information was received or destroy such Personal Information, the foregoing being at the applicable Seller Party’s sole option.

4.16 Books and Records

(a) To facilitate the resolution of any claims made against or incurred by the Seller Parties or their affiliates before the Closing Date, or for any other reasonable purpose, for a period of six years after the Closing Date, Freedom and the Purchaser shall, and shall cause their respective affiliates to:

- (i) retain the books and records of Freedom, FMDI and the Freedom Business relating to periods before the Closing Date in a manner reasonably consistent with historical practice; and

- (ii) upon reasonable notice, afford the Representatives of the Seller Parties reasonable access (including electronic access), during normal business hours to such books and records.

(b) Notwithstanding the foregoing, neither Freedom nor the Purchaser shall be obligated to provide the other Parties with access to such books and records under this Section 4.16 where, in the reasonable, good faith judgment of Freedom and the Purchaser, after consultation with outside legal counsel, such access would reasonably be expected to (i) violate any applicable Law (ii) violate an obligation of confidentiality owing to a Person other than a Party or its affiliates or any of their respective Representatives, or (iii) jeopardize the protection of Freedom's or the Purchaser's solicitor-client privilege, provided that the Parties shall cooperate in seeking to find a way to allow disclosure of such information to the extent (A) doing so would not (in the reasonable, good faith judgment of Freedom and the Purchaser, after consultation with outside counsel) be reasonably likely to violate any applicable Law or obligation of confidentiality owing to a Person other than a Party or its affiliates or any of their respective Representatives or jeopardize the protection of a solicitor-client privilege, or (B) the risk associated with doing so could reasonably (in the reasonable, good faith judgment of Freedom and the Purchaser, after consultation with outside legal counsel) be managed through the use of customary "clean-room" arrangements.

(c) Subject to Section 4.14(b), any information accessed by the Seller Parties pursuant to this Section 4.16 shall constitute Confidential Information of Freedom.

4.17 Shaw Guarantees and Letters of Credit

(a) The Purchaser shall use its commercially reasonable efforts to substitute the Purchaser or one or more of its post-Closing affiliates in place of Shaw or any affiliate of Shaw (other than Freedom or FMDI), as applicable, as the party or parties responsible for any obligations under any Contract pursuant to which Shaw or any of its affiliates (other than Freedom or FMDI) guarantees the obligations of Freedom, FMDI or the Freedom Business, or indemnifies, provides assurance against loss, or otherwise agrees to take any similar action in respect of the obligations of Freedom, FMDI or the Freedom Business, being those set forth on Schedule 4.17(a) of the Disclosure Letter and those entered into after the date of this Agreement in accordance with the terms of this Agreement (the "**Shaw Guarantees**"). With respect to any Shaw Guarantees for which the Purchaser has not substituted the Purchaser or one or more of its affiliates in place of Shaw or any affiliate of Shaw (other than Freedom or FMDI), as applicable, and/or has not obtained a release of Shaw and/or such affiliate as of the Closing, (i) if such Shaw Guarantee cannot, by its terms, be terminated as of Closing, or if such termination would materially and adversely affect the Freedom Business, Shaw shall, or shall cause its affiliates to, at the Purchaser's cost and expense, keep such Shaw Guarantee in place until the first to occur of (A) the expiration of the current term of such Shaw Guarantee as in effect as of the Closing Date (without giving effect to any renewal provision (whether automatic or otherwise)), (B) the first anniversary of the Closing Date, and (C) the date on which the Purchaser substitutes the Purchaser or one or more of its affiliates in place of Shaw or any affiliate of the Shaw (other than Freedom or FMDI) (and the Purchaser agrees to continue to use its commercially reasonable efforts to substitute the Purchaser or one or more of its affiliates in place of Shaw or any affiliate of the Shaw (other than Freedom or FMDI) and to obtain a release of Shaw and/or such affiliate on and after the Closing Date), and (ii) the Purchaser and Freedom shall indemnify and hold harmless the Seller Parties and their respective affiliates in respect of any and all Losses incurred or sustained by, or imposed upon, them based upon, arising out of, or by reason of such Shaw Guarantees with respect to Freedom, FMDI or the Freedom Business. The Seller Parties shall,

and shall cause their affiliates to reasonably cooperate with the Purchaser, at the Purchaser's written request, in its efforts pursuant to this Section 4.17(a), and the Purchaser shall reimburse the Seller Parties for all reasonable and documented out-of-pocket costs they or their affiliates incur in connection with such cooperation.

(b) The Purchaser shall use its commercially reasonable efforts to cause each letter of credit, performance bond and other surety arrangement that Shaw or its affiliates (other than Freedom or FMDI) have in place to the extent relating to Freedom, FMDI or the Freedom Business, being those set forth on Schedule 4.17(b) of the Disclosure Letter and those entered into after the date of this Agreement in accordance with the terms of this Agreement (each, a "**Shaw Letter of Credit**"), to be canceled or terminated as of the Closing Date or as promptly as practicable thereafter, such that the Seller Parties and their affiliates shall be released and have no further obligation or liability (contingent or otherwise) under such Shaw Letters of Credit. Without limiting the foregoing, the Purchaser shall offer to substitute a letter of credit, performance bond or other surety arrangement to replace each Shaw Letter of Credit. With respect to each Shaw Letter of Credit that has not been terminated as of Closing, the Purchaser shall (i) continue to use its commercially reasonable efforts to cause each Shaw Letter of Credit to be canceled or terminated as promptly as practicable thereafter, such that the Seller Parties and their affiliates shall be released and have no further obligation or liability (contingent or otherwise) under such Shaw Letters of Credit, (ii) provide to Shaw, and maintain until the applicable Shaw Letter of Credit is canceled, terminated or returned, cash collateral and/or a letter of credit to cash collateralize, "backstop" or otherwise fully secure the obligations of Shaw or the applicable affiliate pursuant to such Shaw Letter of Credit at or prior to the Closing, and (iii) indemnify and hold harmless the Seller Parties and their respective affiliates in respect of any and all Losses incurred or sustained by, or imposed upon them based upon, arising out of, or by reason of such Shaw Letter of Credit from and after the Closing. The Seller Parties shall, and shall cause their affiliates to, cooperate with the Purchaser, at the Purchaser's written request, in their efforts pursuant to this Section 4.17(b) and the Purchaser shall reimburse the Seller Parties for any reasonable and documented out-of-pocket costs they or their affiliates incur in connection with such cooperation.

4.18 Shared Contracts

From and after the date hereof, in respect of each Contract set out in Schedule 4.18 of the Disclosure Letter (the "**Shared Contracts**"), the Parties will use their respective commercially reasonable efforts to permit Shaw and its affiliates (other than Freedom and FMDI) to be removed as a party to such Shared Contract without any further liability from and after (but conditional upon) Closing (including in the case of the Purchaser, by assuming, or causing Freedom or one of its post-Closing affiliates, to assume, the obligations of Shaw and its affiliates (other than Freedom or FMDI) under such Shared Contract and/or providing a performance guarantee of Freedom and/or FMDI's, obligations under such Shared Contract, in each case from and after Closing). With respect to any Shared Contract in respect of which Shaw and its affiliates (other than Freedom or FMDI) have not been removed as a party as of Closing, the Purchaser and Freedom shall continue to use their respective commercially reasonable efforts to permit Shaw and its affiliates (other than Freedom and FMDI) to be removed as a party to such Shared Contract without any further liability, and the Purchaser and Freedom shall indemnify the Seller Parties and their respective affiliates in respect of any and all Losses incurred or sustained by, or imposed upon, them based upon, arising out of, or by reason of being a party to such Shared Contract following Closing, unless such Loss was the result of fraud or gross negligence of the Seller Parties or their respective affiliates.

4.19 Wrong Pockets

(a) If, from time to time following Closing, the Purchaser, Freedom, FMDI, or any affiliate thereof receives any payment from customers, suppliers or any third party that does not relate to the Freedom Business and is properly payable to a Seller Party or any of its post-closing affiliates, the Purchaser and Freedom shall, or shall cause their respective post-closing affiliates to, promptly remit such payment to the Person that is entitled to such payment.

(b) If, from time to time following Closing, any of the Seller Parties or any affiliate thereof receives any payment from customers, suppliers or any third party that relates to the Freedom Business is properly payable to the Purchaser, Freedom, FMDI, or any of their respective post-closing affiliates, the Seller Parties shall or shall cause their respective affiliates to, promptly remit such payment to the Person that is entitled to such payment.

4.20 Insurance

(a) From and after the Closing, except with respect to the Pending Claims, (a) Freedom, FMDI and the Freedom Business shall cease to be insured by Shaw's or any of its affiliates' current and historical insurance policies or programs or by any of their current and historical self-insured programs, and (b) neither the Purchaser nor any of its affiliates shall have any access, right, title or interest to or in any such insurance policies, programs or self-insured programs (including to all claims and rights to make claims and all rights to proceeds) to cover any assets of Freedom, FMDI or the Freedom Business or any and all Losses arising from the operation of Freedom, FMDI or the Freedom Business.

(b) From and after the Closing, the Seller Parties shall, and shall cause their affiliates to, reasonably cooperate with the Purchaser, Freedom and FMDI as requested in writing by the Purchaser so that Freedom and FMDI can continue to seek access to applicable current and historical insurance policies and programs (including current and historical self-insured programs) of Shaw and its affiliates with respect to, and so that such policies and programs respond to, and provide coverage for, the Pending Claims until the resolution thereof, and the Purchaser shall reimburse the Seller Parties for any reasonable and documented out-of-pocket costs they or their affiliates incur in connection with such cooperation.

(c) For greater certainty, from and after the Closing, the Purchaser and Freedom shall be responsible for securing all insurance they consider appropriate for Freedom, FMDI and the Freedom Business.

4.21 Ancillary Agreements

(a) Following the date of this Agreement, the Parties shall, as promptly as practicable, use their respective commercially reasonable efforts to finalize the definitive form of the Roaming Agreement on the terms set forth in Schedule K hereto, the [REDACTED] set forth in Schedule L hereto, the Third-Party Internet Access Services Agreements on the terms set forth in Schedule M hereto (as applicable), the Go Wi-Fi Agreement on the terms set forth in Schedule N hereto, the Transport Agreement on the terms set forth in Schedule O hereto, the [REDACTED] on the terms set forth in Schedule P hereto and the Small Cell Licensing Agreement on the terms set forth in Schedule Q hereto, and in each case on such other commercially reasonable terms and conditions that are customary for such types of agreements (to the extent not inconsistent with the terms set forth in the applicable corresponding Schedules

attached hereto), or on such other terms as may be agreed to in writing by Rogers and the Purchaser.

(b) In the event that any Ancillary Agreement (an “**Outstanding Ancillary Agreement**”) is not entered into at or prior to Closing, the Parties shall consummate the Transaction on the terms set forth herein and, unless Rogers and the Purchaser otherwise agree, shall, and shall cause their respective affiliates to (i) continue to use their respective commercially reasonable efforts to finalize, execute and deliver, as applicable, such Outstanding Ancillary Agreement in accordance with Section 4.21(a) (including through the procedures described in Sections 4.21(c) and (d) below if necessary) and in compliance with any binding or information timing agreements or commitments made to any Governmental Entity, and (ii) until such time as the applicable Outstanding Ancillary Agreement is executed and delivered (at which time the final terms of such executed and delivered Outstanding Ancillary Agreement shall govern), perform in good faith (and the Parties shall cause their respective Subsidiaries (including, in the case of the Purchaser, Freedom and FMDI) to perform in good faith) the covenants, obligations and duties of such Person set forth in the applicable Schedule attached hereto corresponding to such Outstanding Ancillary Agreement as at, and from Closing. For greater certainty, it is expressly acknowledged and agreed that execution and delivery of any Ancillary Agreement is not a condition to the Closing.

(c) If the Parties are unable to settle all of the terms of any Outstanding Ancillary Agreement within 60 days following Closing, each term (or group of related terms) of such Ancillary Agreement which remain unresolved between the Parties (each a “**Disputed Matter**”) shall be referred to the Chief Executive Officer of each of Rogers and the Parent Guarantor who will attempt in good faith to resolve such Disputed Matters in accordance with Section 4.21(a) for an additional 30-day period. If following the expiration of such 30-day period, any Disputed Matter has not been resolved in full either Rogers or the Purchaser may, on written notice to the other Party (a “**Notice of Arbitration**”), require that such unresolved Disputed Matter be resolved by arbitration pursuant to Section 4.21(d) in accordance with the *Arbitration Act, 1991* (Ontario) except as otherwise explicitly set forth in Section 4.21(d) below.

(d) The following provisions shall govern each Disputed Matter referred to arbitration under Section 4.21(c):

- (i) Rogers and the Purchaser shall agree on a single arbitrator within five Business Days of receipt of the Notice of Arbitration, provided that either Party may, if in the reasonable opinion of such Party, the economic impact of an arbitrator’s decision in respect of the Disputed Matters on such Party and its affiliates would be greater than [REDACTED] request that the Disputed Matters be resolved by a panel of three arbitrators to be agreed to by Rogers and the Purchaser prior to the expiry of such five Business Day period. If Rogers and the Purchaser are unable to agree on a single arbitrator or, if applicable, a panel of three arbitrators on or prior expiry of such five Business Day period, then the Disputed Matters shall be referred to a panel of three arbitrators, one of whom shall be appointed by Rogers, one of whom shall be appointed by the Purchaser (in each case within 10 Business Days following the receipt of the Notice of Arbitration), and the third arbitrator shall be jointly appointed by the two appointed arbitrators within five Business Days following their appointment. If the two appointed arbitrators are unable to agree on the third arbitrator within such five Business Day period, then either Party may apply to the Ontario Superior

Court of Justice for the appointment of the third arbitrator in accordance with the Arbitration Act, 1991 (Ontario). Each arbitrator appointed or proposed to be appointed pursuant to this Section 4.21(d)(i) will be a retired judge or a lawyer with extensive arbitration qualifications and experience.

- (ii) The arbitrator or panel of arbitrators, as the case may be as finally appointed in accordance with this Section 4.21(d) (as applicable, the “**Arbitrator**”), shall, and Rogers and the Purchaser shall instruct the Arbitrator to, resolve all Disputed Matters by determining which terms (which may be the terms proposed by Rogers, the terms proposed by the Purchaser or any terms selected by the Arbitrator, provided that the Arbitrator shall not impose terms that are more onerous on any Party than those proposed by the other Party) most closely conform to the standards set out in Section 4.21(a), having regard to the overall terms of the applicable Outstanding Ancillary Agreement.
- (iii) Rogers and the Purchaser agree to proceed with the arbitration as expeditiously as reasonably possible, including in respect of any hearing, in order that a decision may be rendered as soon as practicable by the Arbitrator. Rogers and the Purchaser shall instruct the Arbitrator to render a written decision as soon as reasonably practicable.
- (iv) Any decision of the Arbitrator shall be final and binding on the Parties and their respective successors and assigns and there shall be no right to appeal such decision, whether on a question of law, a question of fact, or a mixed question of fact and law; *provided that* if the economic impact of the Arbitrator’s decision on a Party and its affiliates is greater than ██████████ in the aggregate, such Party may appeal the decision of the Arbitrator to a new panel of three arbitrators (the “**Appellate Panel**”), which Appellate Panel shall be appointed in accordance with Section 4.21(d)(i), *mutatis mutandis*. The arbitration procedures set forth in this Section 4.21(d) shall apply to such appeal, *mutatis mutandis*, and references to the Arbitrator therein shall be deemed to refer to the Appellate Panel. On such appeal, the Appellate Panel shall review questions of law subject to the standard of correctness, questions of fact subject to the standard of palpable and overriding error, and questions of mixed fact and law that do not involve a readily extricable error of law subject to the standard of palpable and overriding error. Subject to the foregoing, the Appellate Panel may make any order or decision that ought to or could have been made by the Arbitrator. Any decision of the Appellate Panel shall be final and binding on the Parties and their respective successors and assigns and there shall be no right to appeal such decision, whether on a question of law, a question of fact, or a mixed question of fact and law.
- (v) To the extent it is not held virtually, the legal seat of arbitration shall be in the City of Toronto in the Province of Ontario. The governing Law of the arbitration shall be the Law the Province of Ontario and the federal laws of Canada applicable therein.
- (vi) The language of the arbitration, including the hearings, documentation, and award, shall be in English.

- (vii) The costs of the arbitration shall be in the discretion of the Arbitrator (or, in the case of an appeal, the Appellate Panel) which, in addition to any jurisdiction and authority under applicable Law to award costs, has the jurisdiction and authority to make an order for costs on such basis as the Arbitrator or Appellate Panel, as applicable, considers appropriate in the circumstances, including to award actual legal fees and disbursements and expert witness fees, and to specify or order any or all of the following:
 - (A) the Party entitled to costs;
 - (B) the Party who must pay the costs;
 - (C) the amount of the costs or how that amount is to be determined; and
 - (D) how all or part of the costs must be paid.
- (viii) Subject to applicable Law, the Parties agree to keep the arbitration procedures, hearings, documents and award strictly confidential.

4.22 Intercompany Balances

In the event that any intercompany balances are not settled in full prior to Closing, such amounts shall be settled by Freedom and FMDI, on the one hand, and Shaw and its Subsidiaries (excluding, for greater certainty, Freedom or FMDI), on the other hand, as soon as reasonably practicable following Closing.

4.23 Freedom Upsale Agreements



4.24 Migration Cooperation

(a) As promptly as practicable following the date hereof and until the termination or expiration of the Transition Services Agreement, to the extent permitted by Law, the Parties shall use their respective commercially reasonable efforts to cooperatively begin planning and implementing steps and actions to assist Purchaser, Freedom and FMDI in migrating away from their reliance on, and to enable the Ordinary Course operation by Purchaser, Freedom and FMDI of the Freedom Business independently on a stand-alone basis without dependency on, any Seller Party (or any of their respective affiliates) or the Transition Services Agreement as promptly as practicable following Closing.

(b) As promptly as practicable following the date hereof and until the termination or expiration of the Reverse Transition Services Agreement, to the extent permitted by Law, the Parties shall use their respective commercially reasonable efforts to cooperatively begin planning and implementing steps and actions to assist Rogers and its Subsidiaries in migrating away from their reliance on the Reverse Transition Services Agreement as promptly as practicable following Closing.

4.25 Non-Solicitation

From and after the date of this Agreement until the date that is [REDACTED] following the Closing Date:

(a) the Seller Parties shall not, and shall cause their respective Subsidiaries (including, for greater certainty, Freedom and FMDI prior to the Closing Time) not to, directly or indirectly, solicit for employment or hire any individual who is or has been during the [REDACTED] period prior to such solicitation or hiring, a [REDACTED] of the Purchaser or any of its Subsidiaries (other than a Terminated Employees) or, between the date of this Agreement and the Closing Date only, an employee of Freedom or FMDI; and

(b) the Purchaser shall not, and shall cause its Subsidiaries (including, for greater certainty, Freedom and FMDI from and after the Closing Time) not to, directly or indirectly, solicit for employment or hire any individual who is or has been during the [REDACTED] period prior to such solicitation or hiring, a [REDACTED] of any of the Seller Parties or any of their respective Subsidiaries,

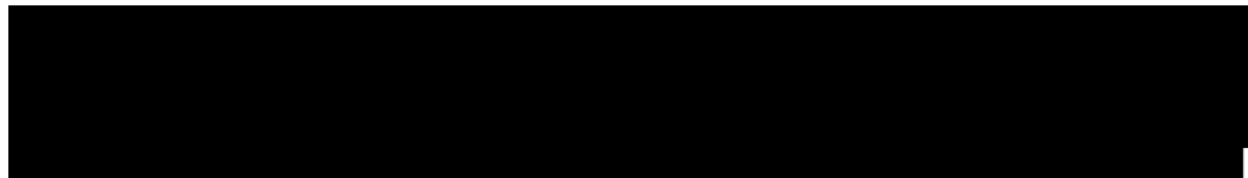
provided that, such prohibitions shall not extend to (i) general solicitations of employment (including publicly posted job advertisements) not specifically directed towards such employees, nor to hiring of any such employee as a result thereof, (ii) the solicitation or hiring of employees whose employment has been terminated by their employer where the solicitations and hiring commence at least [REDACTED] after the termination of such employee's employment, or (iii) the solicitation or hiring of employees in connection with the Employee Transfers contemplated by Section 4.9).

4.26 Exclusivity

From the date of this Agreement through the earlier of the Closing Date or the valid termination of this Agreement in accordance with its terms, the Seller Parties and their affiliates shall not (and the Seller Parties shall cause each of their respective affiliates not to, and shall cause each of their respective Representatives acting on any of their behalf not to), directly or indirectly: (a) solicit, initiate, facilitate, participate in or encourage the submission of, any proposal or offer from

any Person (other than the Purchaser and its affiliates) relating to the acquisition (whether by merger, direct and indirect asset purchase and sale, transfer, offer, investment, restructuring, reorganization, consolidation or other business combination or otherwise) by any Person (other than the Purchaser or affiliates thereof) of, or issuance by either Freedom or FMDI of, any shares or other equity interests thereof, or any material portion of its consolidated assets or of the Freedom Business, or any special dividend, recapitalization or similar transaction (any of the foregoing, an “Alternative Transaction”), in each case, other than (and an Alternative Transaction shall not include) the Shaw Acquisition, the Reorganization Transaction, sales of equity interests in Rogers or Shaw or dividends, recapitalizations or similar transactions, in each case unrelated to the Freedom Business, Freedom or FMDI, or transactions only between or among Shaw and its Subsidiaries; or (b) participate in any discussions or negotiations regarding, furnish or make available any information with respect to or in connection with, or assist or participate in any other manner any effort or attempt by any Person (other than the Purchaser and its affiliates and Representatives) to do any of the foregoing. Each of the Seller Parties shall, and shall cause each of their respective affiliates and any of the respective Representatives acting on any of their behalf to, immediately discontinue and terminate any and all existing discussions or negotiations with, or the provision of any non-public information (including, for the avoidance of doubt, access to the Data Room and any other diligence-related access or resources related to the acquisition of the Freedom Business) to, any Person (other than with the Purchaser, or the Purchaser’s affiliates and Representatives) with respect to, or that could reasonably be expected to lead to, an Alternative Transaction.

4.27 Retail and Warehousing Connectivity Agreement



ARTICLE 5 INDEMNIFICATION

5.1 Survival.

(a) The representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until:

- (i) in the case of the Fundamental Representations, the date that is the [REDACTED] anniversary of the Closing Date;
- (ii) in the case of representations and warranties of Shaw set forth in paragraph 27 of Schedule B [Taxes], 90 days after the expiration of the applicable statutory limitation period pursuant to applicable Laws;
- (iii) in the case of the representations and warranties of Shaw set forth in paragraph 18 of Schedule B [Sufficiency of Assets], the earlier of (A) the date that is the [REDACTED] anniversary of the Closing Date, and (B) [REDACTED]

[REDACTED] and

- (iv) in the case of all other representations and warranties contained in this Agreement, the date that is the [REDACTED] anniversary of the Closing Date.

(b) None of the covenants or other agreements of any Party contained in this Agreement shall survive the Closing Date, other than covenants or other agreements which by their terms contemplate performance after the Closing, which covenants and agreements shall survive the Closing for the period contemplated by their respective terms, or until such performance is waived in writing by the Party for whose benefit such covenant or other agreement exists.

(c) Notwithstanding anything to the contrary in this Section 5.1, if any claim for indemnification is asserted in good faith in accordance with Section 5.5 before the expiration date of the applicable survival period, then any indemnification obligation under this Article 5 with respect to such claim shall survive until such claim has been finally resolved in accordance with this Agreement.

5.2 Indemnification by the Seller Parties.

Subject to the other terms and conditions of this Article 5 and Section 4.7, from and after the Closing, the Seller Parties shall jointly indemnify the Purchaser and its affiliates (collectively, the “**Purchaser Indemnified Parties**”) against, and shall hold the Purchaser Indemnified Parties harmless from and against, any and all Losses incurred or sustained by, or imposed upon, the Purchaser Indemnified Parties to the extent based upon, arising out of, arising from, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Seller Parties or Freedom set out in Schedule A or Schedule B, respectively (other than the Seller Fundamental Representations or the Freedom Fundamental Representations) and, in the case of the representations and warranties of Freedom set forth in paragraph 27 of Schedule B [*Taxes*], subject to Section 4.7, disregarding for the purpose of calculating any Losses, any materiality or Material Adverse Effect qualification contained in any such representation or warranty;

(b) any inaccuracy in or breach of any of the Seller Fundamental Representations or the Freedom Fundamental Representations, disregarding for the purpose of calculating any Losses, any materiality or Material Adverse Effect qualification contained in any such representation or warranty;

(c) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by any of the Seller Parties under this Agreement prior to or following Closing, and any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Freedom under this Agreement prior to Closing;

(d) [REDACTED]

(e) [REDACTED]

(f) any Indemnified Taxes; and

(g) any Retained Assets, Assumed Liabilities or any claims, costs, expenses or liabilities based upon, arising out of, with respect to or by reason of the [REDACTED] (subject to the Purchaser's or its affiliates' obligations under the [REDACTED]).

Subject to the other terms and conditions of this Article 5 and Section 4.7, from and after the Closing, the Seller Parties shall jointly indemnify the Purchaser Indemnified Parties against, and shall hold the Purchaser Indemnified Parties harmless from and against any claims, costs, expenses or liabilities incurred or sustained by, or imposed upon, the Purchaser Indemnified Parties as a result of the Reorganization Transactions set forth under the headings [REDACTED]

5.3 Indemnification by Purchaser.

Subject to the other terms and conditions of this Article 5, from and after the Closing, the Purchaser shall indemnify the Seller Parties and their respective affiliates (collectively, the "**Seller Indemnified Parties**") against, and shall hold the Seller Indemnified Parties harmless from and against, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnified Parties to the extent based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Purchaser set out in Schedule C (other than the Purchaser Fundamental Representations), disregarding for the purpose of calculating any Losses, any materiality or Material Adverse Effect qualification contained in any such representation or warranty;

(b) any inaccuracy in or breach of any of the Purchaser Fundamental Representations, disregarding for the purpose of calculating any Losses, any materiality or Material Adverse Effect qualification contained in any such representation or warranty; or

(c) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser under this Agreement prior to or following Closing, and any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Freedom under this Agreement following Closing.

5.4 Certain Limitations.

(a) Seller Parties Limitations. The obligation of the Seller Parties to indemnify the Purchaser Indemnified Parties under Section 5.2 shall be subject to the following:

(i) except in the case of Actual Fraud or in the case of Losses resulting from a breach of the representations and warranties of Shaw set forth in subparagraph 18(b) of Schedule B [*Sufficiency of Assets*], the Seller Parties shall not be liable to the Purchaser Indemnified Parties under Section 5.2(a) until the aggregate amount of all Losses of the Purchaser Indemnified Parties under Section 5.2(a) exceeds [REDACTED] [REDACTED] (the "**Deductible**"), in which event the Seller Parties shall only be required to pay or be liable for Losses in excess of the Deductible;

- (ii) except in the case of Actual Fraud, the aggregate amount of all Losses for which the Seller Parties shall be liable under Section 5.2(a) shall not exceed [REDACTED] (provided that such limitation shall be increased by an aggregate amount of up to [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and provided further that any indemnifiable claims pursuant to Section 7.1(2)(a), (b) and (d) of the Transition Services Agreement and the corresponding indemnification provisions of the Other Ancillary Agreements shall be included for the purpose of determining whether such limitation is reached;
- (iii) notwithstanding Section 5.4(a)(ii), except in the case of Actual Fraud, the aggregate amount of all Losses for which the Seller Parties shall be liable under Section 5.2(a) in respect of a breach of the representation set forth in subparagraph 18(c) of Schedule B shall not exceed [REDACTED]; and
- (iv) without limiting Sections 5.4(a)(ii) and 5.4(a)(iii), the aggregate amount of all Losses for which the Seller Parties shall be liable under Section 5.2 and under all Ancillary Agreements shall not exceed the Aggregate Cap.

(b) Purchaser Limitations. The obligation of the Purchaser to indemnify the Seller Indemnified Parties under Section 5.3 shall be subject to the following:

- (i) except in the case of Actual Fraud, the Purchaser shall not be liable to the Seller Parties' Indemnified Parties under Section 5.3(a) until the aggregate amount of all Losses of the Seller Indemnified Parties under Section 5.3 exceeds the Deductible, in which event the Purchaser shall only be required to pay or be liable for Losses in excess of the Deductible;
- (ii) except in the case of Actual Fraud, the aggregate amount of all Losses for which the Purchaser shall be liable under Section 5.3(a) shall not exceed [REDACTED]; and
- (iii) without limiting Section 5.4(b)(ii), the aggregate amount of all Losses for which the Purchaser shall be liable under Section 5.3 shall not exceed [REDACTED]

(c) Expiration. No Party shall have any obligation or liability for indemnification or otherwise with respect to any representation, warranty, covenant or agreement in this Agreement that survives the Closing, as applicable, after the end of the applicable time at which such representation, warranty, covenant or agreement has terminated in accordance with Section 5.1 or the time for making any claim expires in accordance with Section 5.1, as applicable, except for claims with respect to which a notice of claim has been delivered in good faith accordance with Section 5.5 prior to the end of the applicable time at which such representation, warranty, covenant or agreement has terminated in accordance with Section 5.1 or the time for making any claim expires in accordance with Section 5.1, in which case any such representations, warranties, covenants or agreements that are the subject of such indemnification claim that would otherwise terminate as set forth above shall survive as to such claim, and that claim only, until such time as such claim is fully and finally resolved.

(d) Insurance and Taxes. Payments by an Indemnifying Party to an Indemnified Party under Section 5.2 or Section 5.3 in respect of any Loss shall be: (i) net of any amounts that have been reimbursed through any insurance proceeds or any indemnity, contribution or other similar payment received by the Indemnified Party, which the Indemnified Party shall use its commercially reasonable efforts to recover prior to seeking indemnification under this Agreement (and, following any indemnification payment by the Indemnifying Party hereunder, the Indemnifying Party shall, to the fullest extent permitted by Law, be subrogated to all of the Indemnified Party's remaining right, title and interest to receive any such insurance, indemnity, contribution or other similar payment in respect of any Losses that have been indemnified by the Indemnifying Party); and (ii) reduced dollar for dollar by the amount of any Tax benefits realized by the Indemnified Party as a result of such Losses (calculated by comparing the Tax payable by the Indemnified Party as a result of the Losses to the Tax that would have otherwise been payable by the Indemnified Party for the relevant Tax period), provided that (A) such Tax benefits must be actually realized in any one or more Tax period(s) before and including the Tax period in which the indemnity payment is made, and (B) the Indemnified Party shall attempt to so realize such Tax benefits in such period(s) reasonably and in good faith.

(e) Duty to Mitigate. Nothing in this Agreement in any way restricts or limits the general obligation under applicable Laws of an Indemnified Party to mitigate any Losses indemnifiable under Section 5.2 or Section 5.3, as applicable (including in the case of any inaccuracy or breach of the representation in Section 18 of Schedule B and any rights available to Freedom under the Transition Services Agreement).

(f) One Recovery. No Indemnified Party shall be entitled to double recovery for any Loss, whether under this Agreement, any Ancillary Agreement or otherwise, even though the Loss may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the Indemnifying Party in this Agreement.

(g) Exclusive Remedy. Except as explicitly provided in Section 8.6, or the rights of indemnification set forth in Sections 2.6, 4.9(d), 4.9(f), 4.11, 4.13(c), 4.17 or 4.18, the Parties acknowledge and agree that, from and after the Closing, their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement (whether in contract or in tort, in Law or in equity or otherwise, or granted by statute or otherwise), shall be pursuant to the indemnification provisions set forth in this Article 5. In furtherance of the foregoing, each Party hereby waives, from and after the Closing, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Parties and their respective Representatives (whether in contract or in tort, in Law or in equity or otherwise, or granted by statute or otherwise), except under the indemnification provisions set forth in this Article 5. For greater certainty, nothing in this Section 5.4(g) shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled under Section 8.6 or under the terms of any Ancillary Agreement.

5.5 Indemnification Procedures

(a) Third-Party Claims. Subject to Section 5.5(c), if any Indemnified Party receives notice of the assertion or commencement of any action, claim or other legal proceeding made or brought by any Person who is not a Party or an affiliate thereof (including, for greater certainty, pursuant to Section 5.2(d) or Section 5.2(e)) (a "**Third-Party Claim**") against such Indemnified Party with respect to which an Indemnifying Party may be obligated to provide indemnification

under this Article 5, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof; provided that the right of an Indemnified Party to be indemnified under this Article 5 shall not be adversely affected by the failure of the Indemnified Party to provide such prompt written notice, except and only to the extent that the Indemnifying Party is materially prejudiced by such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of all Losses that have been or may be sustained by the Indemnified Parties. The Indemnifying Party shall have the right, at its option, to (i) participate in the defence of any Third-Party Claim, or (ii) assume the defence of any Third-Party Claim by giving written notice to the Indemnified Party within 20 days of receipt of a notice of a Third-Party Claim in accordance with this Section 5.5(a), in each case at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defence; provided that, except in the case of Third-Party Claims contemplated by Section 5.2(d), if the Indemnifying Party is a Seller Party, the Seller Parties shall not have the right to defend or direct the defence of any such Third-Party Claim that: (i) is asserted directly by or on behalf of a Person that is a material supplier or material customer of the Freedom Business; or (ii) seeks an injunction or other equitable relief against the Indemnified Party, in which case the Indemnified Parties shall defend the Third-Party Claim and may only settle such claim in compliance with Section 5.5(b). If the Indemnifying Party assumes the defense of a Third-Party Claim, the Indemnified Party shall have the right to participate in the defence of the Third-Party Claim with counsel selected by it (subject to the Indemnifying Party's right to control the defence thereof, if applicable), in which case the fees and disbursements of such counsel shall be at the expense of the Indemnified Party; provided that if, in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defences available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, then in either case the Indemnifying Party shall be liable for the reasonable fees and expenses of one counsel for the Indemnified Parties in each jurisdiction in which the Indemnified Parties reasonably require counsel to defend such Third-Party Claim. If the Indemnifying Party elects not to assume the defence of a Third-Party Claim or fails to make such election within the 20-day period contemplated by this Section 5.5(a), the Indemnified Party may, subject to Section 5.5(b), pay, compromise, defend the Third-Party Claim and seek indemnification for any, and all, Losses based upon, arising from or relating to such Third-Party Claim, subject to the terms, limitation and conditions contained in this Agreement (including this Article 5). The Parties shall cooperate and consult with each other in good faith in connection with the defence of any Third-Party Claim, including making available (subject to the provisions of Section 4.5(c)) records relating to such Third-Party Claim and furnishing, without expense (other than reimbursement of reasonable out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defence of such Third-Party Claim.

(b) Settlement of Third-Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into any settlement of any Third-Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 5.5(b). If a firm offer is made to settle a Third-Party Claim and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third-Party Claim and the Indemnifying Party proposes to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such offer within 10 Business Days after its receipt of such notice, the Indemnified Party shall assume or continue, as applicable, the defence of such Third-Party Claim, and thereafter the maximum liability of the Indemnifying Party in respect of such Third-Party Claim (or

any other claim arising out of substantially similar facts) shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such offer and also fails to assume or continue, as applicable, defence of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in the offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defence of a Third-Party Claim under Section 5.5(a), the Indemnified Party shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof; provided however, the right of an Indemnified Party to be indemnified under this Article 5 shall not be adversely affected by the failure of the Indemnified Party to provide such prompt written notice, except and only to the extent that the Indemnifying Party is prejudiced by such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, include copies of all material written evidence thereof and indicate the estimated amount, if reasonably practicable, of all Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. During such 30-day period, the Indemnified Party shall afford the Indemnifying Party and its Representatives reasonable access during normal business hours to the Purchaser's and Freedom's premises and personnel (in such a manner that does not unreasonably interfere with the conduct of their business) and the right to examine and make copies of (or, where practicable, receive electronic access to) any records relating to such Direct Claim as the Indemnifying Party or its Representatives may reasonably request. If the Indemnifying Party does not so respond within such 30-day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case either the Indemnified Party or the Indemnifying Party may apply to court (in accordance with Section 8.12) to determine the relative rights and obligations of the Indemnified Party and the Indemnifying Party hereunder in respect of such Direct Claim.

(d) Tax Contests. The Seller Parties shall have the right, at their sole expense and employing counsel of their own choice, to contest any assessment, reassessment or other Tax contest (an "**Assessment**") provided that the Assessment relates solely to Taxes for which Seller Parties may be liable under Section 5.2(a) or Section 5.2(f) of this Agreement. If only a portion of the Assessment relates to Taxes for which Seller Parties would be liable under Section 5.2(a) or Section 5.2(f) of this Agreement, then Seller Parties will have the right to jointly participate in contesting or settling such Assessment (such joint participation to be conducted by the Parties reasonably and in good faith) and to control aspects of such contest which relate solely to Taxes for which Seller Parties would be liable under Section 5.2(a) or Section 5.2(f). In such event that Seller Parties control an Assessment, they shall keep Purchaser reasonably informed of the progress of such contest and Purchaser shall have the right to retain its own counsel and to participate in the defence of such Assessment, but the fees and expenses of such counsel shall be at the sole expense of Purchaser. The Parties shall cooperate reasonably and in good faith in respect of all matters relevant to an Assessment in a manner similar to Section 5.5(a) (including giving prompt written notice of any Assessment contemplated by this Section 5.5(d), together with any ancillary documents related thereto, within 10 days of receipt thereof), provided that the Seller Parties shall not settle or compromise any Assessment without the prior written consent of the Purchaser, such consent not to be unreasonably withheld. The Seller Parties shall be required, in respect of any Assessment they decide to control, to pay such of the following amounts owing pursuant thereto or thereunder to any Governmental Entity on behalf of Freedom or FMDI (as applicable) where such payment is required by applicable Law to be paid notwithstanding that the matter is still in dispute: (i) in the case of amounts assessed which are subject to subsection

225.1(7) of the Tax Act or any provision of applicable Law which provides for the obligation to pay a lower amount than the full amount of such Assessment, such amounts shall be determined in accordance therewith; and (ii) in any other case, the full amount owing pursuant to such Assessment which must be paid in accordance with applicable Law. Such payment shall be paid within 15 days after the Seller Parties have received notice of such Assessment, except where the amounts assessed are subject to subsection 225.1(7) of the Tax Act or any provision of applicable Law which prescribes a later date for payment, in which case payment may be made on or before such later date. Should the Seller Parties fail to pay such amounts in respect of any Assessment within such time, the Seller Parties shall forfeit their right to control the contest of such Assessment pursuant to this Section 5.5(d), and such Assessment shall be treated for all purposes of this Agreement as an Assessment in respect of which the Seller Parties decided not to exercise such right of control. In the event that the Seller Parties have paid any amount hereunder in respect of an Assessment or re-Assessment on account of Taxes indemnified under Section 5.2(a) or Section 5.2(f) of this Agreement, the Seller Parties shall be entitled to recover any such amount (or any portion thereof) which is refunded or otherwise credited against Taxes owing which arises as a result of any successful or partially successful contest or settlement of such matter, together with any interest or other amounts payable in connection therewith (but net of Taxes payable, if any, by Freedom or FMDI on such interest or other amounts). The Purchaser shall, or shall cause Freedom or FMDI, to pay such amounts to the Seller Parties forthwith after such amounts are received from, or credited by, the Governmental Entity. Except with the prior written consent of the Seller Parties (such consent not to be unreasonably withheld), the Purchaser shall not, and shall not permit Freedom and FMDI, to agree to or compromise any settlement of an Assessment, with respect to any Tax contests if the foregoing could give rise to a claim, or an increase in the amount of a claim, against Seller Parties under Section 5.2(a) or Section 5.2(f) of this Agreement.

5.6 Tax Treatment of Indemnification Payments

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

ARTICLE 6 TERMINATION

6.1 Termination

- (a) This Agreement shall terminate automatically:
 - (i) upon the delivery to the Purchaser of a joint written notice, executed by both Shaw and Rogers, confirming that the Arrangement Agreement has been terminated; or
 - (ii) if a court of competent jurisdiction has issued an Order declaring that the Arrangement Agreement has been terminated, and such Order has become final, binding and non-appealable.

- (b) This Agreement may be terminated prior to the Closing Time by:
- (i) the mutual written agreement of Rogers, Shaw and the Purchaser if, each acting reasonably, they collectively determine that the Key Freedom Regulatory Approvals will not likely be issued or obtained by the Outside Date;
 - (ii) either Rogers or the Purchaser if:
 - (A) **Illegality.** After the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Transaction illegal or otherwise prohibits or enjoins the Parties from consummating the Transaction, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 6.1(b)(ii)(A) has used its commercially reasonable efforts, including in respect of the Key Freedom Regulatory Approvals, to appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Transaction; and provided further that the enactment, making, enforcement or amendment of such Law was not caused by, or is a result of, any inaccuracy of such Party's representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement (including Section 4.4);
 - (B) **Occurrence of Outside Date.** The Closing Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 6.1(b)(ii)(B) if the failure of the Closing Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement (including Section 4.4);
 - (iii) Rogers if:
 - (A) **Failure to Consummate Closing.** (i) The condition set forth in Section 2.3(a)(ii) [*Key Freedom Regulatory Approvals*] has been satisfied and all other conditions are then capable of being satisfied if there was a Closing, (ii) the Seller Parties have given written notice to the Purchaser that they are ready, willing and able to consummate the Closing and (iii) the Purchaser has failed to consummate the Closing on the date on which the Closing should have occurred pursuant to Section 2.2; or
 - (B) **Purchaser Breach.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that, individually or in the aggregate, would cause the Closing not to occur on or prior to the Outside Date, and such breach or failure is incapable of being cured prior to the Outside Date or is not cured prior to the Outside Date, provided that none of the Seller Parties or Freedom are then in

breach of this Agreement so as to cause the Closing not to occur on or prior to the Outside Date; or

- (iv) Purchaser if:
- (A) **Failure to Consummate Closing.** (i) The condition set forth in Section 2.3(a)(ii) *Key Freedom Regulatory Approvals*] has been satisfied and all other conditions are then capable of being satisfied if there was a Closing, (ii) the Purchaser has given written notice to the Seller Parties that it is ready, willing and able to consummate the Closing and (iii) the Seller Parties have failed to consummate the Closing on the date on which the Closing should have occurred pursuant to Section 2.2; or
 - (B) **Seller Parties Breach.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Seller Parties or Freedom under this Agreement occurs that, individually or in the aggregate, would cause the Closing not to occur on or prior to the Outside Date, and such breach or failure is incapable of being cured prior to the Outside Date or is not cured prior to the Outside Date, provided that the Purchaser is not then in breach of this Agreement so as to cause the Closing not to occur on or prior to the Outside Date.

(c) In the event that Rogers or the Purchaser exercises its right to terminate this Agreement pursuant to Section 6.1(b) (other than pursuant to Section 6.1(b)(i)) it shall give written notice of such termination to the other Parties, specifying in reasonable detail the basis for its exercise of its termination right.

6.2 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 6.1, this Agreement shall become void and of no further force or effect without liability of any Party (or any Related Party of such Party) to any other Party to this Agreement, except that this Section 6.2, Article 7 and Sections 8.2 through to and including Section 8.17 shall survive, and provided further that no Party shall be relieved of any liability for (i) the failure of such Party to consummate the Closing if, as and when required pursuant to this Agreement, or (ii) any fraud or breach by it of this Agreement.

ARTICLE 7 PARENT GUARANTEE

7.1 Parent Guarantee

(a) The Parent Guarantor hereby covenants and agrees that it will cause the Purchaser to duly comply with and perform all of its covenants, duties, and obligations under, relating to or connection with the Transaction as and when required.

(b) The Parent Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Seller Parties, and covenants and agrees to be jointly and severally liable with the Purchaser as principal and not as surety (the "**Guarantee**"), for the due and punctual payment and performance of all of the Purchaser's covenants, duties, and obligations, relating to or under

this Agreement or otherwise in connection with the Transaction as and when required (the “**Guaranteed Obligations**”). If the Purchaser fails to perform or pay any Guaranteed Obligation as and when required, then, without the necessity or the requirement for the Seller Parties to pursue or exhaust any recourse against the Purchaser, the Parent Guarantor will perform or pay or cause to be performed or paid such Guaranteed Obligation promptly upon demand. Any and all payment or performance by the Parent Guarantor hereunder shall be made without any set-off, recoupment or counterclaim.

(c) The Parent Guarantor’s obligations hereunder are direct, independent, and primary, and this Guarantee is absolute and unconditional; provided that, except as otherwise set forth in this Section 7.1, any claim hereunder against the Parent Guarantor shall be subject to, and the Parent Guarantor shall have available to it in defense of any such claim, any and all of the Purchaser’s rights and defenses, whether arising under the Agreement or otherwise, in respect of any such claim. The Parent Guarantor’s obligations under this Guarantee shall, without limitation, constitute a guarantee of payment and performance, binding upon the Parent Guarantor and its successors and permitted assigns and irrevocable, and remain in force until all Guaranteed Obligations have been paid or performed in full and shall not be released or discharged notwithstanding:

- (i) any waiver, forbearance or extension of time for performance or payment of any Guaranteed Obligation;
- (ii) any delay or failure by the Seller Parties to enforce or exercise any right or remedy in respect of any Guaranteed Obligation;
- (iii) any failure to give notice to the Parent Guarantor of the occurrence of a default by the Purchaser in the payment or performance of any of the Guaranteed Obligations;
- (iv) the release or discharge of the Purchaser from the performance or observance of any Guaranteed Obligation or any part thereof, or the release, acceptance or disposal of any collateral held by the Seller Parties as security for any of the Guaranteed Obligations or the substitution, release, exchange or invalidity of any security interest held by the Seller Parties as security therefor;
- (v) any voluntary or involuntary liquidation or dissolution of the Purchaser;
- (vi) the sale or other disposition of all or substantially all of the assets and liabilities of the Purchaser;
- (vii) the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, composition or other similar proceeding affecting the Purchaser; or
- (viii) any merger, amalgamation, arrangement, consolidation, or other reorganization to which the Purchaser, the Parent Guarantor or any of their affiliates is a party.

(d) Until all obligations of the Purchaser under, relating to or in connection with the Transaction and all obligations of the Parent Guarantor under this Guarantee are discharged and

released: (a) the Parent Guarantor shall not assert against the Purchaser any claim, right or remedy, direct or indirect, that the Parent Guarantor now has or may hereafter have against Purchaser in connection with this Guarantee or the performance by Parent Guarantor of its obligations hereunder; and (b) the Parent Guarantor shall not be subrogated to any of the Seller Parties' rights in the Guaranteed Obligations.

(e) This Guarantee is a continuing guarantee and, in the case of each Guaranteed Obligation requiring the payment of monies, this Guarantee applies to and secures any ultimate balance due or remaining due to the Seller Parties; and if, at any time, all or any part of any monies previously applied by the Seller Parties to any Guaranteed Obligation is or must be rescinded or returned by the Seller Parties for any reason whatsoever, such Guaranteed Obligation will, for the purposes hereof, to the extent such payment is or must be rescinded or returned, be deemed to have continued in existence and this Guarantee shall continue to be effective or be reinstated, as applicable, to such Guaranteed Obligation as if such application had not been made.

(f) Payments shall be free and clear of all deductions or withholdings of any kind, except for those required by Law.

(g) In connection with the foregoing Guarantee, the Parent Guarantor hereby represents and warrants to the Seller Parties as follows:

- (i) the Parent Guarantor is a corporation duly incorporated and validly existing under the laws of the jurisdiction of its incorporation;
- (ii) the Parent Guarantor has the requisite corporate power and authority to enter into and perform its obligations under this Agreement;
- (iii) the execution, delivery and performance by the Parent Guarantor of its obligations under this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Parent Guarantor and no other corporate proceedings on the part of the Parent Guarantor is necessary to authorize this Agreement or the consummation of the Transaction;
- (iv) this Agreement has been duly executed and delivered by the Parent Guarantor and constitutes a legal, valid and binding agreement of the Parent Guarantor enforceable against the Parent Guarantor in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction; and
- (v) the execution and delivery of, and performance by the Parent Guarantor of its obligations under this Agreement and the consummation of the Transaction, do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) contravene, conflict with, or result in any violation or breach of the Parent Guarantor's Constatng Documents.

ARTICLE 8 GENERAL PROVISIONS

8.1 Amendments

(a) This Agreement may, at any time and from time, be amended, supplemented or modified by the mutual written agreement of Rogers and the Purchaser, provided that to the extent that any such amendment, supplement or modification is to: (a) Section 4.11, or (b) would otherwise be adverse to the interests of Shaw or its affiliates (including, for greater certainty, amendments, modifications or supplements to Shaw's or its affiliates' rights and obligations in Sections 2.2, 2.3, 4.4, 4.13, 8.1 or 8.6), then in each case such amendment, supplement or modification shall require the prior written consent of Shaw (such consent not to be unreasonably withheld, conditioned or delayed).

(b) Notwithstanding anything set forth in this Agreement to the contrary, to the extent any amendment, modification or waiver of this Section 8.1, Section 8.5, Section 8.6(b), Section 8.10 or the definitions of "Debt Commitment Letter", "Debt Financing", "Debt Financing Sources" and "Debt Financing Documents" (and any provision of this Agreement to the extent an amendment, supplement, modification or waiver of such provision would modify the substance of any of the foregoing provisions) is sought that is adverse to the interests of the Debt Financing Sources, the prior written consent of such adversely affected Debt Financing Source will be required before such amendment, modification or waiver is rendered effective.

8.2 Expenses

Except as otherwise expressly provided in this Agreement, the Ancillary Agreements or the Confidentiality Agreement, each of the Parties shall be responsible for and pay their own respective legal, financial advisory, accounting and other costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and the Ancillary Agreements, the performance of their respective obligations under this Agreement and the Ancillary Agreements, and the consummation of the Transaction.

8.3 Notices

Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by hand delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day; or (ii) if sent by email (with confirmation of transmission) on the date of transmission if it is a Business Day and transmission was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like Notice):

(a) to Shaw, Shaw Telecom or, prior to Closing, Freedom at:

Shaw Communications Inc.
630 – 3rd Avenue S.W., Suite 900
Calgary, Alberta
T2P 4L4

Attention: Trevor English,
Executive Vice President, Chief Financial & Corporate
Development Officer

Email: [REDACTED]

Attention: Peter Johnson,
Executive Vice President, Chief Legal and Regulatory Officer

Email: [REDACTED]

with a copy to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, Ontario
M5V 3J7

Attention: Vincent A. Mercier and Brett Seifred
Email: vmercier@dwpv.com and bseifred@dwpv.com

(b) to Rogers at:

Rogers Communications Inc.
333 Bloor Street East, 10th Floor
Toronto, Ontario
M4W 1G9

Attention: Mahes Wickramasinghe and Marisa Wyse
Email: [REDACTED]

with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario, M5H 2S7

Attention: Chris Sunstrum
Email: csunstrum@goodmans.ca

(c) to the Purchaser, the Parent Guarantor or, following Closing, Freedom at:

Quebecor Inc.
612 rue Saint-Jacques, 17th floor
Montreal, Quebec, H3C 4M8

Attention: Hugues Simard and Jonathan Lee Hickey
Email: [REDACTED]

with a copy to:

Osler, Hoskin & Harcourt LLP
1000 rue de la Gauchetière West, Suite 1000
Montreal, Quebec, H3B 4W5

Attention: Niko Veilleux
Email: nveilleux@osler.com

Rejection or other refusal to accept, or inability to deliver because of changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

8.4 Time of the Essence

Time is of the essence in this Agreement.

8.5 Third Party Beneficiaries

(a) The Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties, and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(b) Notwithstanding the foregoing:

- (i) the Purchaser and Freedom acknowledge to (A) each of the D&O Indemnitees his or her direct rights against them under the provisions of Section 4.11, and (B) each of the Seller Parties' affiliates its direct rights against them under the provisions of Section 2.6, Section 4.9(f), Section 4.13(c), Section 4.17 and Section 5.3, which provisions are intended for the benefit of, and shall be enforceable by, each such Person and, for such purpose, the Purchaser and Freedom hereby acknowledge and agree that Rogers is acting as agent and trustee on behalf of each such Person;
- (ii) the Seller Parties acknowledge to each of the Purchaser's affiliates its direct rights against them under the provisions of Section 4.9(g) and Section 5.2, which provisions are intended for the benefit of, and shall be enforceable by, each such Person and, for such purpose, the Seller Parties hereby acknowledge and agree that the Purchaser is acting as agent and trustee of each such Person; and
- (iii) the Parties acknowledge to each Debt Financing Source their respective rights against the Parties, as applicable, under each of Section 8.1, this Section 8.5 and Section 8.6(b) which are intended for the benefit of, and shall be enforceable by, each of the Debt Financing Sources.

8.6 Equitable Remedies

(a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party. The Parties accordingly agree that (i) each Party shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement and the obligations of the Parties to consummate the Closing in accordance with the provisions of this Agreement, and to specifically enforce compliance with, and performance of, the terms of this Agreement against the other Parties, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at Law or in equity, and (ii) the right of specific performance is an integral part of the transactions contemplated by this Agreement and, without such right, none of the Parties would have entered into this Agreement. In furtherance of the foregoing, each of the Parties hereby irrevocably waives, and agrees not to assert or attempt to assert, by way of motion or other request for leave, as a defense, counterclaim or otherwise, in any proceeding, any claim or argument that there is an adequate remedy at law or that an injunction or award of specific performance is not otherwise an available or appropriate remedy, in each case, with respect to this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, but without limiting any of the Seller Parties' rights under Sections 8.6(a) or 8.6(c) or the rights of the Parties to the Debt Commitment Letter under the terms thereof, the Seller Parties hereby waive, any rights or claims against any Debt Financing Source in connection with this Agreement, the Debt Financing or the transactions contemplated hereby or thereby and the Seller Parties agree not to commence any action or proceeding against any Debt Financing Source in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or in respect of any other document or theory of law or equity in connection therewith, whether at law, in contract, in tort or otherwise and agrees to cause any such action or proceeding asserted by the Seller Parties in violation of the prohibition on commencing actions or proceedings contained in this Section 8.6(b) against any Debt Financing Source to be dismissed or otherwise terminated. In particular, the Seller Parties agree that no Debt Financing Source shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature. For the avoidance of doubt, nothing contained herein shall in any way limit or modify the rights and obligations of the Purchaser or the Debt Financing Sources set forth under the Debt Commitment Letter or any other commitment letter, fee letter or definitive agreement pertaining to the Debt Financing, and nothing herein shall restrict the ability of the Seller Parties to seek specific performance of the Purchaser's obligations hereunder.

(c) If, prior to the Outside Date, any Party brings any action in accordance with this Section 8.6 to enforce specifically the performance of the terms and provisions hereof by any other Party, the Outside Date shall automatically be extended (i) for the period during which such action is pending, plus 20 Business Days, or (ii) by such other time period established by the court presiding over such action, as the case may be.

8.7 Arrangement Agreement

Nothing in this Agreement shall amend, vary, modify or derogate from the rights and obligations of Rogers and Shaw to each other under any other legally binding agreement entered into between Rogers and Shaw, whether prior to, on or after the date hereof, all of which remain in full force and effect, including Section 4.5 (Regulatory Approvals) of the Arrangement Agreement and

any confidentiality agreement between Rogers and Shaw that remains in force. As between Rogers and Shaw, to the extent of any conflict, inconsistency or ambiguity between the terms of this Agreement and the Arrangement Agreement, the terms of the Arrangement Agreement shall prevail and be paramount.

8.8 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

8.9 Entire Agreement

This Agreement, the Ancillary Agreements, the Confidentiality Agreement and the [REDACTED] constitute the entire agreement between the Parties with respect to the Transaction and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement, the Ancillary Agreements or the Confidentiality Agreement. None of the Parties has relied or is relying on any other representation, warranty, information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement. For greater certainty, the Parties agree that the letter agreement between the Purchaser, Rogers, Shaw and Shaw Telecom dated June 17, 2022 (including the term sheet attached thereto) is terminated effective upon the execution and delivery of this Agreement by the Parties.

8.10 Successors and Assigns

This Agreement becomes effective only when executed and delivered by the Parties. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. From and after the consummation of the transactions contemplated by the Arrangement Agreement, references in this Agreement to Rogers shall be deemed to include Shaw, and references to Shaw shall be deemed to include Rogers (and either Rogers or Shaw shall have the full authority to act on behalf of any or both of Rogers and/or Shaw). Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, the Purchaser may, on notice to the Seller Parties but without the prior written consent of the other Parties, assign all or any portion of its rights under this Agreement to one or more of its wholly-owned Subsidiaries or one or more direct or indirect wholly-owned Subsidiaries of the Parent Guarantor, provided that the Purchaser and the Parent Guarantor shall remain liable for the due and punctual performance of all of their respective obligations under this Agreement (and, for greater certainty, the Guaranteed Obligations shall include the due and punctual payment and performance of all of such assignee's covenants, duties, and obligations under, relating to or under this Agreement or otherwise in connection with the Transaction as and when required) and such assignment shall not derogate from the Seller Parties' rights or remedies against the Purchaser or the Parent Guarantor arising under or in connection with this Agreement.

8.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the Transaction is fulfilled to the fullest extent possible.

8.12 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. Any legal proceedings arising out of this Agreement shall be conducted in the English language only. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

8.13 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.14 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

8.15 No Liability

(a) No Person who is not a named party to this Agreement, including any Related Party of a Party, shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of a Person against any of its Related Parties) for any obligations or liabilities arising under, in connection with or related to this Agreement or for any claim, proceeding or cause of action based on, in respect of, or by reason of this Agreement or its negotiation, execution or performance, and each Party waives and releases all (and agrees that neither it nor any of its Related Parties shall commence any claim or proceeding in respect of any) such liabilities, claims and obligations against any such Related Parties.

(b) Notwithstanding the foregoing, nothing herein limit the express obligations of any Person that is a party an Ancillary Agreement arising under the express terms thereof.

8.16 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. *Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.*

8.17 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other method of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile, PDF or similarly executed electronic copy of this Agreement, and such facsimile, PDF or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature Page Follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

VIDEOTRON LTD.

By: Hugues Simard
Name: Hugues Simard
Title: Vice President


By: Sophie Riendeau
Name: Sophie Riendeau
Title: Corporate Secretary

QUEBECOR INC.,
solely in its capacity as the Parent
Guarantor

By: Hugues Simard
Name: Hugues Simard
Title: Chief Financial Officer

By: Sophie Riendeau
Name: Sophie Riendeau
Title: Corporate Secretary

ROGERS COMMUNICATIONS INC.

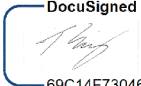
by  _____

Name: Glenn Brandt
Title: Chief Financial Officer



Name: Anthony Staffieri
Title: President and CEO

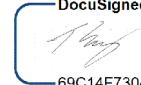
SHAW COMMUNICATIONS INC.

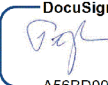
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by _____
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Name: Trevor English
Title: CFO

DocuSigned by:


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Name: Peter Johnson
Title: EVP CLRO

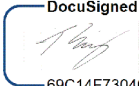
SHAW TELECOM INC.

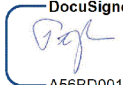
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Name: Trevor English
Title: CFO

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Name: Peter Johnson
Title: EVP CLRO

FREEDOM MOBILE INC.

by  69C14F730460497...
Name: Trevor English
Title: CFO

 A56BD0015B3C4FB...
Name: Peter Johnson
Title: EVP CLRO

SCHEDULE A
REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

1. **Organization and Qualification.** Such Seller Party is duly organized, validly existing and in good standing under the laws of its governing jurisdiction.
2. **Corporate Authorization.** Such Seller Party has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which such Seller Party will be a party. The execution, delivery and performance by such Seller Party of its obligations under this Agreement and each of the Ancillary Agreements to which such Seller Party is, or will be, a party, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of such Seller Party and no other corporate proceedings on the part of such Seller Party is necessary to authorize this Agreement, the Ancillary Agreements or the consummation of the Transaction.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by such Seller Party, and constitutes a legal, valid and binding agreement of such Seller Party enforceable against such Seller Party in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. Each of the Ancillary Agreements to which such Seller Party is, or will be, a party, when executed and delivered, shall be duly executed and delivered by such Seller Party and shall constitute a legal, valid and binding agreement of such Seller Party enforceable against such Seller Party in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by such Seller Party of its obligations under this Agreement and each Ancillary Agreement to which such Seller Party will be a party, and the consummation of the Transaction do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by such Seller Party or any of their respective affiliates other than (i) the Regulatory Approvals, or (ii) filings with the Securities Authorities or the TSX, the TSXV or the NYSE, as applicable.
5. **Non-Contravention.** The execution and delivery of, and performance by such Seller Party of its obligations under this Agreement and each of the Ancillary Agreements to which it will be a party, and the consummation of the Transaction, do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):
 - (a) contravene, conflict with, or result in any violation or breach of such Seller Party's Constatng Documents (or, in the case of Shaw and Shaw Telecom, the Constatng Documents of Freedom or FMDI); or
 - (b) assuming compliance with the matters referred to in paragraph 4 above, contravene, conflict with or result in a violation of breach of any Law applicable to such Seller Party, any of their respective Subsidiaries or any of their respective properties or assets, except as would not reasonably be expected to, individually

or in the aggregate, materially impede the ability of such Seller Party to consummate the Transaction.

6. **Litigation.** There are no claims, actions, suits or arbitrations or inquiries, investigations or proceedings pending, or, to the knowledge of such Seller Party, threatened, against such Seller Party or any of its affiliates, or affecting any of their respective properties or assets, that if determined adverse to the interests of such Seller Party or its affiliates, would, individually or in the aggregate, reasonably be expected to prevent or delay the consummation of the Transaction. Such Seller Party is not, and none of such Seller Party's affiliates, nor any of their respective properties or assets is, subject to any outstanding judgment, order, writ, injunction or decree that would reasonably be expected to prevent or delay the consummation of the Transaction.
7. **Brokers.** No investment banker, broker, finder, financial adviser or other intermediary is entitled to any fee, commission or other payment from such Seller Party or any of its affiliates in connection with this Agreement or the Transaction for which the Purchaser or its affiliates (including Freedom or FMDI following Closing) may become liable.
8. **Residency.** Such Seller Party is not a non-resident of Canada for purposes of the Tax Act.

SCHEDULE B
REPRESENTATIONS AND WARRANTIES IN RESPECT OF FREEDOM

1. **Organization and Qualification.** Each of Freedom and FMDI is a corporation duly incorporated, validly existing and in good standing under the laws of its governing jurisdiction, and has all requisite power and authority to own, lease and operate its assets, and properties and conduct its business, including the Freedom Business, as now owned and conducted. Each of Freedom and FMDI is duly registered or otherwise authorized to carry on business, including the Freedom Business, and is in good standing in each jurisdiction in which the character of its assets and properties, whether owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration or other Authorization necessary.
2. **Corporate Authorization.** Freedom has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and Freedom has the requisite corporate power and authority to enter into and perform its obligations under each of the Ancillary Agreements to which it will be a party. The execution, delivery and performance by Freedom of its obligations under this Agreement and the execution, delivery and performance by Freedom of its obligations under each of the Ancillary Agreements to which it will be a party, and the consummation of the Transaction have been, or, in the case of the Ancillary Agreements, will be prior to the entering into of such Ancillary Agreements, duly authorized by all necessary corporate action on the part of Freedom and no other corporate proceedings on the part of Freedom are necessary to authorize this Agreement, the Ancillary Agreements or the consummation of the Transaction.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by Freedom, and constitutes a legal, valid and binding agreement of Freedom enforceable against Freedom in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. Each of the Ancillary Agreements to which Freedom will be a party, when executed and delivered, shall be duly executed and delivered by Freedom and shall constitute a legal, valid and binding agreement of Freedom enforceable against Freedom in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by Freedom of its obligations under this Agreement and each Ancillary Agreement to which it will be a party, and the consummation of the Transaction do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by Freedom or FMDI other than the Regulatory Approvals.
5. **Non-Contravention.** The execution and delivery of, and performance by Freedom of its obligations under this Agreement and by Freedom of its obligations under each of the Ancillary Agreements to which it will be a party, and the consummation of the Transaction, do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

- (a) contravene, conflict with, or result in any violation or breach of the Constatng Documents of Freedom or FMDI;
- (b) assuming compliance with the matters referred to in paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law applicable to Freedom or the Freedom Business;
- (c) except as disclosed in Schedule 3.1(5)(c) of the Disclosure Letter, allow any Person to exercise any rights, require any consent or notice under or other action by any Person, or constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to Freedom or the Freedom Business (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Material Contract or any material Authorization that is a Freedom Asset; or
- (d) result in the creation or imposition of any Lien upon any of the Freedom Assets (other than a Permitted Lien),

except, in the case of each of paragraphs (b), (c) and (d), as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

6. **Capitalization.**

- (a) As of the date hereof, the authorized capital of Freedom consists of (i) an unlimited number of Class A Shares, (ii) an unlimited number of Class B Shares, and (iii) an unlimited number of Preferred Shares. As of the date hereof there are 20 Class A Shares, no Class B Shares and 3,009,400,369 Preferred Shares are issued and outstanding. As of the Closing, only the Purchased Shares will be issued and outstanding.
- (b) Shaw Telecom is the registered and beneficial owner of all of the issued and outstanding Class A Shares and Preferred Shares and, as of Closing, will be the registered and beneficial owner of all of the Purchased Shares, in each case free and clear of all Liens (except for restrictions on transfer under Freedom's Constatng Documents or Securities Laws).
- (c) As of the date hereof, all of the issued and outstanding Class A Shares and Preferred Shares have been duly authorized and validly issued and are fully paid and non-assessable and none of such Class A Shares or Preferred Shares have been issued in violation of any Law or any pre-emptive or similar rights applicable to them. As of the Closing, all of the Purchased Shares shall have been duly authorized and validly issued and shall be fully paid and non-assessable and none of such Purchased Shares shall have been issued in violation of any Law or any pre-emptive or similar rights applicable to them.
- (d) There are no issued, outstanding or authorized securities, options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind (including any shareholder rights plan or poison pill) that obligate Freedom or FMDI to, directly or indirectly, issue, sell or transfer any

securities of Freedom or FMDI, or give any Person a right to subscribe for or acquire, any securities of Freedom or FMDI.

- (e) There are no bonds, debentures or other evidences of Indebtedness of Freedom or FMDI outstanding which have the right to vote (or that are convertible or exercisable for securities having the right to vote) with the shareholders of Freedom and FMDI on any matter.
- (f) Except as set out in their respective Constatng Documents, there are no issued, outstanding or authorized obligations on the part of Freedom or FMDI to repurchase, redeem or otherwise acquire any securities of Freedom or FMDI, or qualify securities for public distribution in Canada, the United States or elsewhere, or with respect to the voting or disposition of any securities of Freedom or FMDI.

7. **Shareholders and Similar Agreements.**

- (a) Except for Freedom Shares, there are no securities or other instruments or obligations of Freedom or FMDI that carry (or which are convertible into, or exchangeable or exercisable for, securities having) the right to vote generally with the shareholders of Freedom on any matter.
- (b) Neither Freedom nor FMDI is a party to any unanimous shareholders agreement, shareholder agreement, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any securities of Freedom or FMDI. There are no irrevocable proxies or voting Contracts with respect to any securities issued by Freedom or FMDI.

8. **Subsidiaries.**

- (a) The following information with respect to FMDI, the only Subsidiary of Freedom, is accurately set out in Schedule 3.1(8)(a) of the Disclosure Letter: (i) its name; (ii) the percentage owned directly or indirectly by Freedom, (iii) the name of, and number, type and percentage owned, by registered holders of capital stock or other equity interests; and (iv) its jurisdiction of incorporation, organization, formation, or governance.
- (b) The authorized capital of FMDI consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding (the “**FMDI Shares**”). Freedom is the registered and beneficial owner of all of the outstanding shares or other equity interests of FMDI, free and clear of any Liens (except for restrictions on transfer under the Constatng Documents of FMDI or Securities Laws), all such shares or other equity interests so owned by Freedom have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights. Except for the FMDI Shares, Freedom does not own, beneficially or of record, any equity interests of any kind in any other Person.

9. **Financial Statements.**

- (a) The Audited Freedom Financial Statements present fairly, in all material respects, the carve-out consolidated financial position of Freedom (excluding the financial

results, assets and liabilities associated with the Shaw Mobile wireless business and the Freedom Gateway Internet Business) as of August 31, 2021 and 2020, and its carve-out consolidated financial performance and carve-out consolidated cash flows as of and for each of the years then ended in accordance with IFRS (except as may be expressly indicated in the notes to such financial statements). There has been no material change in accounting methods, policies or practices relating to the Freedom Business since August 31, 2021. There are no, nor are there any commitments to become a party to any, off-balance sheet transactions, arrangements, obligations (including contingent obligations) or similar relationships of Freedom or FMDI with unconsolidated entities or other Persons.

- (b) The Unaudited Freedom Financial Statements (which are prepared on the same basis as the Audited Freedom Financial Statements) present fairly, in all material respects, the carve-out consolidated financial position of Freedom (excluding the financial results, assets and liabilities associated with the Shaw Mobile wireless business and the Freedom Gateway Internet Business) as of May 31, 2022, and its carve-out consolidated financial performance and carve-out consolidated cash flows as of and for the nine-month period then ended in accordance with IFRS.
 - (c) The revenues of the Freedom Gateway Internet Business for the 12-month period ended June 30, 2022 were approximately [REDACTED]
 - (d) The financial books, records and accounts of Freedom and FMDI, and of Shaw and its Subsidiaries to the extent related to the Freedom Business: (i) have been maintained, in all material respects, in accordance with IFRS; (ii) are stated in reasonable detail; (iii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of Freedom and FMDI; and (iv) accurately and fairly reflect the basis of the Freedom Financial Statements.
10. **Minute Books.** The corporate minute books of Freedom and FMDI contain the minutes of all meetings and resolutions of their respective boards of directors and each committee thereof and shareholders and have been maintained in accordance with applicable Laws, and are complete and accurate, except as would not reasonably be expected to have a Material Adverse Effect.
11. **No Undisclosed Liabilities.** Except as disclosed in Schedule 3.1(11) of the Disclosure Letter, there are no material liabilities, Indebtedness or obligations of Freedom or FMDI of any kind whatsoever, whether accrued, contingent or absolute, determined, determinable or otherwise, other than liabilities or obligations: (a) accrued or disclosed in the Freedom Financial Statements; (b) incurred in the Ordinary Course since August 31, 2021; or (c) incurred in connection with this Agreement.
12. **Absence of Certain Changes.** Since August 31, 2021 to the date of this Agreement, other than the transactions contemplated in this Agreement or as publicly disclosed in the Shaw Filings, the Freedom Business has been conducted in the Ordinary Course.
13. **Transactions with Directors, Officers, Employees, etc.** Except as disclosed in Schedule 3.1(13) of the Disclosure Letter, neither Freedom nor FMDI is indebted to any of the directors or officers, independent contractors or employees of Shaw or any of its Subsidiaries, or any of their respective associates or affiliates (except for amounts due in the Ordinary Course as salaries, bonuses and director's fees or the reimbursement of

expenses or expense accounts in the Ordinary Course). Neither Freedom nor FMDI is a party to any Contracts with, and neither Freedom nor FMDI has made any advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any shareholder, director, officer or employee of Shaw or any of its Subsidiaries, or any of their respective affiliates or associates.

14. **Compliance with Laws.** Except for non-compliance which would not reasonably be expected to have a Material Adverse Effect and except as disclosed in Schedule 3.1(14) of the Disclosure Letter, the Freedom Business is, and since January 1, 2021 has been operated, in material compliance with applicable Law, and neither Freedom nor FMDI, nor Shaw or any of its Subsidiaries in relation to the Freedom Business, is under any investigation with respect to, has been convicted, charged or threatened to be charged with, or has received notice of, any violation or potential violation of any Law from any Governmental Entity or any Person, except for failures to comply or violations that have not had or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.
15. **Authorizations and Licenses.**
 - (a) Freedom and FMDI, as applicable, own, possess or have obtained all Authorizations (including all Authorizations issued by the CRTC and ISED Canada) that are required by Law in connection with the operation of the Freedom Business as presently conducted, or in connection with the ownership, operation or use of the Freedom Assets, respectively, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
 - (b) Freedom and FMDI, as applicable, lawfully hold, own or use, and have complied with, all such Authorizations, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each such Authorization is valid and in full force and effect, and is renewable by its terms or in the Ordinary Course. To the knowledge of Freedom, except as disclosed in Schedule 3.1(15) of the Disclosure Letter (i) there are no facts, events or circumstances that may reasonably be expected to result in a failure to obtain or failure to be in compliance with all Authorizations as are necessary to conduct the Freedom Business, (ii) no event has occurred which, with the giving of notice, lapse of time or both, could constitute a default under, or in respect of, any Authorization, and (iii) to the knowledge of Freedom, none of Shaw or any of its Subsidiaries have received written notice of any actual or alleged breach of or default under such Authorizations, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
 - (c) To the knowledge of Freedom, no action, investigation or proceeding is pending in respect of or regarding any such Authorization and none of Shaw or any of its Subsidiaries has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or stating the intention of any Person to revoke, refuse to renew or materially amend any such Authorization.
16. **Material Contracts.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) each Material Contract is legal, valid, binding and in full force and effect and is enforceable by Freedom and/or such of its

affiliates that is a party thereto, as applicable, in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction, (b) none of Freedom or any of its affiliates that is a party thereto is in breach or default under any Material Contract, nor does Freedom have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, and (c) as of the date hereof, none of Freedom or any of its affiliates knows of, or has received any notice (whether written or oral) of, any breach, default, cancelation, termination, or no renewal under any Material Contract by any other party to any Material Contract in effect as of the date hereof. True and complete copies of all of the Material Contracts in effect as of the date hereof have been made available in the Data Room.

17. **Title to Freedom Assets.** Except as disclosed in Schedule 3.1(17) of the Disclosure Letter, Freedom and FMDI collectively have good and valid title, free and clear of all Liens (other than Permitted Liens), to, and own, lease or have the legal right to use, all of the Freedom Assets and no Person has any right of first refusal, undertaking or commitment or any right or privilege capable of becoming such, to purchase any of the material Freedom Assets, or any material part thereof or material interest therein. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, no part of the Freedom Assets has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor, to the knowledge of Freedom, does any Person have any intent or proposal to give such notice or commence any such proceedings. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, all material tangible or corporeal Freedom Assets are, in all material respects, in good operating condition and repair having regard to their uses and ages, and are adequate and suitable for their respective uses.
18. **Sufficiency of Assets.**
- (a) Except for the Retained Assets, [REDACTED] and as set forth in Schedule 3.1(18)(a) of the Disclosure Letter, the Freedom Assets, together with the goods or services to be provided to, and the rights of and benefits to be received by, Freedom and its post-Closing affiliates under the Transition Services Agreement and each of the other Ancillary Agreements, will, in the aggregate, constitute all of the assets sufficient and necessary for the Purchaser and its Subsidiaries to conduct the Freedom Business immediately following the Closing Time in the same manner in all material respects as the Freedom Business is conducted, directly or indirectly, by Shaw, Freedom and FMDI as of the date hereof and immediately prior to Closing.
 - (b) The Seller Parties or Freedom shall have obtained and maintained, or cause to have been obtained and maintained, on or prior to Closing, the third party or other consents, waivers, approvals, agreements, amendments or confirmations set forth in Schedule 3.1(18)(b) of the Disclosure Letter.
 - (c) The Seller Parties or Freedom shall have obtained and maintained, or cause to have been obtained and maintained, on or prior to Closing, the third party or other consents, waivers, approvals, agreements, amendments or confirmations set forth in Schedule 3.1(18)(c) of the Disclosure Letter.

19. **Inventory**

- (a) Inventories of finished goods are saleable and all other Inventories are merchantable or usable and all Inventories are in quantities usable or saleable in the Ordinary Course.
- (b) The Inventory levels have been maintained at the amounts required for the operations of the Freedom Business as immediately prior to Closing.

20. **Real Property and Personal Property.**

- (a) Neither Freedom nor FMDI own any real property. Neither Freedom nor FMDI are subject to any obligation to acquire any ownership interest in real property.
- (b) Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (i) each Real Property Lease is a valid, legally binding, enforceable obligation of Freedom or FMDI (and to the knowledge of Freedom, the counterparty thereto) and in full force and effect, (ii) none of Freedom or FMDI is in breach of, or default under, any Real Property Lease, and no event has occurred which, with notice, lapse of time or both, would constitute such a breach or default by Freedom or FMDI or permit termination, modification or acceleration by any third party thereunder, and (iii) to the knowledge of Freedom, no third party has repudiated or has the right to terminate or repudiate any Real Property Lease (except for the normal exercise of remedies in connection with a default thereunder or any termination rights set forth therein) or any provision thereof, and no third party is in material breach of or default under any Real Property Lease. None of Freedom or FMDI has granted any Person the right to use, sublease, or occupy any material portion of the Leased Premises, taken as a whole.
- (c) Freedom and FMDI have valid, good and marketable title to all personal property owned by them, except as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.
- (d) All Real Property Leases that have been entered into, replaced, amended, renewed or extended since the date of the Unaudited Freedom Financial Statements have been entered into, replaced, amended, renewed or extended in accordance with the terms and conditions of any existing Real Property Lease, if applicable, or on prevailing market terms and conditions in all material respects.
- (e) Schedule 3.1(20(e)) of the Disclosure Letter sets forth a list of all Real Property Leases existing as at the announcement of the Shaw Acquisition that have been terminated or have not been renewed since the date of the announcement of the Shaw Acquisition until the date of this Agreement.

21. **Intellectual Property.** Except as disclosed in Schedule 3.1(21) of the Disclosure Letter and except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) Freedom and/or FMDI own or possess, or has a license to or otherwise has the right to use, all Intellectual Property which is material and necessary for the conduct of its business as presently conducted, (b) to the knowledge of Freedom, such Intellectual Property is valid and enforceable subject only to any limitation under

bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction, and does not infringe in any material way upon the rights of others, and (c) to the knowledge of Freedom, no third party is infringing upon the Intellectual Property that is a Freedom Asset in a manner that currently would be reasonably expected to adversely affect such Intellectual Property.

22. **Litigation.** Except as disclosed in Schedule 3.1(22) of the Disclosure Letter or in the Secured Data Room, and in relation to any inquiry, investigation or proceeding solely related to satisfying or obtaining the Regulatory Approvals, there are no claims, actions, suits or arbitrations or inquiries, investigations or proceedings pending, or, to the knowledge of Freedom threatened, against Freedom or FMDI, or affecting any of the Freedom Assets, that if determined adverse to the interests of the Freedom Business (a) would have, individually or in the aggregate, a Material Adverse Effect, or (b) would be reasonably expected to prevent or delay the consummation of the Transaction. Neither Freedom nor FMDI, nor any of their respective properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that would have or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or that would or would be reasonably expected to prevent or delay the consummation of the Transaction. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Freedom, threatened against or relating to the Freedom Business, Freedom or FMDI before any Governmental Entity.
23. **Environmental Matters.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) no written notice, order, complaint or penalty has been received by Shaw or any of its Subsidiaries alleging that Freedom or FMDI, or Shaw or any of its Subsidiaries in relation to the Freedom Business, is in violation of, or has any liability or potential liability under, any Environmental Law, and, to the knowledge of Freedom, there are no claims pending or threatened against Freedom or FMDI, or Shaw or any of its Subsidiaries in relation to the Freedom Business, which allege a violation of, or any liability or potential liability under, any Environmental Laws, (b) each of Freedom and FMDI has all environmental permits necessary for the operation of the Freedom Business and to comply with all Environmental Laws, and (c) the Freedom Business is operated in compliance with Environmental Laws.
24. **Employees.**
- (a) Shaw and its Subsidiaries, as applicable, are, with respect to Freedom Employees and the Freedom Business, in compliance with all terms and conditions of employment and all Laws respecting employment, including pay equity, wages, hours of work, overtime, vacation, privacy, human rights, worker classification, workers' compensation and work safety and health, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (b) All amounts due or accrued due for all salary, wages, bonuses, incentive compensation, deferred compensation, commissions, vacation with pay, sick days and benefits under Employee Plans and other similar accruals have either been paid or are accrued and accurately reflected in all material respects in the books and records of Shaw and its Subsidiaries.

- (c) With respect to Freedom Employees and the Freedom Business, there are no material outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation Laws owing by Shaw or any of its Subsidiaries, and neither Shaw nor any of its Subsidiaries has been assessed or reassessed in any material respect under such Laws during the past two years with respect to Freedom Employees and the Freedom Business.
- (d) Except as disclosed in Schedule 3.1(24)((d)) of the Disclosure Letter or in the Secured Data Room, there are no change of control payments, golden parachutes, severance payments, retention payments, Contracts or other agreements with current or former Freedom Employees or Employee Plans providing for cash or other compensation or benefits (including any increase in amount of compensation or benefit or the acceleration of time of payment or vesting of any compensation or benefit) upon the consummation of, or relating to, the Transaction, including a change of control of Freedom or FMDI.
- (e) With respect to Freedom Employees and the Freedom Business, neither Shaw nor any of its Subsidiaries is (i) a party to, nor is engaged in any negotiations with respect to, any collective bargaining, union agreement, employee association agreement, project labour agreement or similar Contract, or (ii) subject to any actual or, to the knowledge of Freedom, threatened application for certification or bargaining rights or letter of understanding or related successor employer application.
- (f) To the knowledge of Freedom, there are no threatened or pending union organizing activities involving any Freedom Employees or the Freedom Business. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of Freedom, threatened against Shaw or any of its Subsidiaries with respect to Freedom Employees or the Freedom Business, and no such event has occurred within the past two years.
- (g) To the knowledge of Freedom and with respect to Freedom Employees and the Freedom Business, neither Shaw nor any of its Subsidiaries has engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of Freedom, threatened against Shaw or any of its Subsidiaries with respect to Freedom Employees and the Freedom Business.

25. Employee Plans.

- (a) A true, correct and complete list of all material Employee Plans is set forth in Schedule 3.1(25)(a) of the Disclosure Letter. True, correct and complete copies of: (i) all such material Employee Plans, as amended, together with all related documentation including funding, trust, and insurance agreements, and (ii) summary plan descriptions and employee booklets, have been made available in the Data Room, as applicable.
- (b) Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, all of the Employee Plans are and have been established, registered, qualified, funded, invested and administered in

accordance with all Laws, and in accordance with their terms, the terms of the material documents that support such Employee Plans and the terms of agreements between Shaw or its Subsidiaries and the Freedom Employees (present and former), who are members of, or beneficiaries under, the Employee Plans.

- (c) All contributions or premiums required to be made or paid by Shaw or its Subsidiaries in respect of the Freedom Employees under the terms of each Employee Plan or by Law have been made in a timely fashion in accordance with Law and in accordance with the terms of the applicable Employee Plan.
 - (d) Except the Employee Plans disclosed in the Data Room or adopted on or after the date hereof in accordance with the terms of this Agreement, and other than as required by Law, none of the Employee Plans provide for post-termination welfare benefits to any current or former Freedom Employee for any reason and none of Shaw nor any of its Subsidiaries has any liability to provide post-termination or retiree welfare benefits to any such individual or ever represented, promised or contracted to any such individual that such individual would be provided with post-termination or retiree welfare benefits.
 - (e) Except as disclosed in Schedule 3.1(25)(e) of the Disclosure Letter, no Employee Plan is a “registered pension plan”, a “multi-employer pension plan” or contains a “defined benefit provision” within, in each case, the meaning of the Tax Act, and neither Freedom nor FMDI has, within the past three years, sponsored, maintained or contributed to an Employee Plan of the kind described in the preceding sentence.
 - (f) To the knowledge of Freedom, no Employee Plan is subject to, or within the past three years, has been subject to, any material claims (other than routine claims for benefits) or actions initiated or reasonably expected to be initiated by any Governmental Entity, or by any other party.
 - (g) No Employee Plan is registered, operated or subject to the Laws of any jurisdiction outside of Canada.
26. **Insurance.** Each of Freedom and FMDI is, and has been continuously since January 1, 2021, insured by reputable third party insurers under reasonable and prudent policies of Shaw applicable to certain of its affiliates, including Freedom and FMDI, which are appropriate and customary for the size and nature of the Freedom Business and the Freedom Assets. The insurance policies providing coverage in respect of the Freedom Business and Freedom Assets are in all material respects in full force and effect in accordance with their terms and none of Shaw or any of its Subsidiaries is in default in any material respect under the terms of any such policy as it relates to the Freedom Business and Freedom Assets. To the knowledge of Freedom, there is no material claim pending under any insurance policy in respect of the Freedom Business or the Freedom Assets that has been denied, rejected or disputed by any insurer, or as to which any insurer has refused to cover all or any material portion of such claim. To the knowledge of Freedom, all material claims covered by any insurance policy in respect of the Freedom Business and Freedom Assets have been properly reported to and accepted by the applicable insurer.

27. **Taxes.** Except as disclosed in Schedule 3.1(27) of the Disclosure Letter:

- (a) Each of Freedom and FMDI has duly and timely filed all material Tax Returns required to be filed by it prior to the date hereof and all such Tax Returns are true, complete and correct in all material respects.
- (b) Each of Freedom and FMDI has paid on a timely basis all material Taxes which are due and payable by it on or before the date hereof (including instalments), other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recent consolidated quarterly financial statements of Freedom in accordance with IFRS (and which financial statements include, in all material respects, accruals in accordance with IFRS for any Taxes of Freedom and FMDI for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns). Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.
- (c) No material deficiencies, litigation, audits, claims, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Freedom or FMDI, and neither Freedom nor FMDI, is a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Freedom, threatened against Freedom or FMDI, or the Freedom Assets.
- (d) No claim has been made by any Governmental Entity in a jurisdiction where Freedom or FMDI does not file Tax Returns that Freedom or FMDI is or may be subject to material Tax by that jurisdiction or is or may be required to file a Tax Return in that jurisdiction.
- (e) There are no Liens (other than Permitted Liens) with respect to Taxes upon any of the Freedom Assets.
- (f) Each of Freedom and FMDI has withheld, deducted or collected all material amounts required to be withheld, deducted or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
- (g) There are no outstanding agreements, arrangements, elections, waivers or objections extending or waiving the statutory period of limitations applicable to any material claim for, or the period for the collection or Assessment of Taxes due from Freedom or FMDI, for any taxable period and no request for any such waiver or extension is currently pending.
- (h) Freedom and FMDI have made available to the Purchaser true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.
- (i) None of Freedom or FMDI has, at any time, directly or indirectly transferred any property or supplied any services to, or acquired any property or services from, a

Person with whom Freedom or FMDI, as the case may be, was not dealing at arm's length (within the meaning of the Tax Act) for consideration other than consideration equal to the fair market value of such property or services at the time of transfer, supply or acquisition, as the case may be, nor has Freedom or FMDI been deemed to have done so for purposes of the Tax Act.

- (j) Freedom and FMDI have complied in material respects with the transfer pricing (including any contemporaneous documentation) provisions of each applicable Law, including for greater certainty, under section 247 of the Tax Act (and the corresponding provisions of any applicable provincial Law).
 - (k) There are no circumstances existing which could result in the material application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to Freedom or FMDI. Freedom and FMDI have not claimed nor will they claim any reserve (other than reserves claimed in the normal course of operations) under any provision of the Tax Act or any equivalent provincial provision, if any material amount could be included in the income of Freedom or FMDI for any period ending after the Closing.
 - (l) For the purposes of the Tax Act, any applicable Tax treaty and any other relevant Tax purposes each of Freedom and FMDI is resident in, and is not a non-resident of, Canada, and is a "taxable Canadian corporation".
 - (m) Neither Freedom nor FMDI has made an "excessive eligible dividend designation" (as defined in subsection 89(1) of the Tax Act) in respect of any dividend paid (or deemed paid) for any Pre-Closing Tax Period.
28. **Brokers.** No investment banker, broker, finder, financial adviser or other intermediary is entitled to any fee, commission or other payment from Freedom or FMDI in connection with this Agreement or the Transaction for which the Purchaser, Freedom or FMDI may become liable.
29. **Anti-Terrorism Laws.** Neither Freedom nor FMDI has been or is currently subject to any economic or financial sanctions or trade embargoes imposed, authorized, administered or enforced by any Governmental Entity (including the Government of Canada, the Office of Foreign Assets Control of the U.S. Treasury Department (including the designation as a "specially designated national or blocked person" thereunder), or any other applicable sanctions authority) or other similar Laws (collectively, "**Sanctions**"). To the knowledge of Freedom, neither Shaw nor any of its Subsidiaries has received any written notice alleging that Freedom, FMDI or any of their respective Representatives has violated any Sanctions in relation to the Freedom Business, and, to the knowledge of Freedom, no condition or circumstances exist (including any ongoing action, suit, proceeding or hearing) that would form the basis of any such allegations.
30. **Corrupt Practices Legislation.** Neither Freedom nor FMDI, nor Shaw or its Subsidiaries in relation to the Freedom Business, have, directly or indirectly, taken any action which is or would be otherwise inconsistent with or prohibited by the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the anti-bribery corruption and corruption provisions of the *Criminal Code* (Canada) or any applicable Law of similar effect (collectively, the "**Corrupt Practices Legislation**"). Neither Shaw nor any its Subsidiaries has received any notice alleging that

Freedom or FMDI or any of their respective Representatives has violated any Corrupt Practices Legislation in relation to the Freedom Business, and, to the knowledge of Freedom, no condition or circumstances exist that would form the basis of any such allegations.

31. **Money Laundering.** The Freedom Business has been, since September 1, 2018, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements and money laundering or similar Laws (“**Money Laundering Laws**”). Neither Shaw nor any of its Subsidiaries has received any notice alleging that Freedom, FMDI or any of their respective Representatives has violated any Money Laundering Laws in relation to the Freedom Business, and, to the knowledge of Freedom, no condition or circumstances exist (including any ongoing actions, suits, proceedings or hearings) that would form the basis of any such allegations.
32. **Privacy and Anti-Spam.** Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:
- (a) Freedom and FMDI have complied, and the Freedom Business has been operated, in all material respects, with all applicable Privacy Laws, and there are no material actions, suits, proceedings or hearings in progress or pending or, to the knowledge of Freedom, threatened against or affecting Freedom, FMDI, the Freedom Business or the Freedom Assets with respect to any of the foregoing;
 - (b) Shaw and its Subsidiaries have taken their respective commercially reasonable measures (including implementing and monitoring organizational, technical and physical security) to ensure that confidential information of Freedom and FMDI, the Freedom Assets and Freedom Data are protected against unauthorized access, use, modification, disclosure or other misuse, and, except as disclosed in Schedule 3.1(32)(b) of the Disclosure Letter, since September 1, 2018, to the knowledge of Freedom, no material unauthorized access to or unauthorized use, modification, disclosure or other material misuse of such confidential information, Freedom Assets or Freedom Data has occurred; and
 - (c) The Freedom Business has been conducted in compliance with CASL, and Shaw and its Subsidiaries retain records sufficient to demonstrate such compliance, including evidence of express consent or circumstances giving rise to implied consent or any exemption available under CASL.

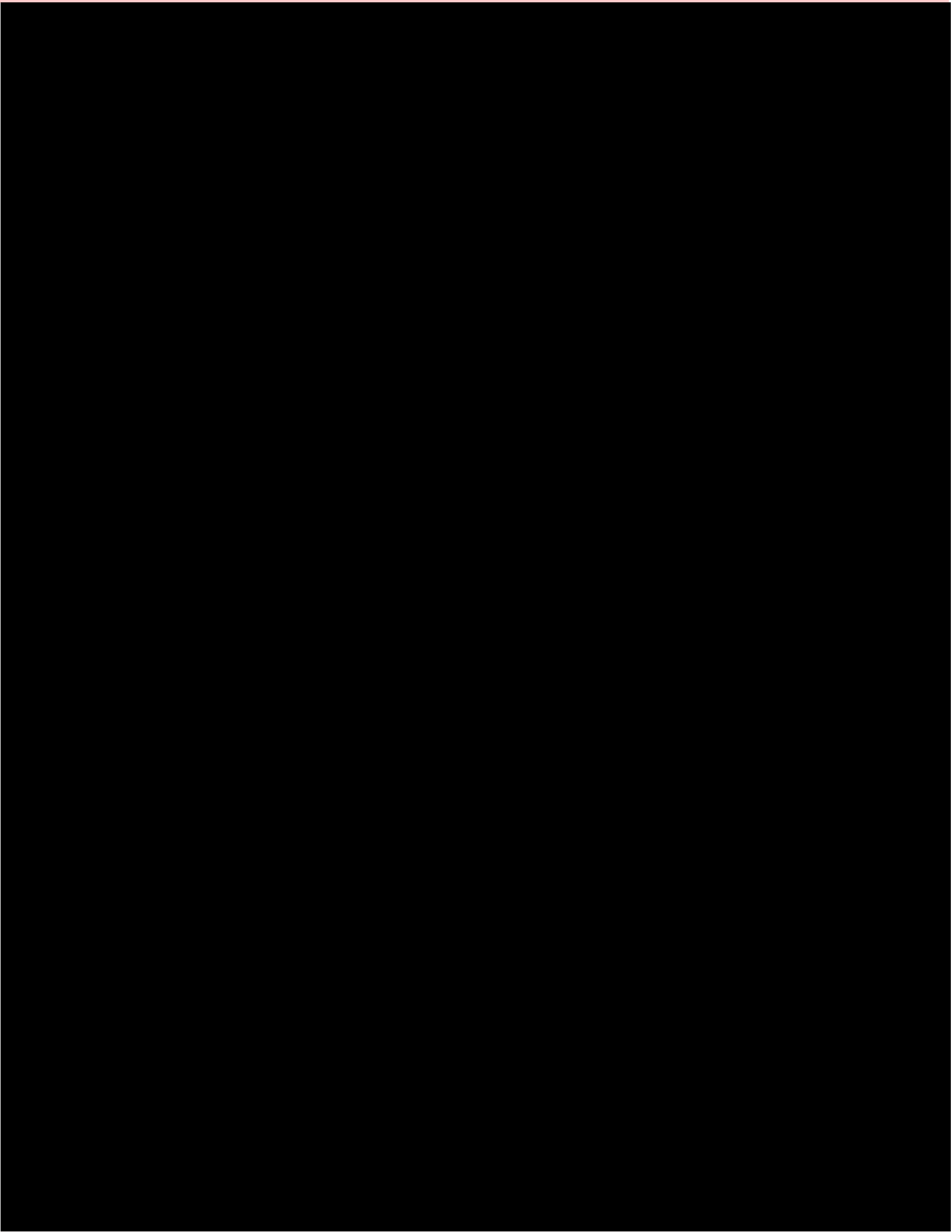
SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

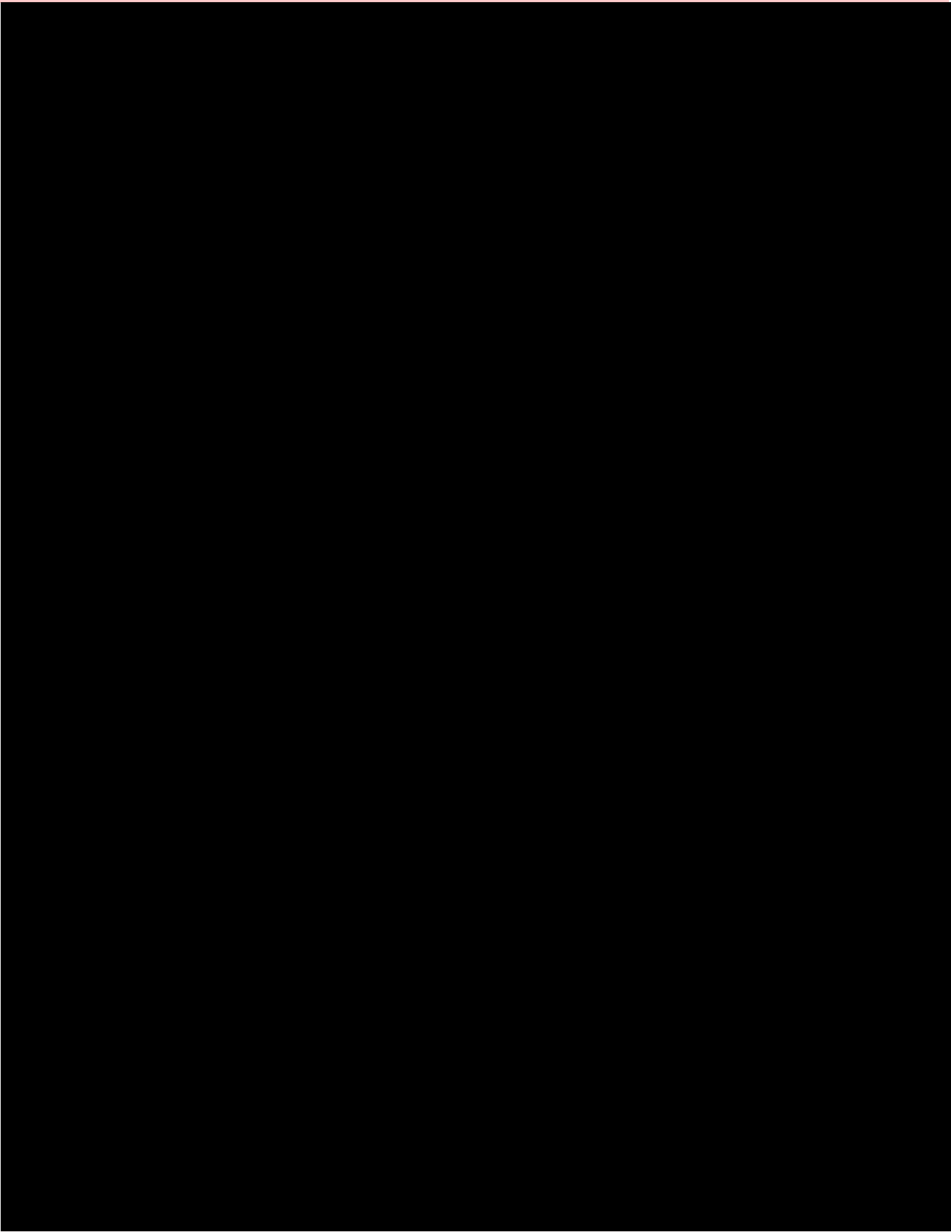
1. **Organization and Qualification.** The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of its governing jurisdiction, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted.
2. **Corporate Authorization.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Purchaser of its obligations under this Agreement, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation of the Transaction.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by the Purchaser of its obligations under this and the consummation of the Transaction do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Purchaser or any of its affiliates other than the Regulatory Approvals.
5. **Non-Contravention.** The execution and delivery of, and performance by the Purchaser of its obligations under this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):
 - (a) contravene, conflict with, or result in any violation or breach of the Constatng Documents of the Purchaser; or
 - (b) assuming compliance with the matters referred to in paragraph 4 above, contravene, conflict with or result in a violation of breach of any Law applicable to the Purchaser, any of its affiliates or any of their respective properties or assets, except as would not reasonably be expected to, individually or in the aggregate, materially impede the ability of the Purchaser to consummate the Transaction.
6. **Litigation.** There are no claims, actions, suits or arbitrations or inquiries, investigations or proceedings pending, or, to the knowledge of the Purchaser, threatened, against the Purchaser or any of its affiliates, or affecting any of their respective properties or assets, that if determined adverse to the interests of the Purchaser or its affiliates, would, individually or in the aggregate, reasonably be expected to prevent or delay the consummation of the Transaction. Neither the Purchaser nor any of its affiliates, nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that would reasonably be expected to prevent or delay the consummation of the Transaction.

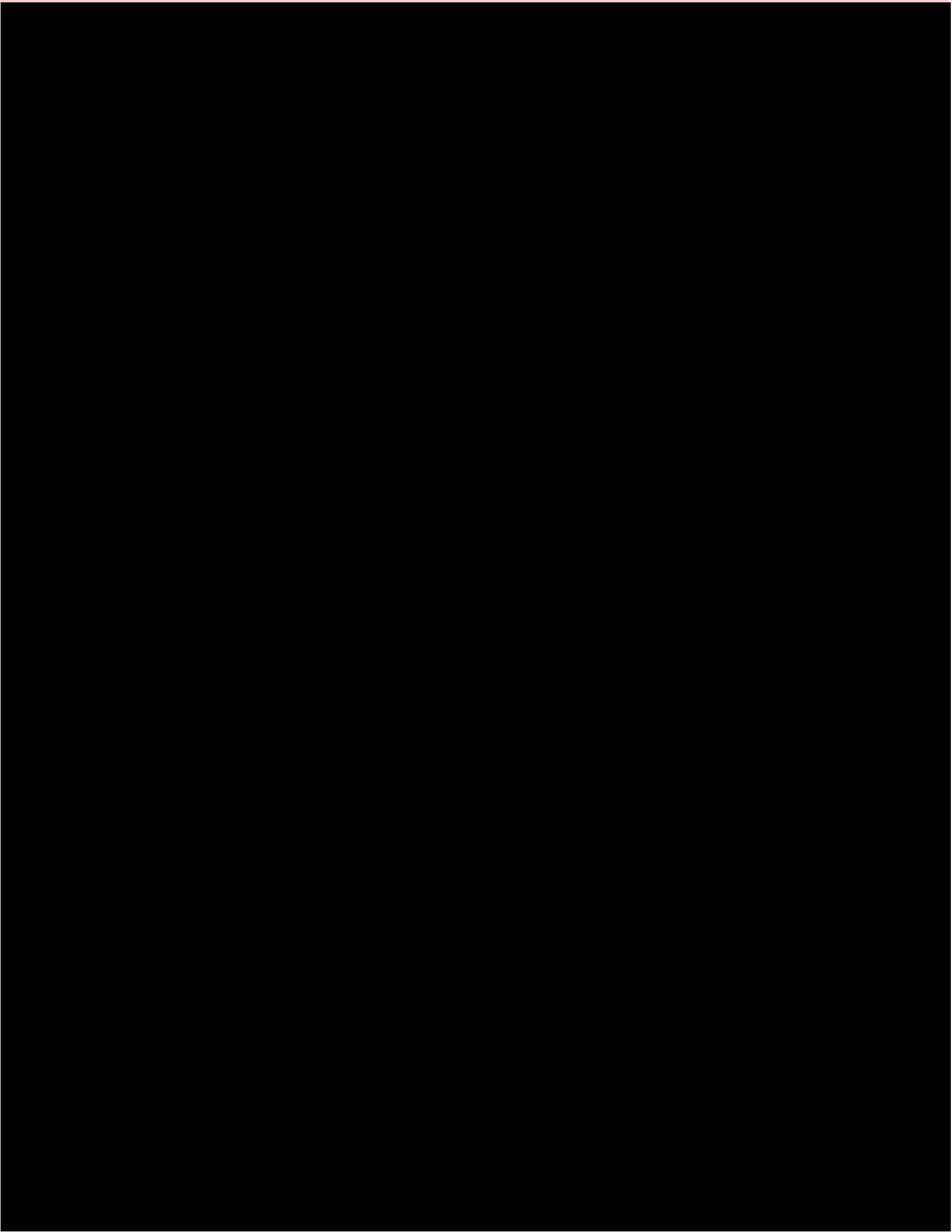
7. Funds Available.

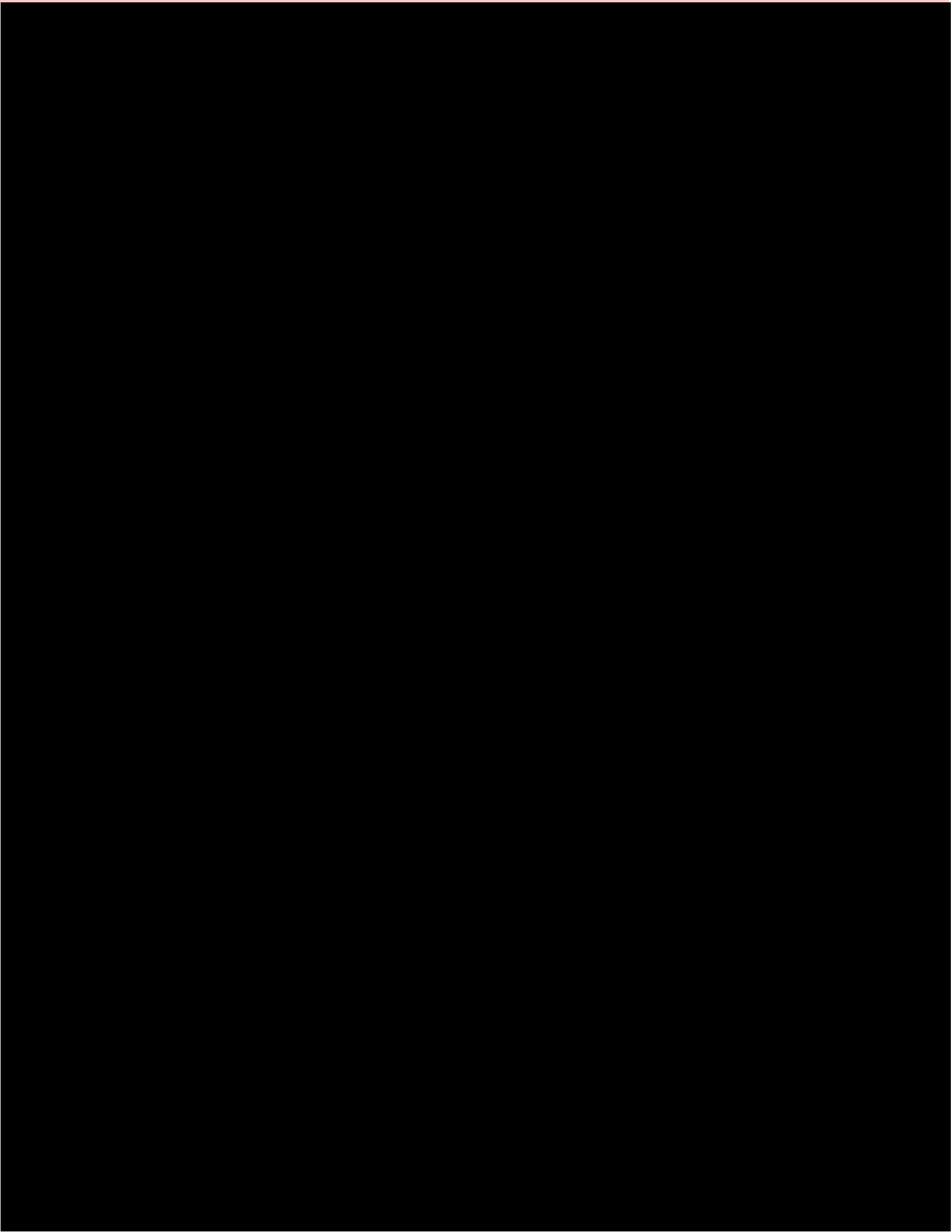
- (a) The Purchaser will have, at the Closing Time, sufficient funds available to satisfy the payment of the Remaining STI Trade Debt and the cash Purchase Price payable by the Purchaser pursuant to this Agreement, to consummate the transactions contemplated hereunder, and to perform its obligations under this Agreement.
- (b) The Debt Commitment Letter is in full force and effect and constitutes a legal, valid and binding obligation of the Purchaser and each of the Debt Financing Sources, enforceable against the Purchaser and the Debt Financing Sources in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The Debt Commitment Letter has not been amended, restated, supplemented, modified, withdrawn, terminated or rescinded in any respect, and no provisions or rights thereunder have been waived, in each case, except as permitted by Section 4.12(b) of this Agreement, and (i) no amendment, restatement, supplement, modification, withdrawal, termination, rescission or modification is contemplated, except as permitted by Section 4.12(b) of this Agreement, and (ii) no event has occurred or circumstance exists, including the execution, delivery and performance of this Agreement or the consummation of the Transaction, which, with or without notice, lapse of time or both, would or would reasonably be expected to constitute a default or breach on the part of the Purchaser or the Debt Financing Sources under the Debt Commitment Letter. There are no side letters or other Contracts, arrangements or understandings related to the Debt Financing (whether oral or written and whether or not legally binding) or commitments to enter into side letters or other Contracts, arrangements or understandings (whether oral or written and whether or not legally binding) other than as set forth in the Debt Commitment Letter and delivered to the Seller Parties prior to the date of this Agreement. There are no conditions precedent or other contingencies related to the funding of the full amount of the Debt Financing other than the conditions precedent expressly set forth in the Debt Commitment Letter. Assuming the satisfaction of the conditions set forth in Section 2.3 of this Agreement (other than those conditions that by their nature are only capable of being satisfied at the Closing Time), the Purchaser has no reason to believe that any condition to the closing of the Debt Financing will not be satisfied or that the full amount of the Debt Financing will not be made available to the Purchaser at or prior to the Closing (including any reason (A) that would reasonably be expected to result in any of the conditions set forth in the Debt Commitment Letter not being satisfied, (B) that would constitute a breach of any term or condition of the Debt Commitment Letter by any party thereto; or (C) that would make the Purchaser unable to satisfy on a timely basis any condition of closing to be satisfied by it contained in the Debt Commitment Letter). All commitment and other fees or expenses required to be paid under or in connection with the Debt Commitment Letter on or prior to the Closing Time, if any, have been paid.

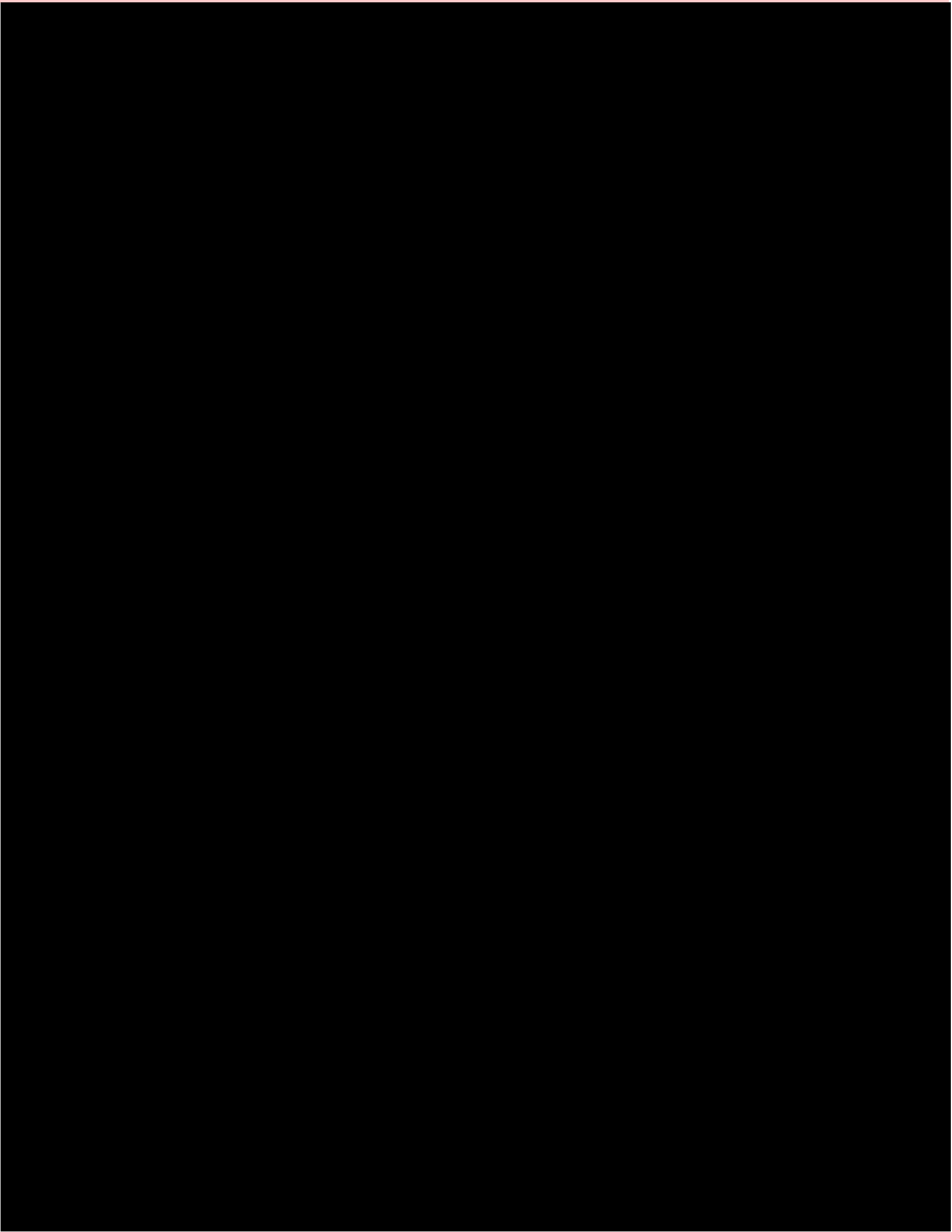
8. **Solvency.** Immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including the Debt Financing and any equity or other financings being entered into in connection herewith):
- (a) the fair value of the assets of Freedom and FMDI, taken as a whole, shall be greater than the total amount of the liabilities of Freedom and FMDI (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with IFRS, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), taken as a whole;
 - (b) Freedom and FMDI, taken as a whole, shall be able to pay their debts and obligations as they become due in the ordinary course of business; and
 - (c) Freedom and FMDI, taken as a whole, shall have adequate capital to carry on their businesses and all businesses in which they are about to engage,
9. **Residency, Tax Status and Ownership Restrictions.** The Purchaser is and will be at Closing:
- (a) eligible to hold the Freedom ISED Licenses pursuant to the regulations under the *Radiocommunication Act* (Canada) and is not prevented from acquiring the Freedom ISED Licenses by reason of any condition of license, rule, spectrum policy framework or other Law;
 - (b) not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada); and
 - (c) a “taxable Canadian corporation” within the meaning of the Tax Act.
10. **Brokers.** No investment banker, broker, finder, financial adviser or other intermediary is entitled to any fee, commission or other payment from the Purchaser or any of its affiliates in connection with this Agreement or the Transaction for which any of the Seller Parties or their affiliates may become liable.

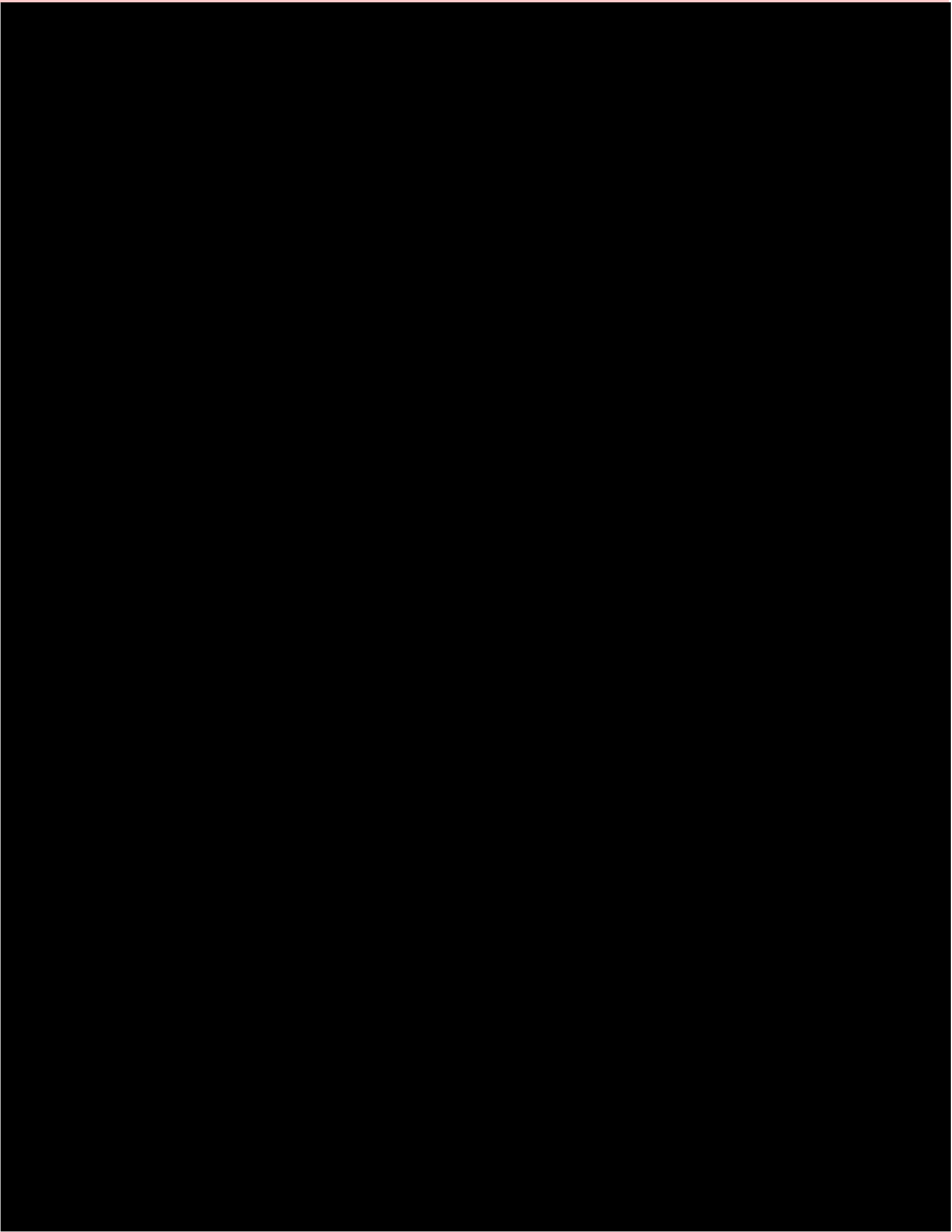


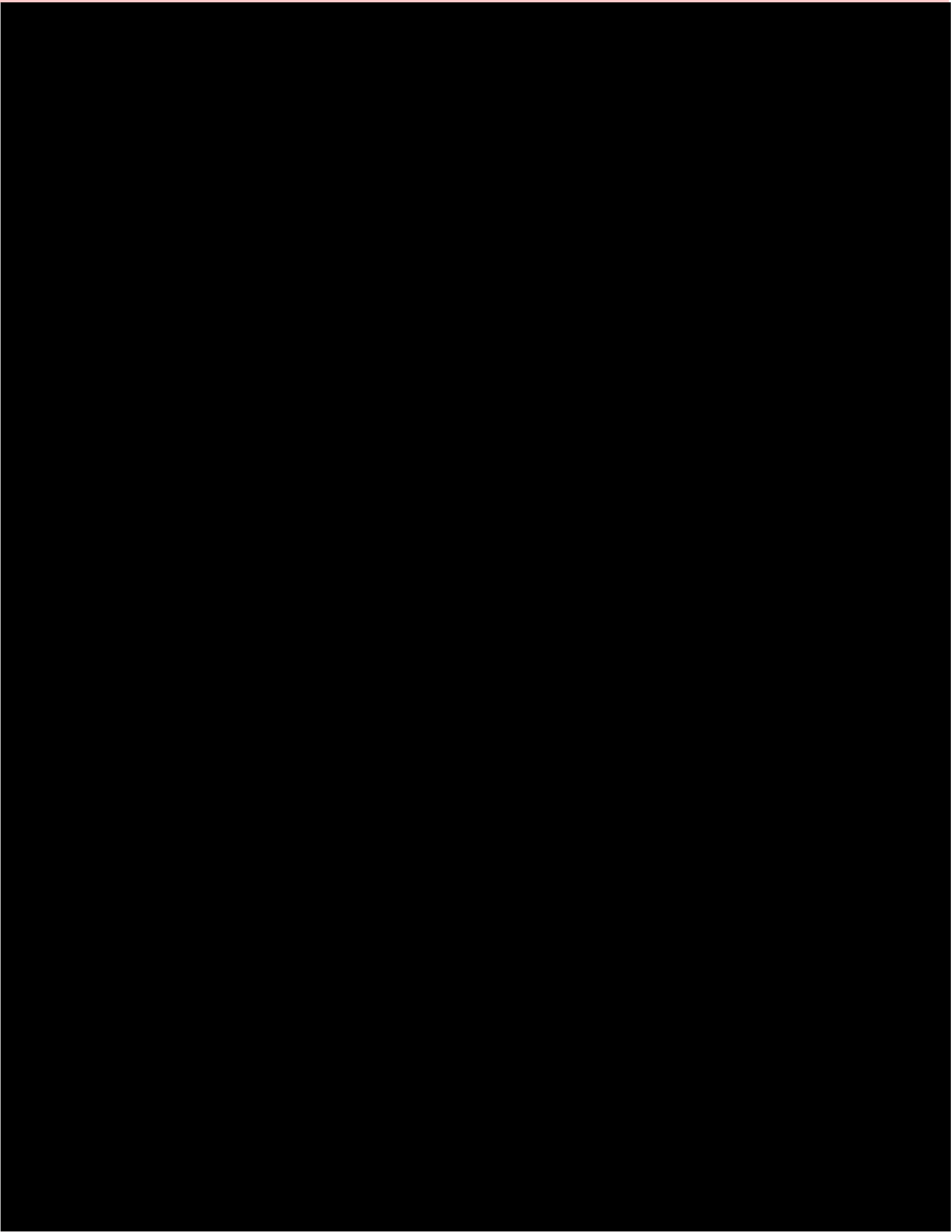


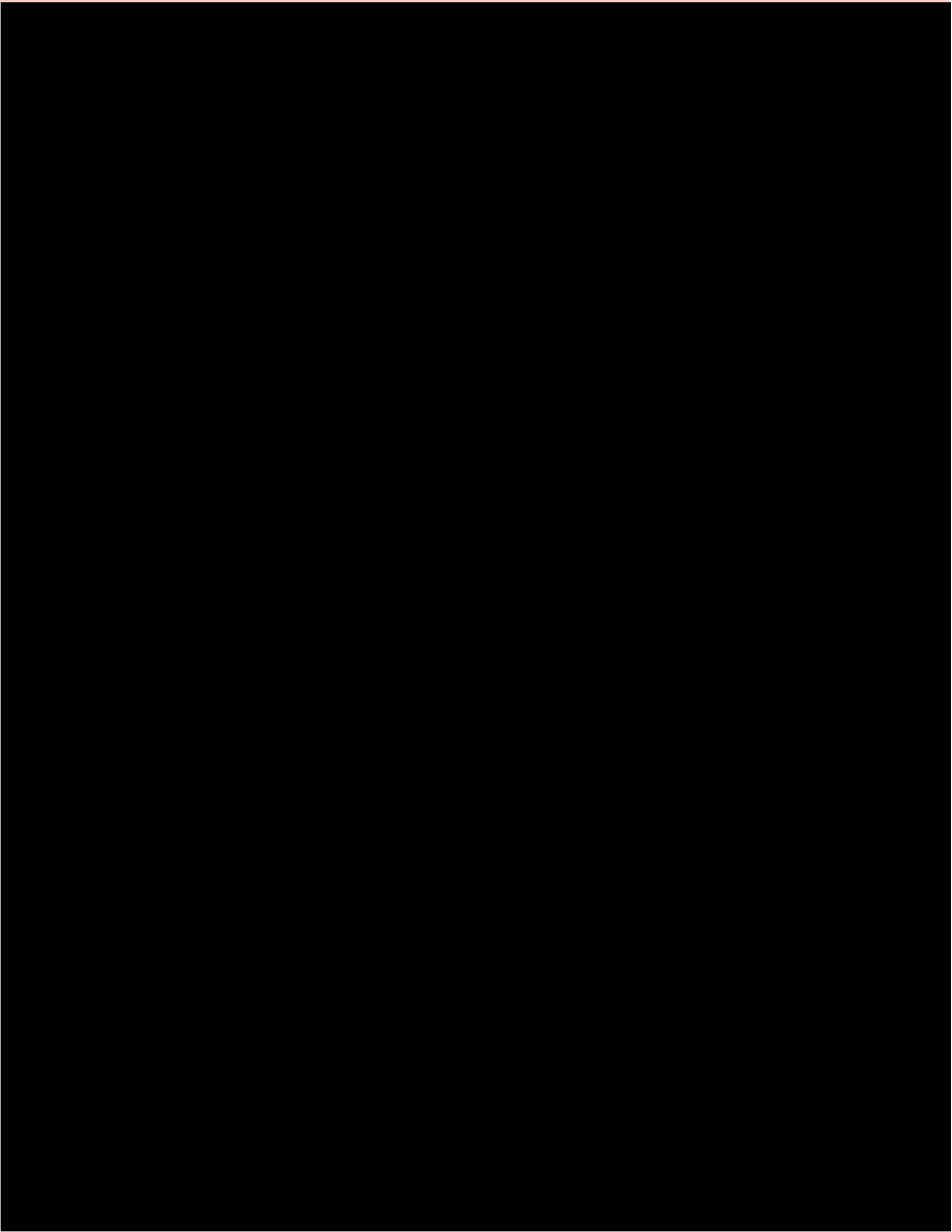


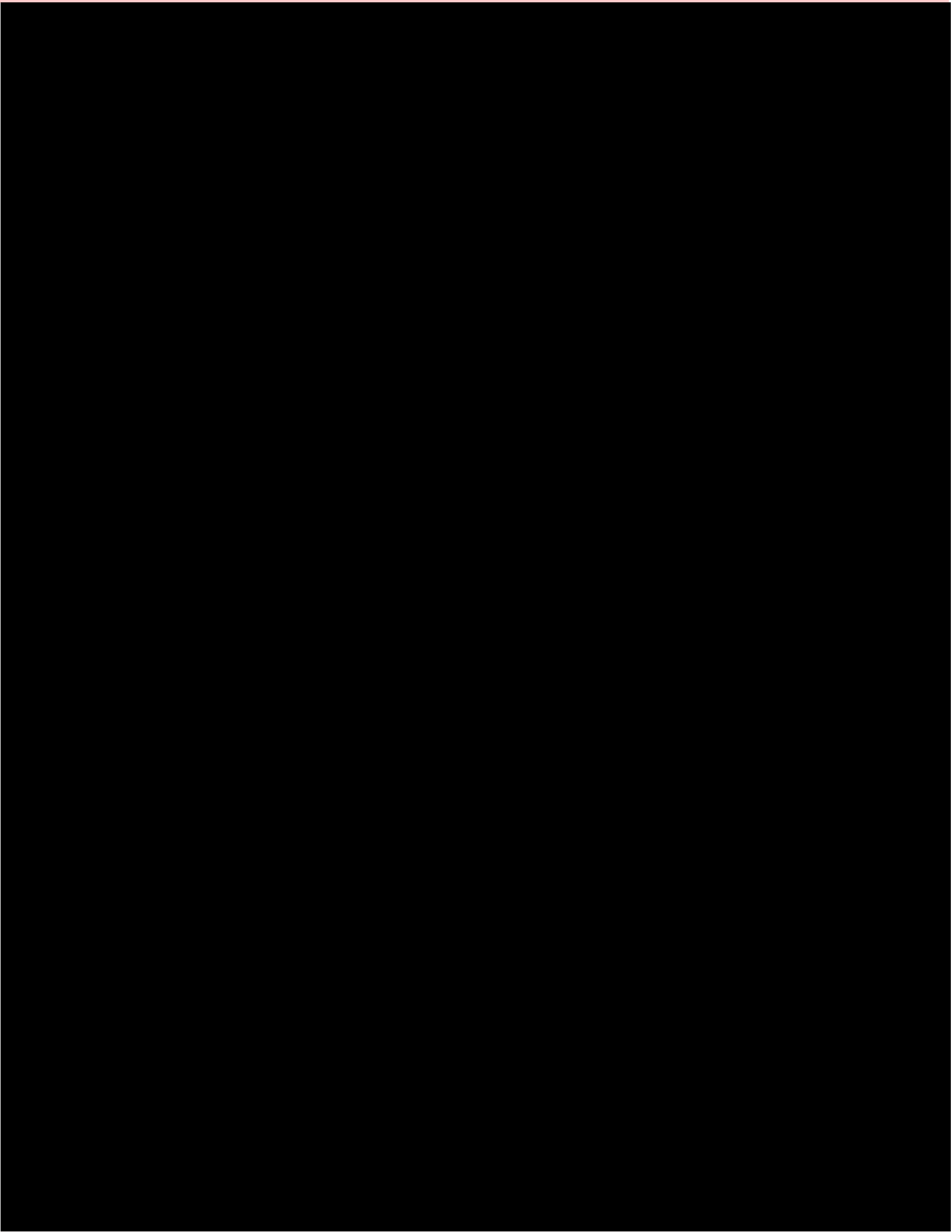


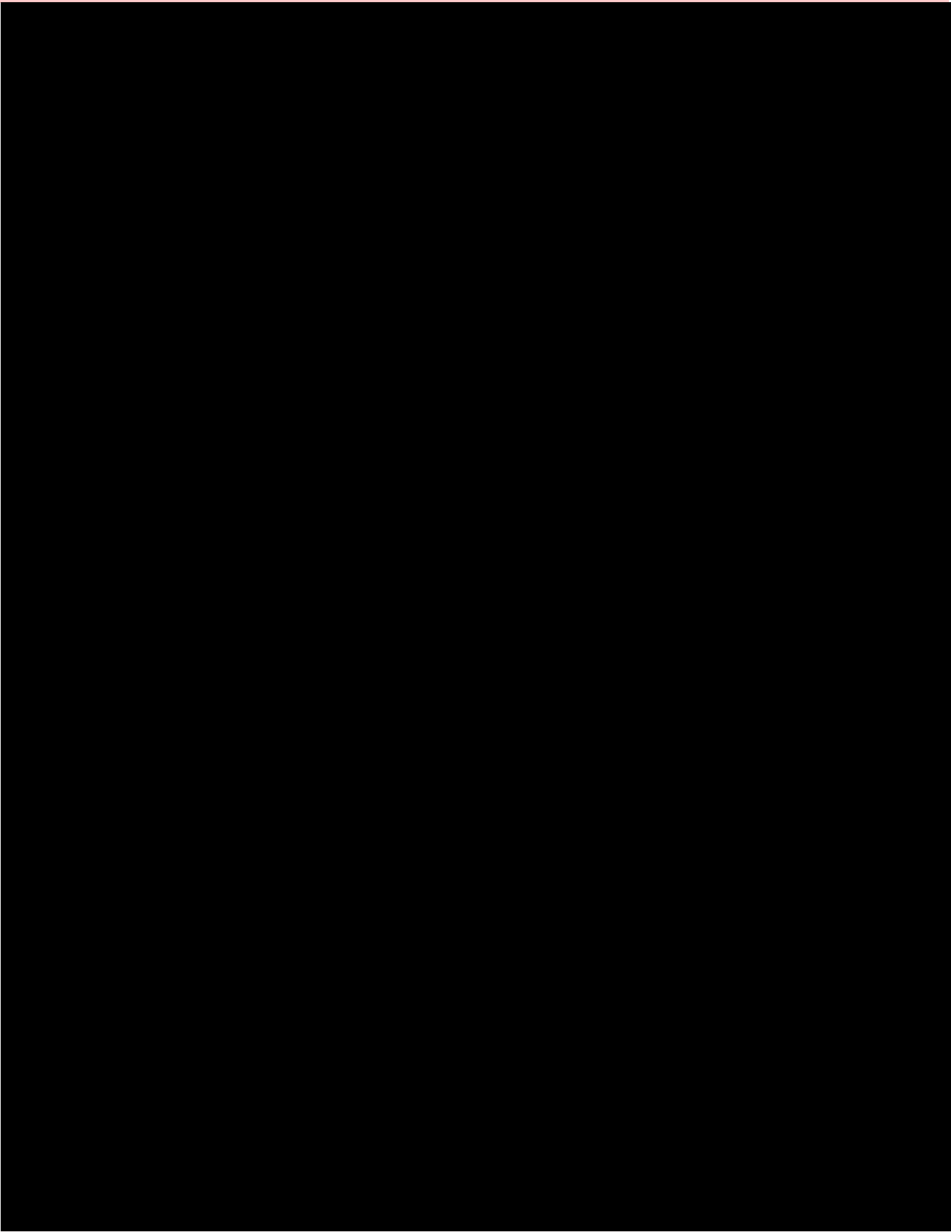


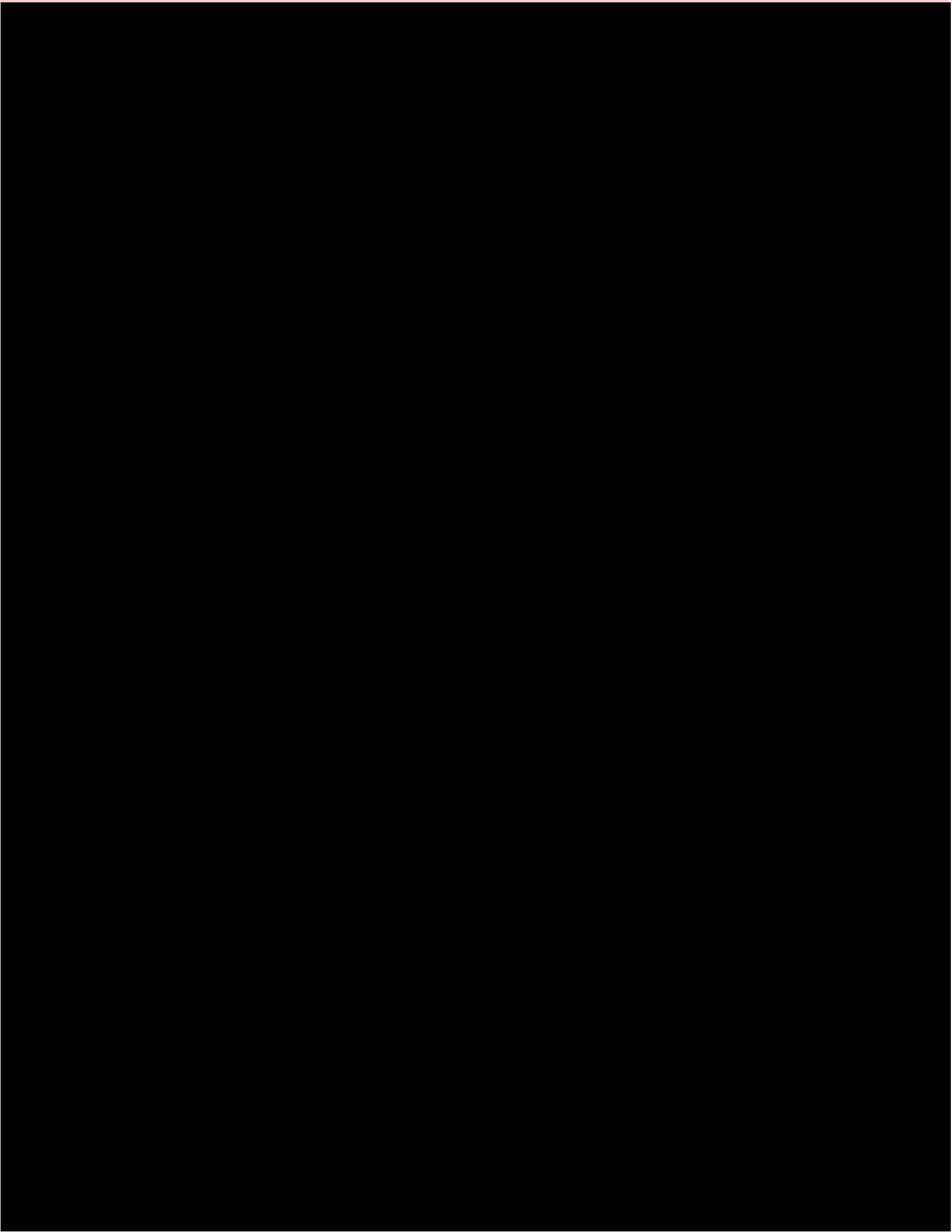


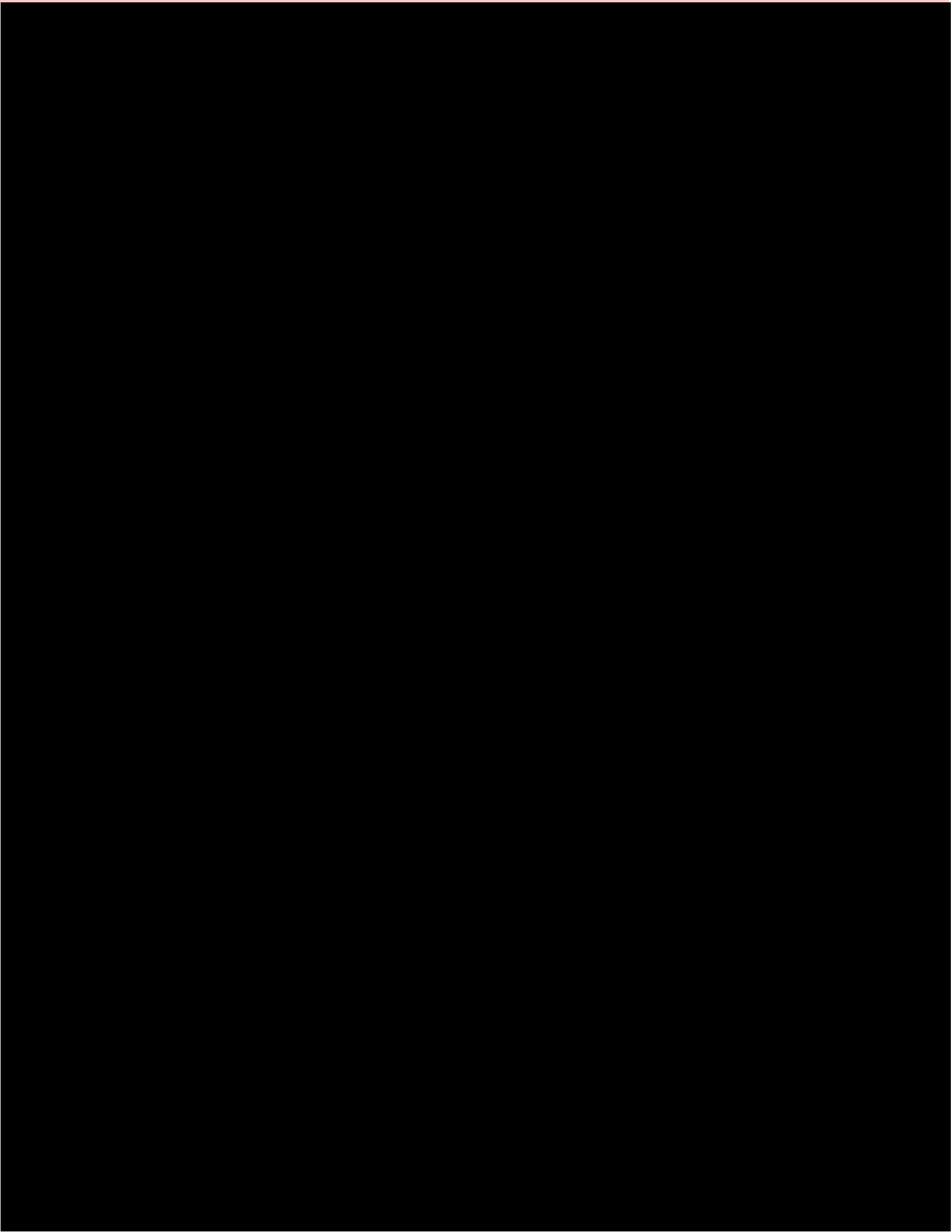


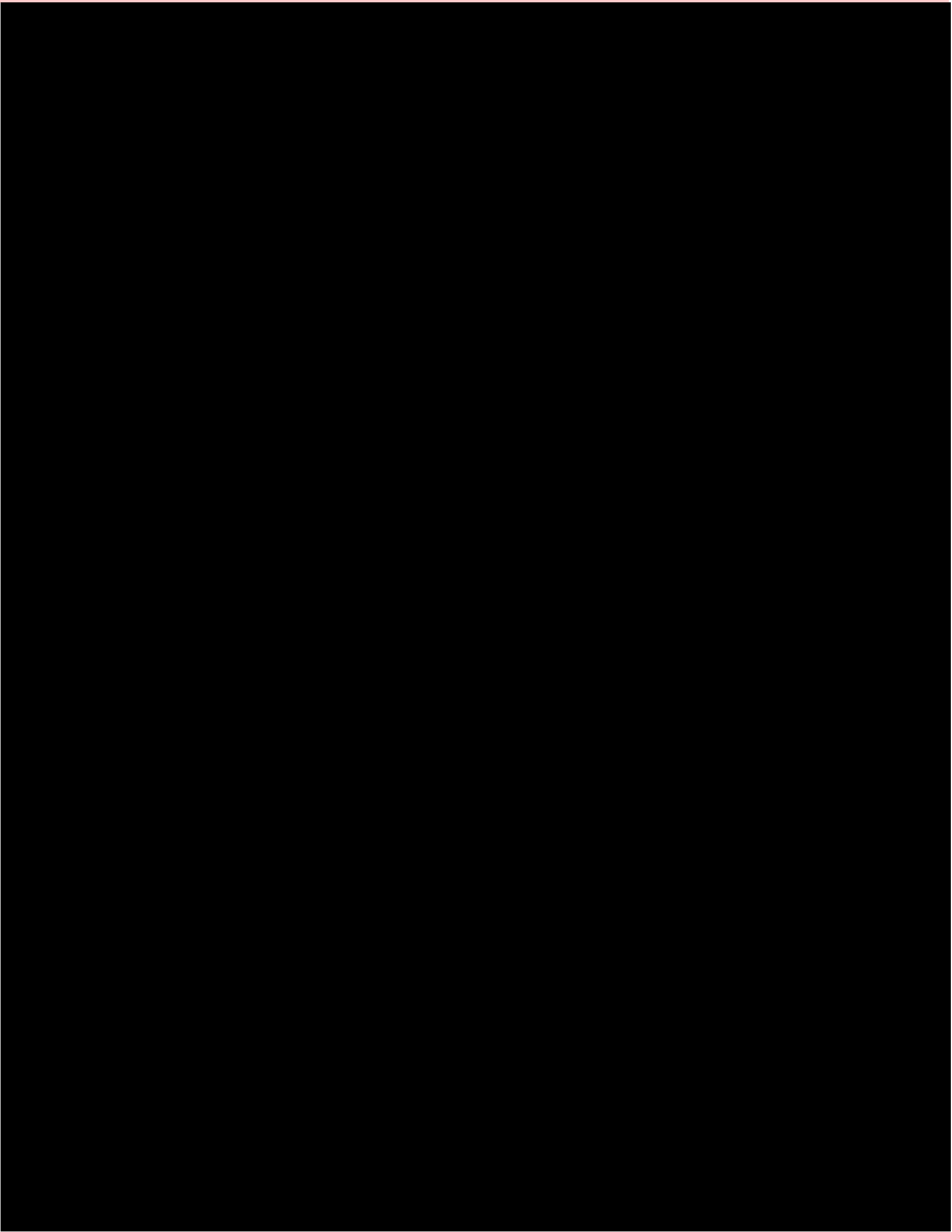


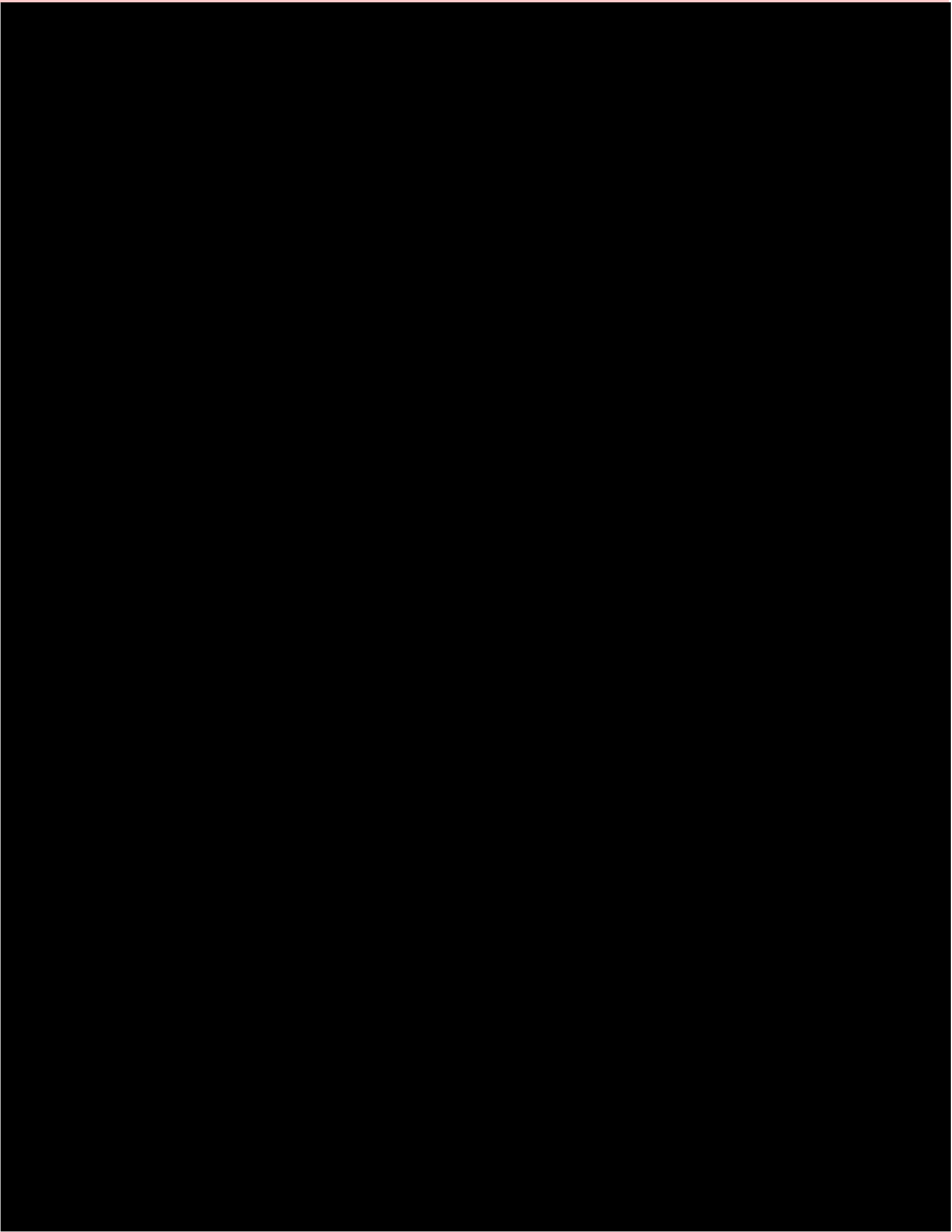


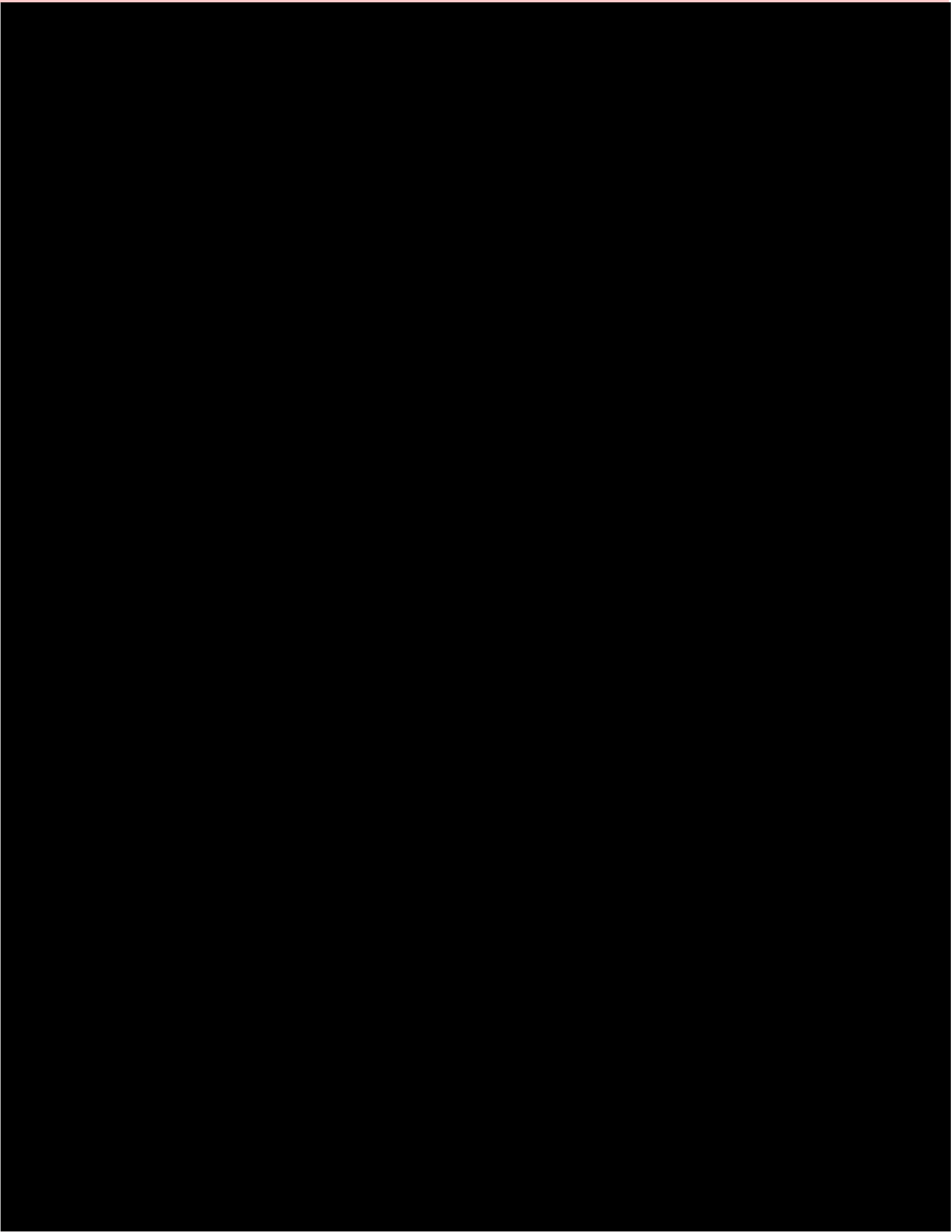


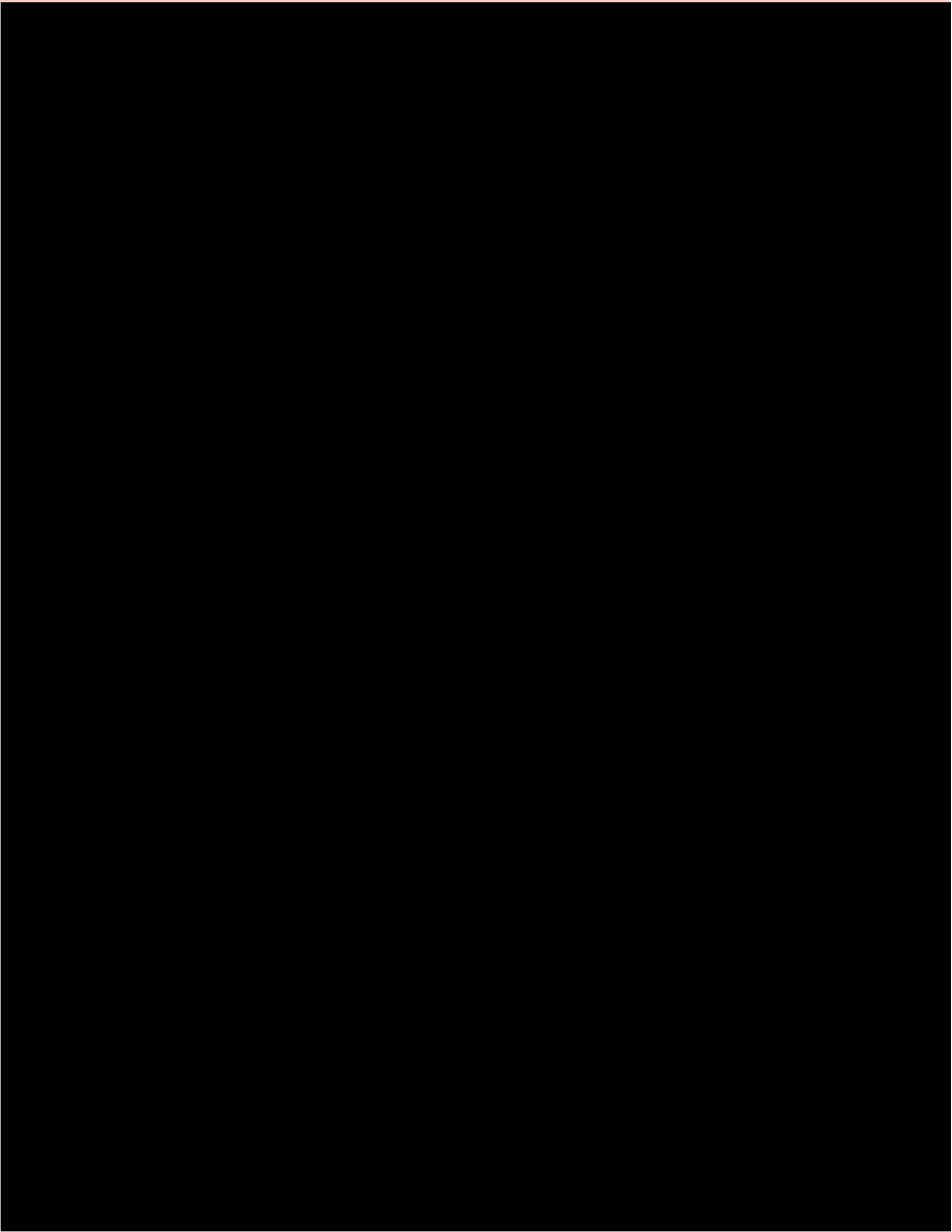


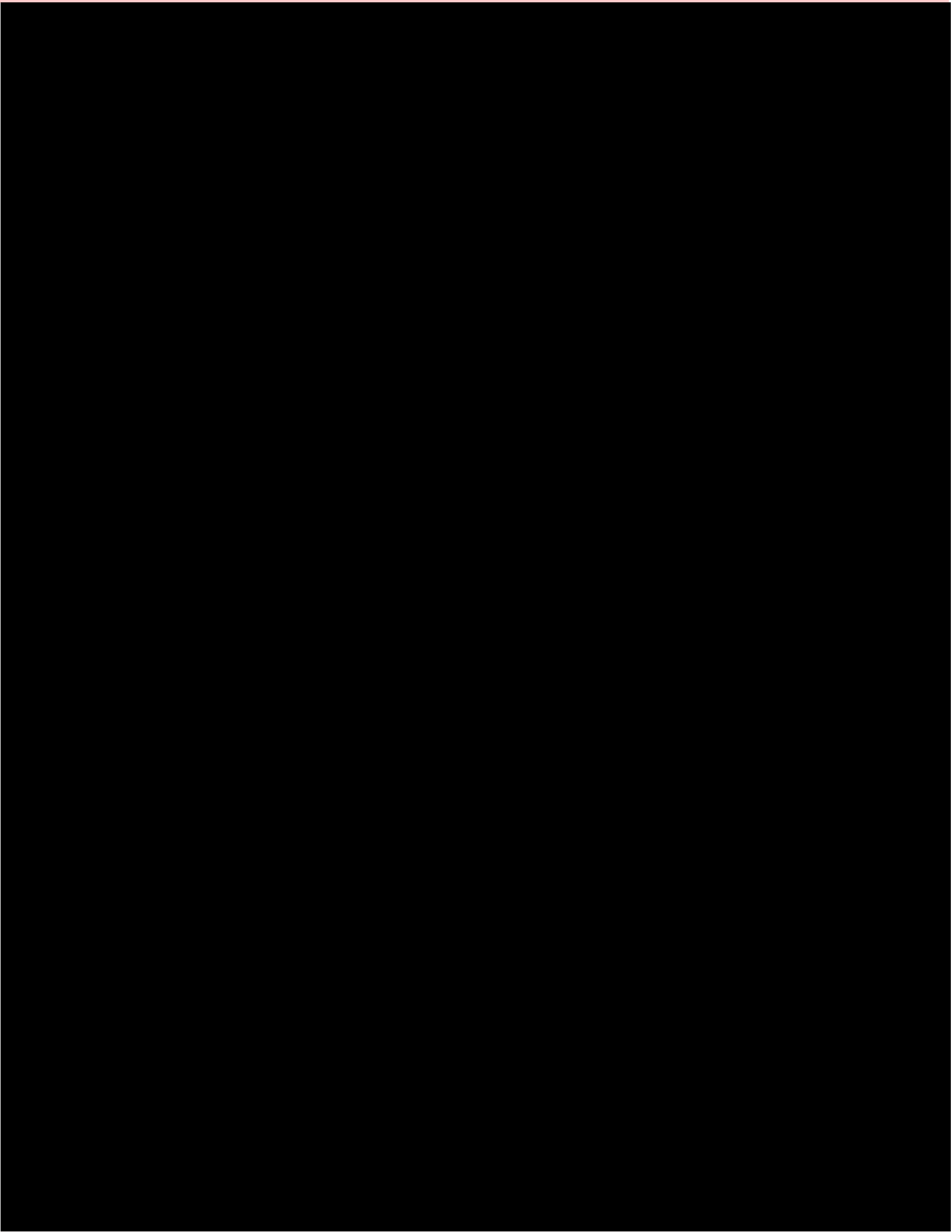


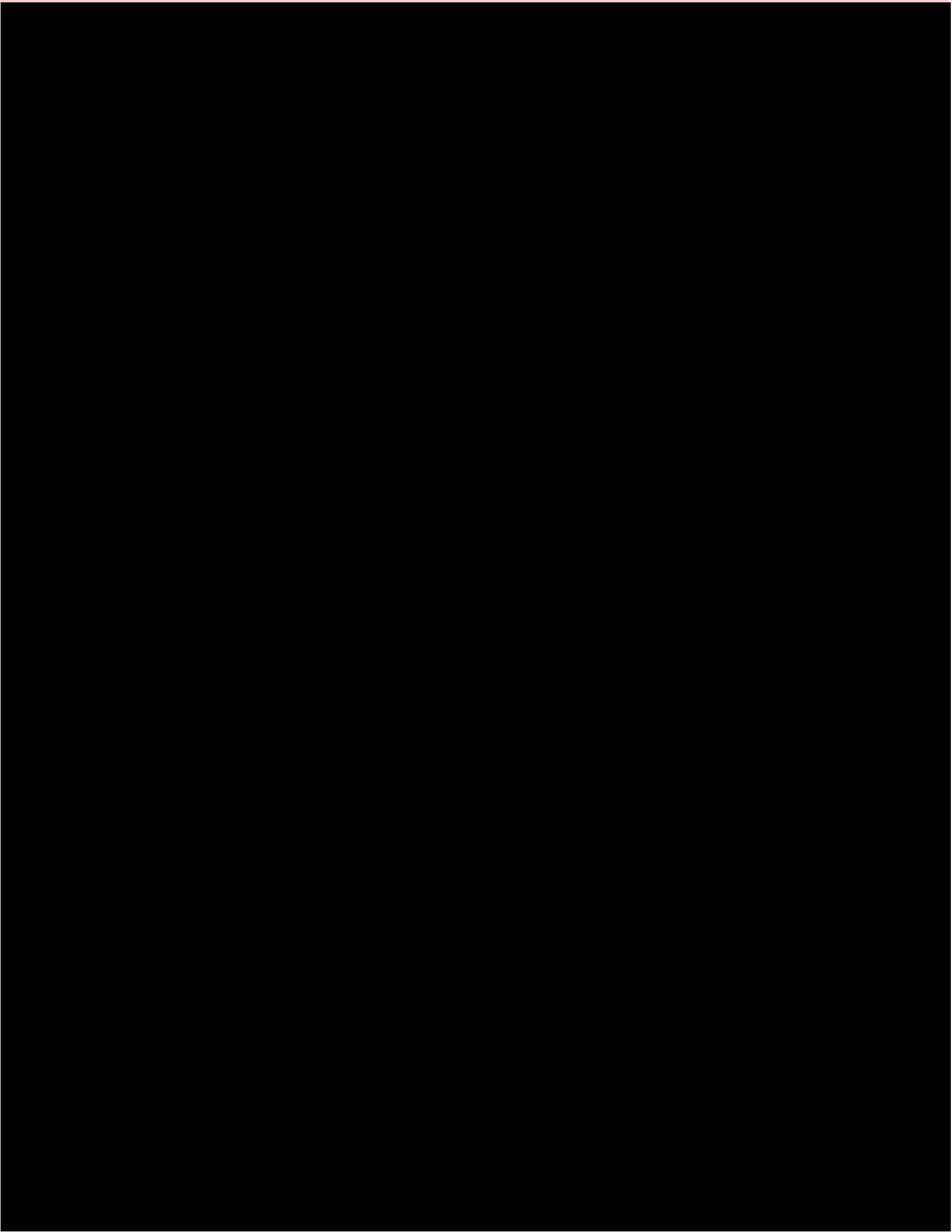


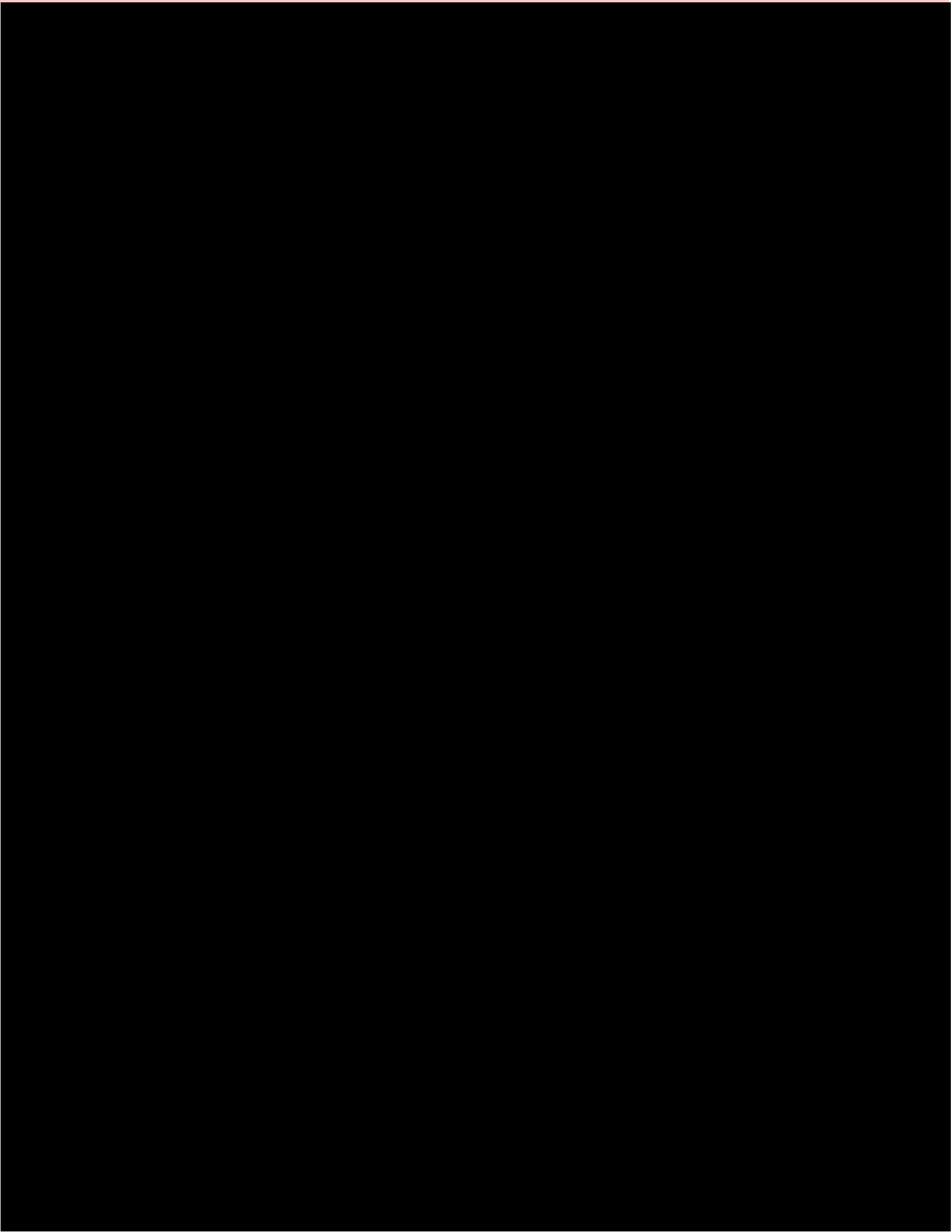


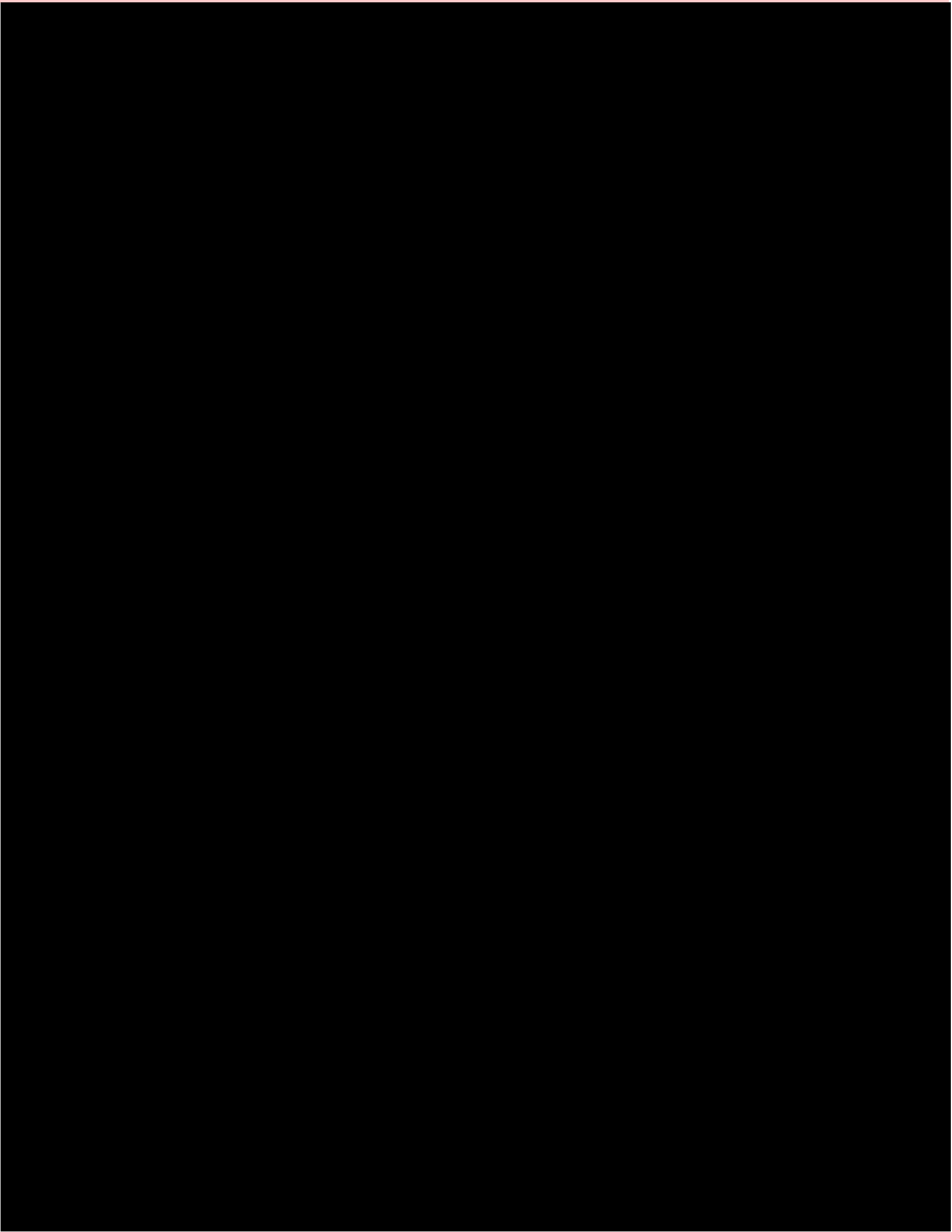


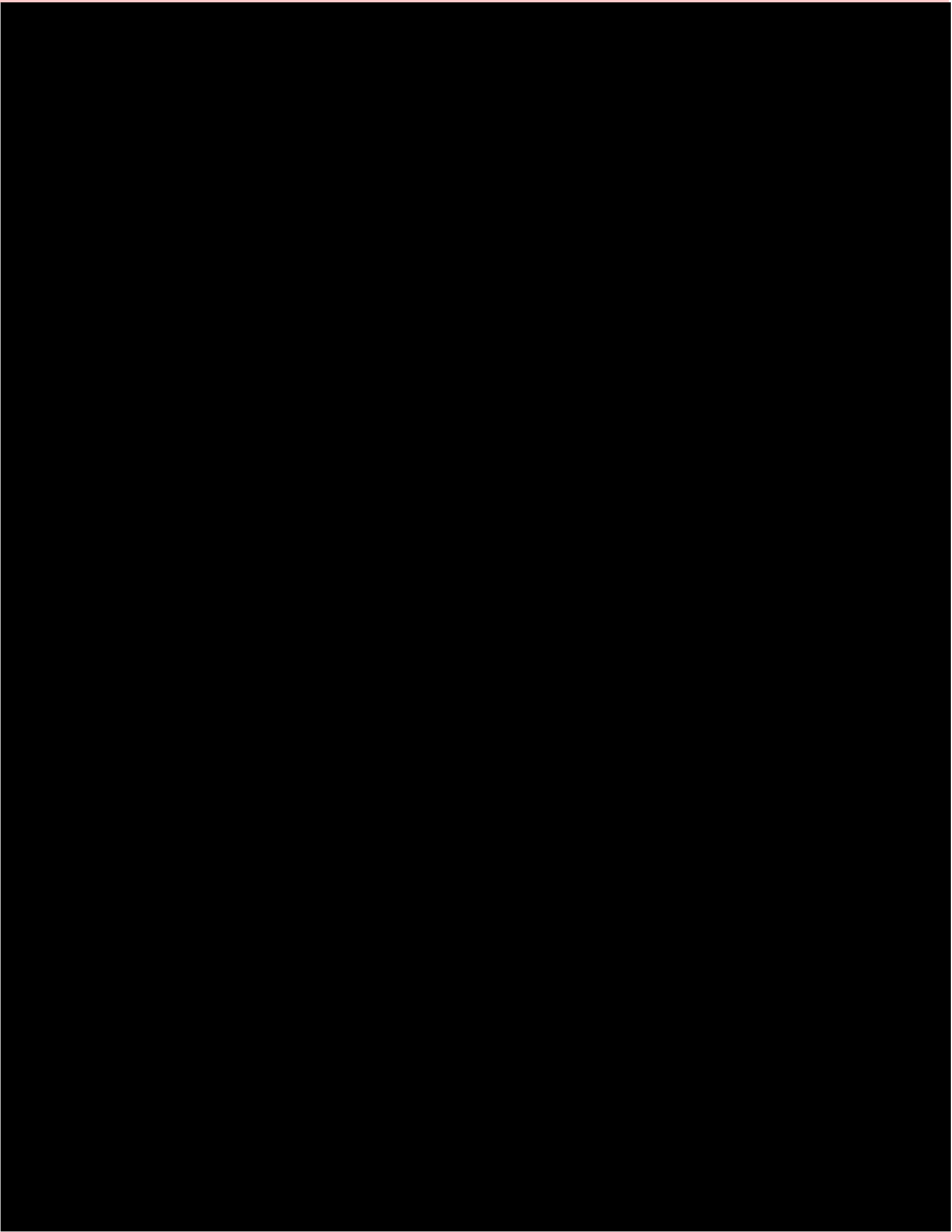


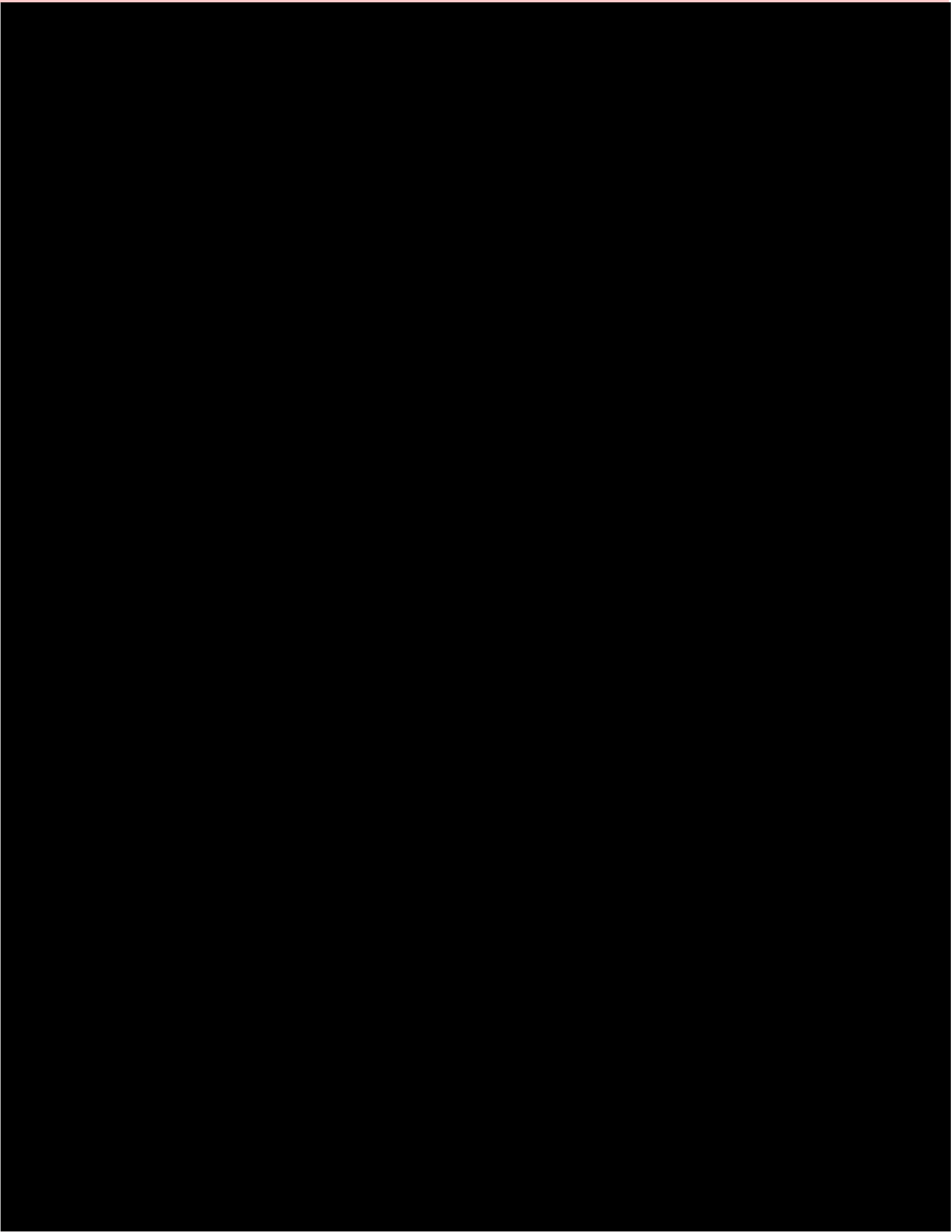


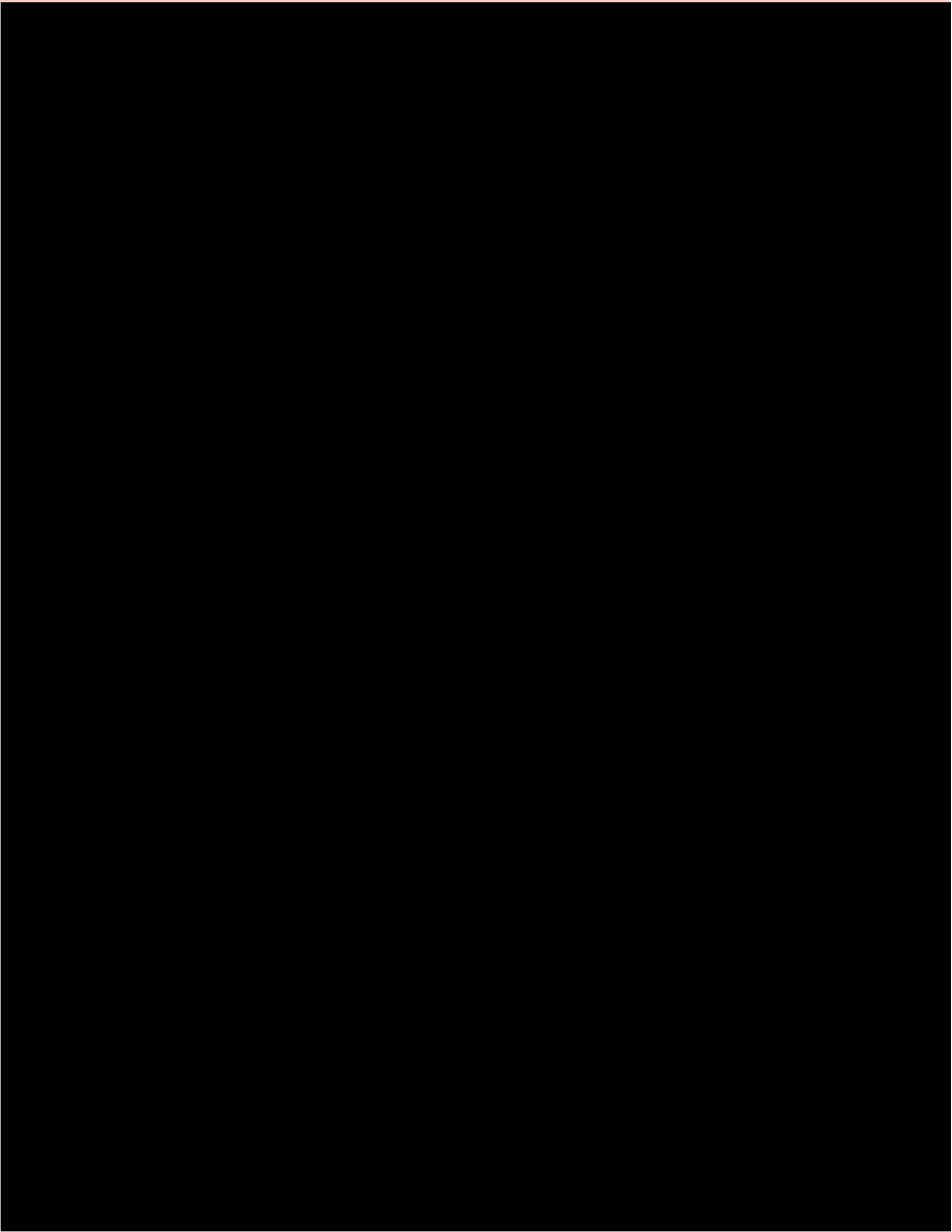


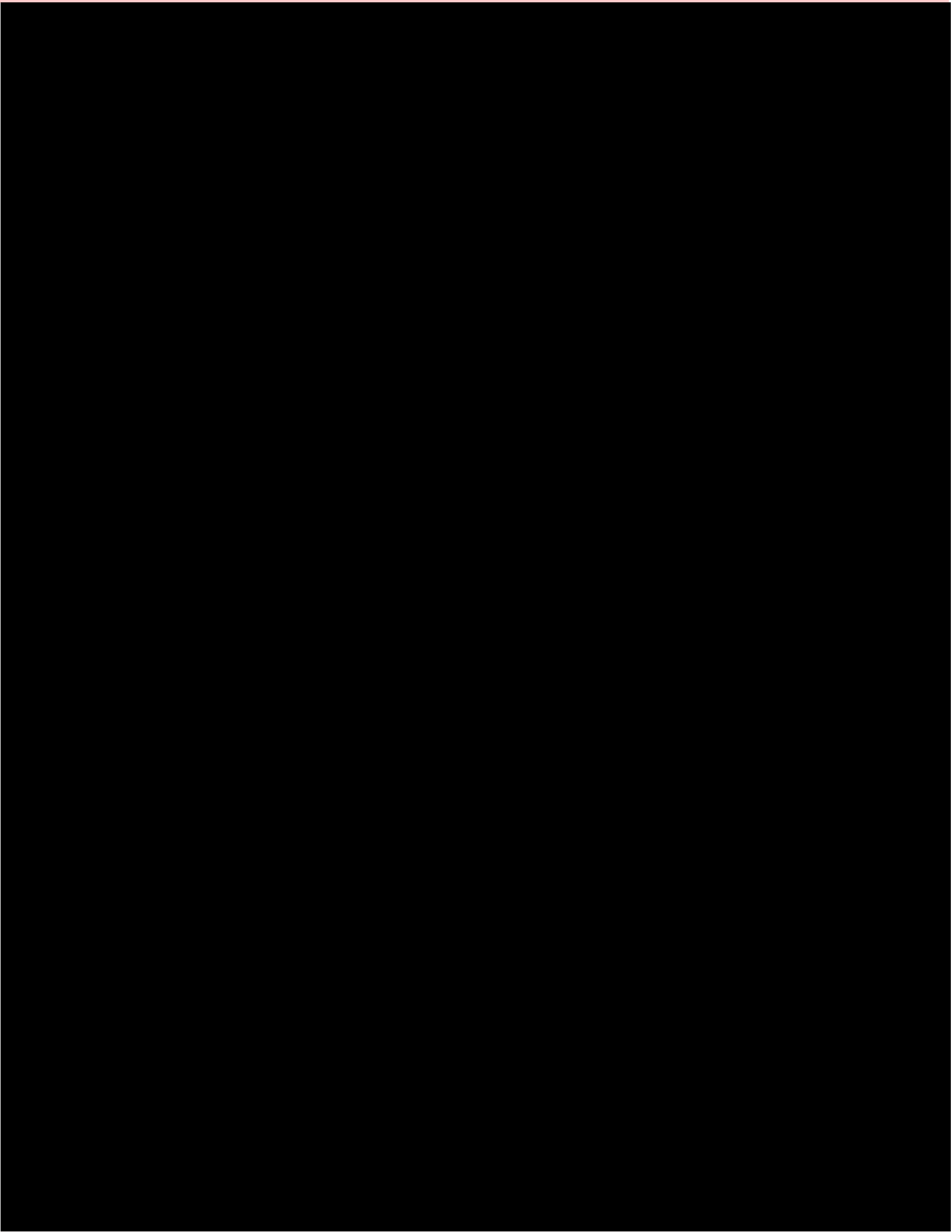


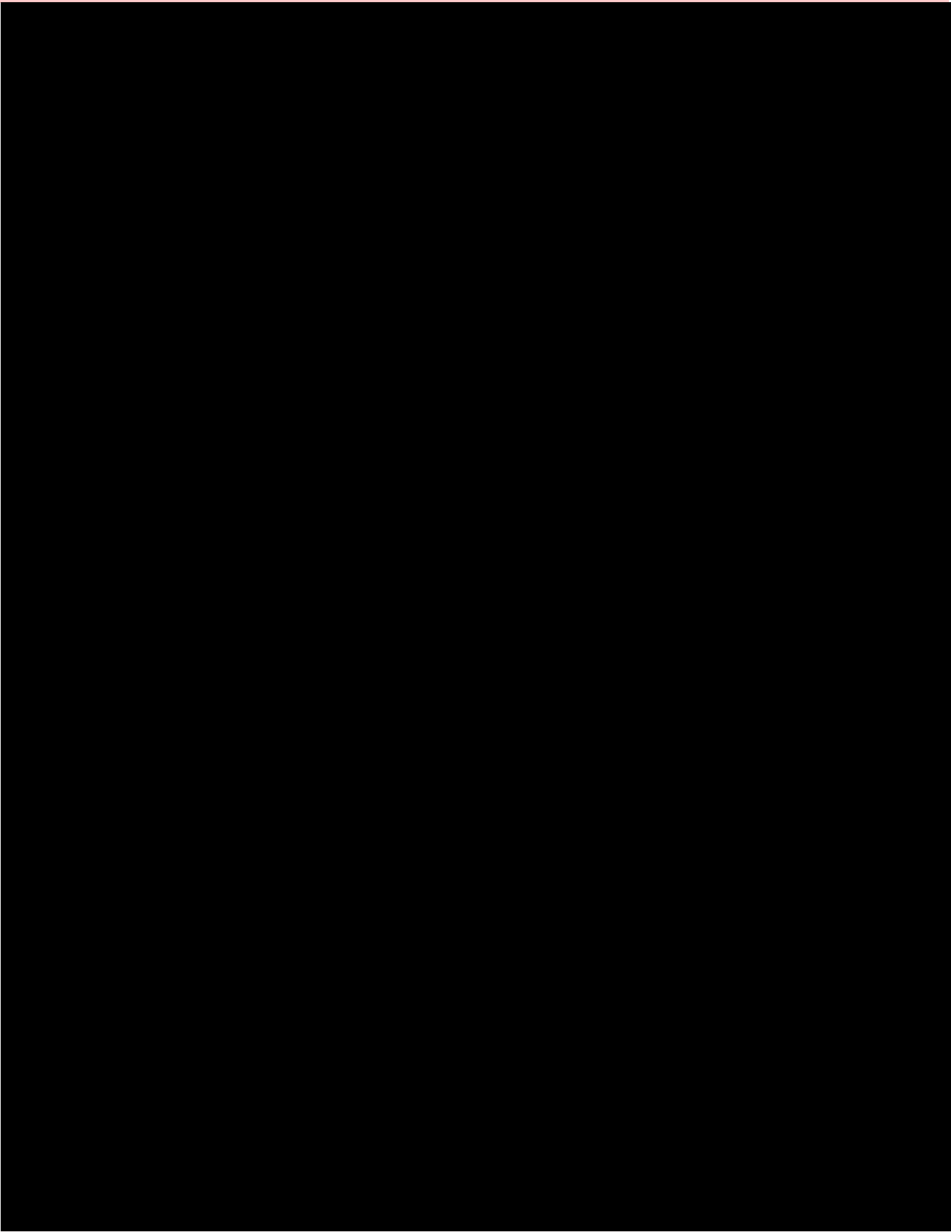


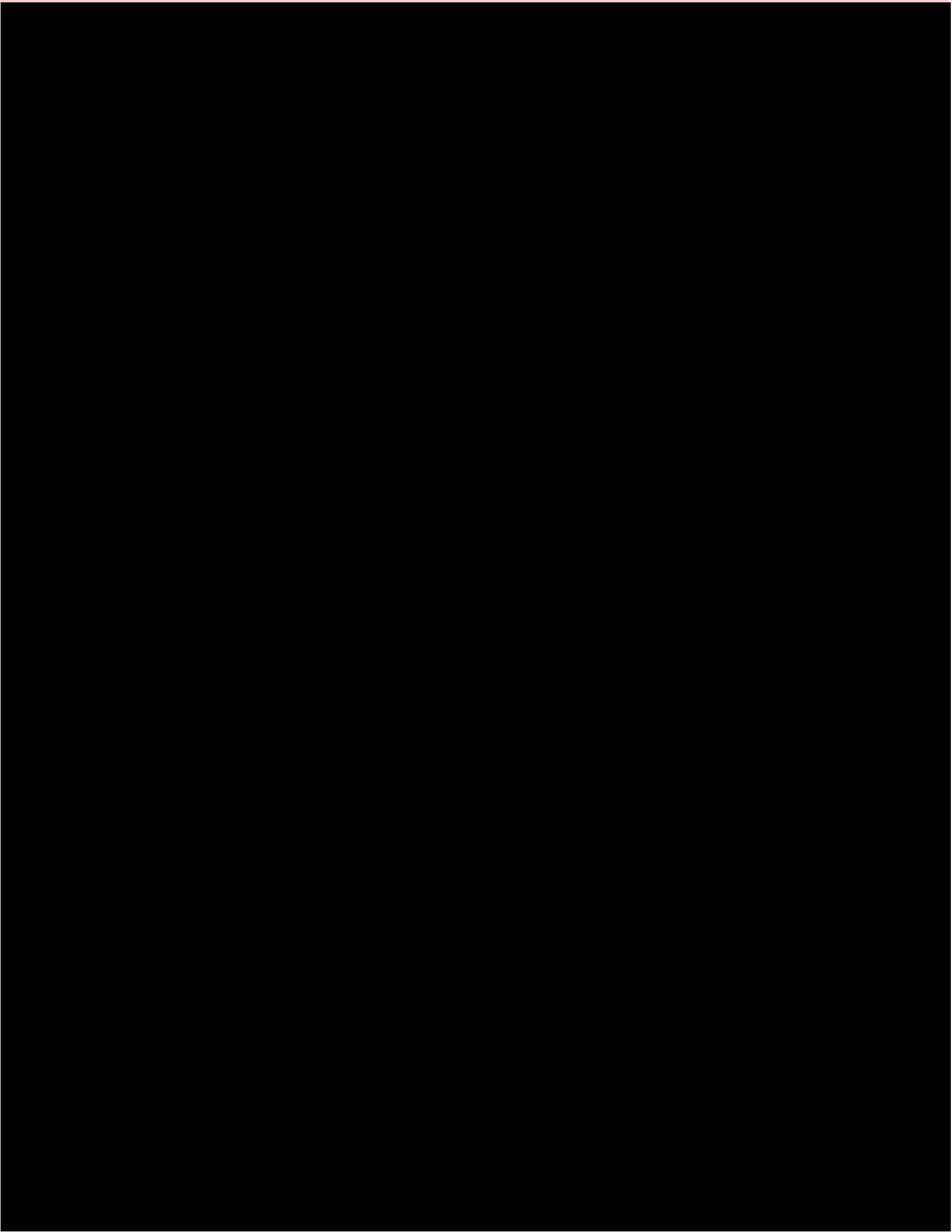


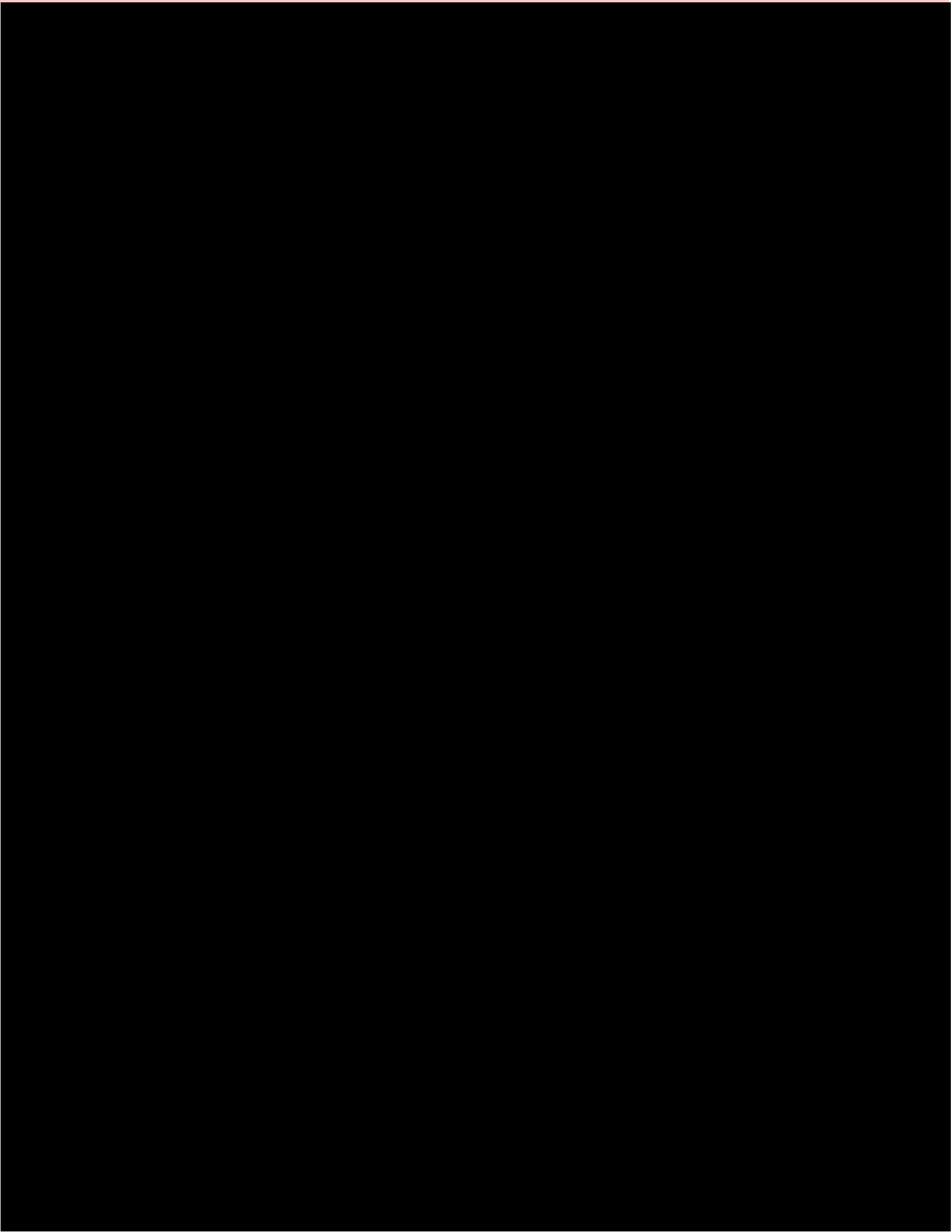


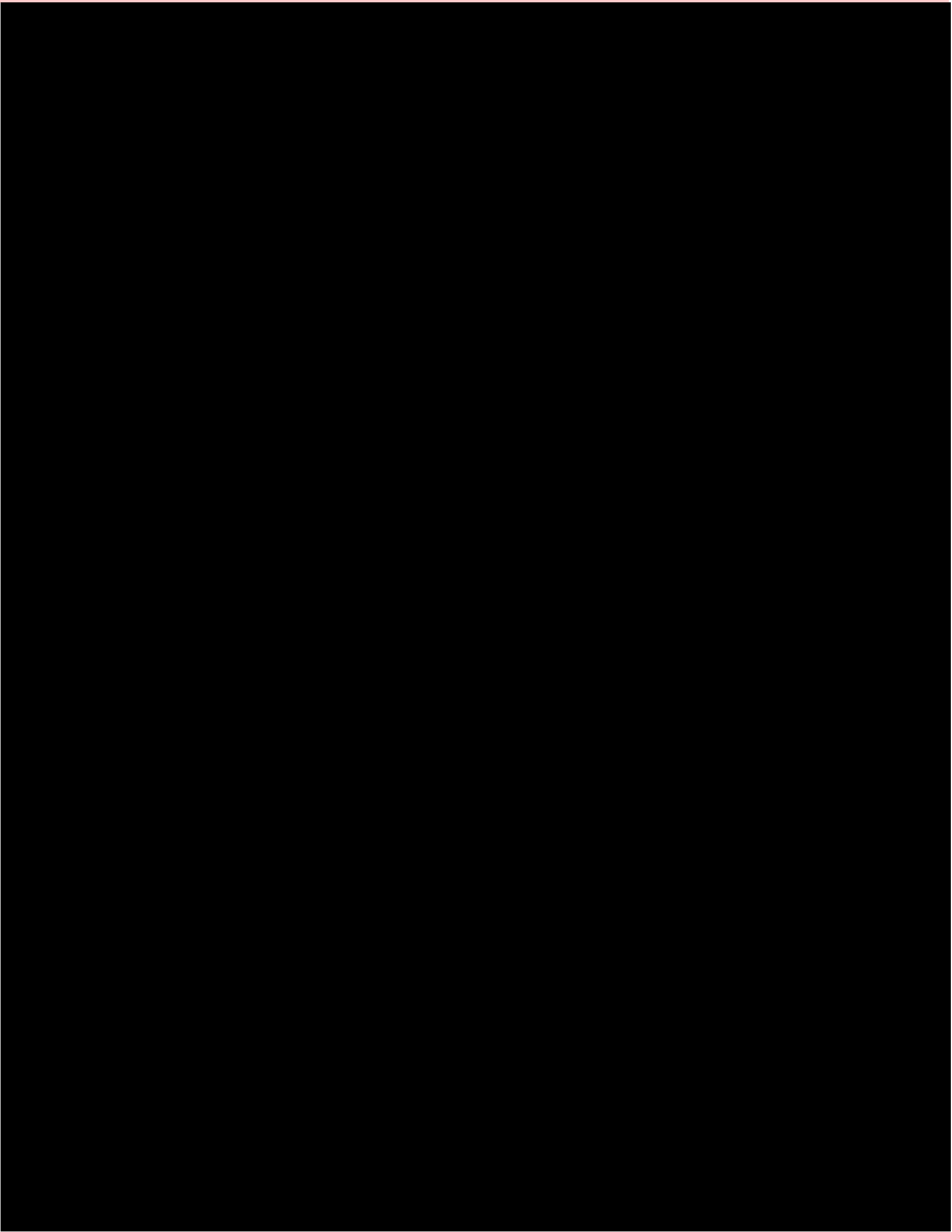


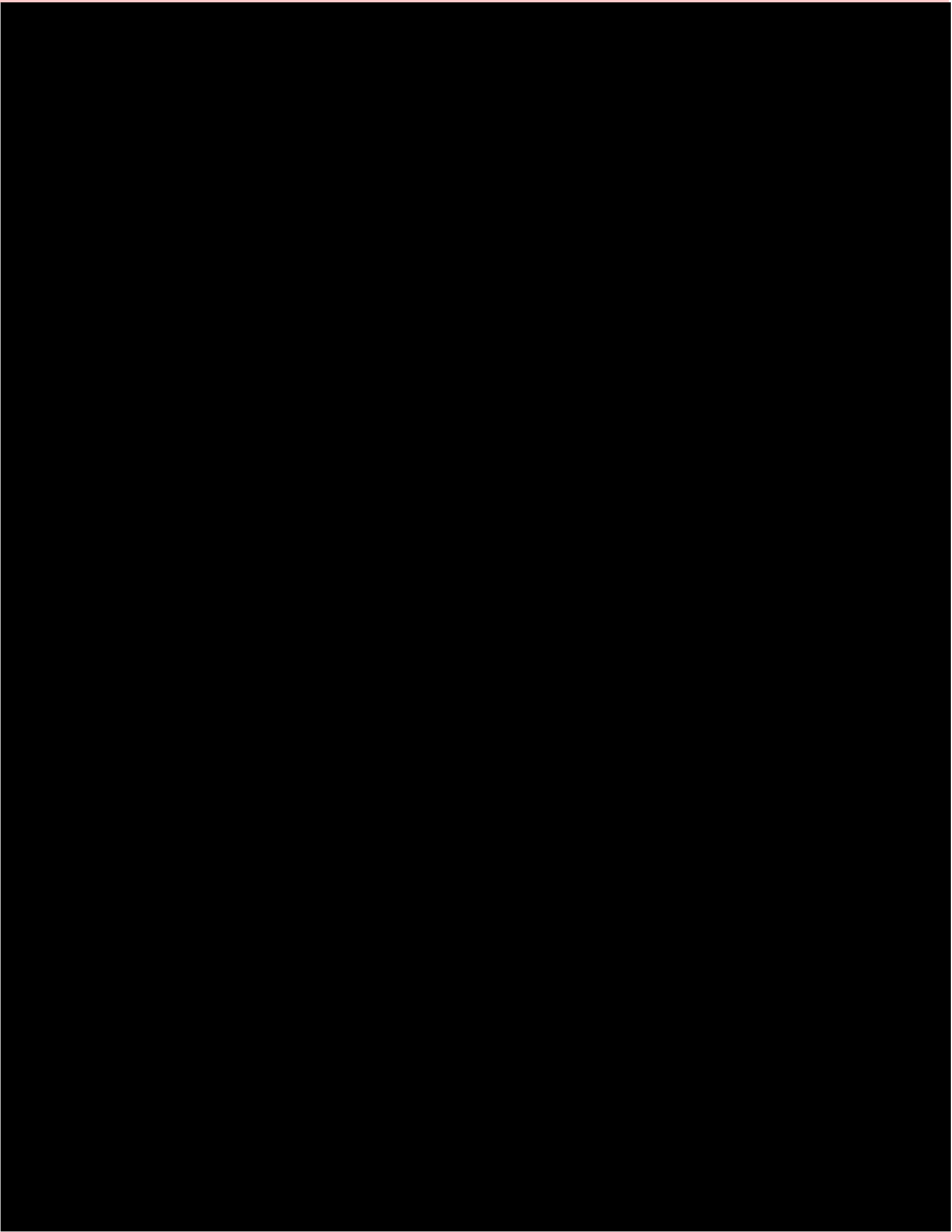


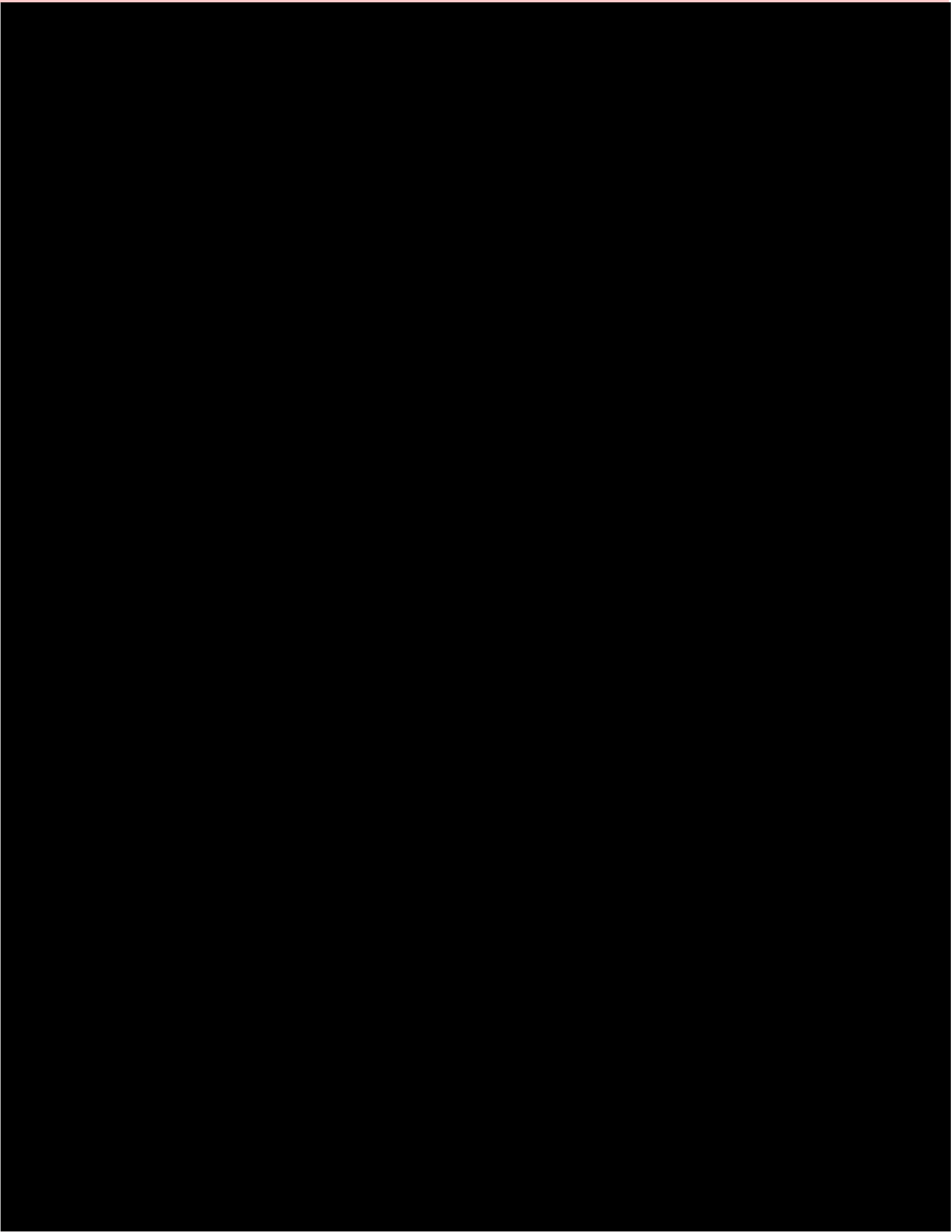


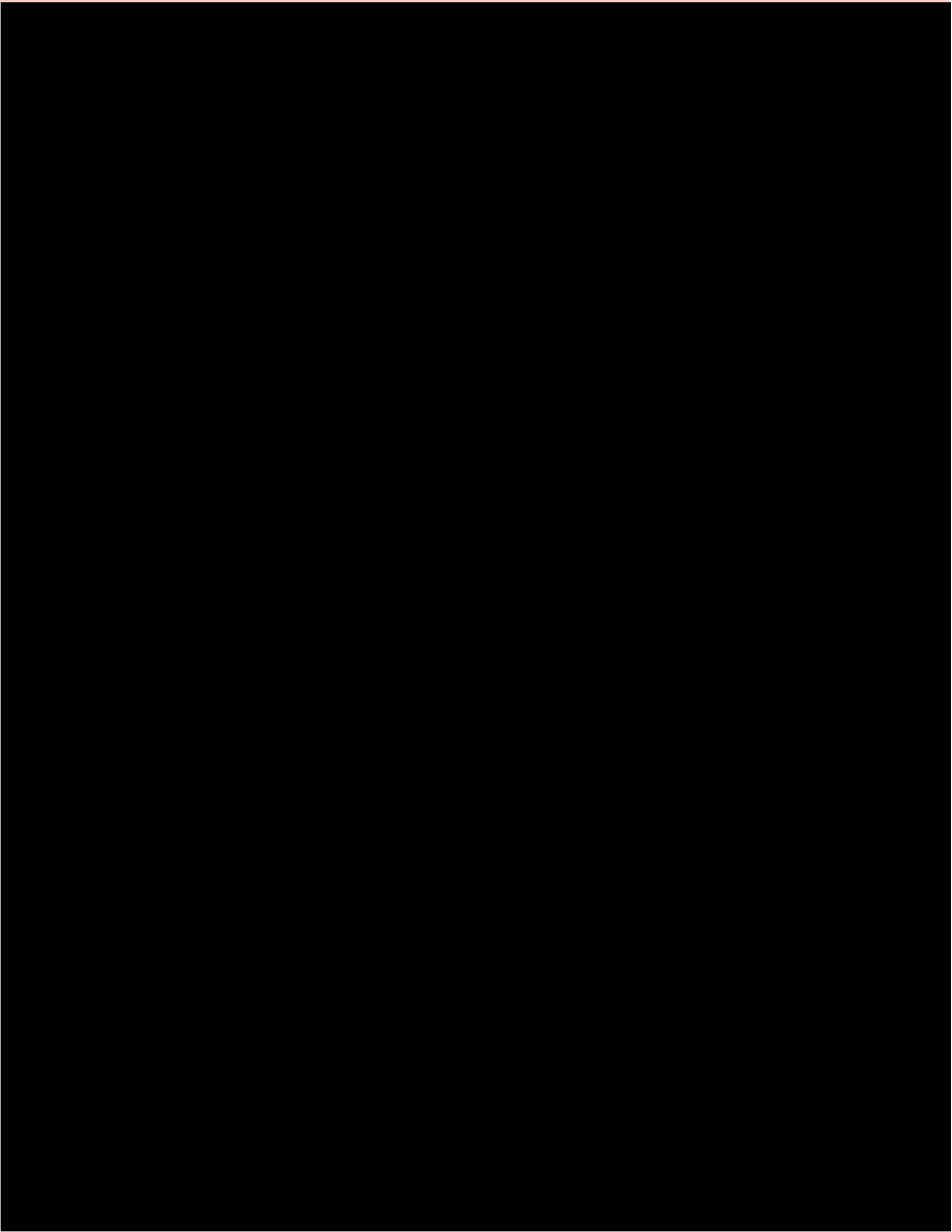


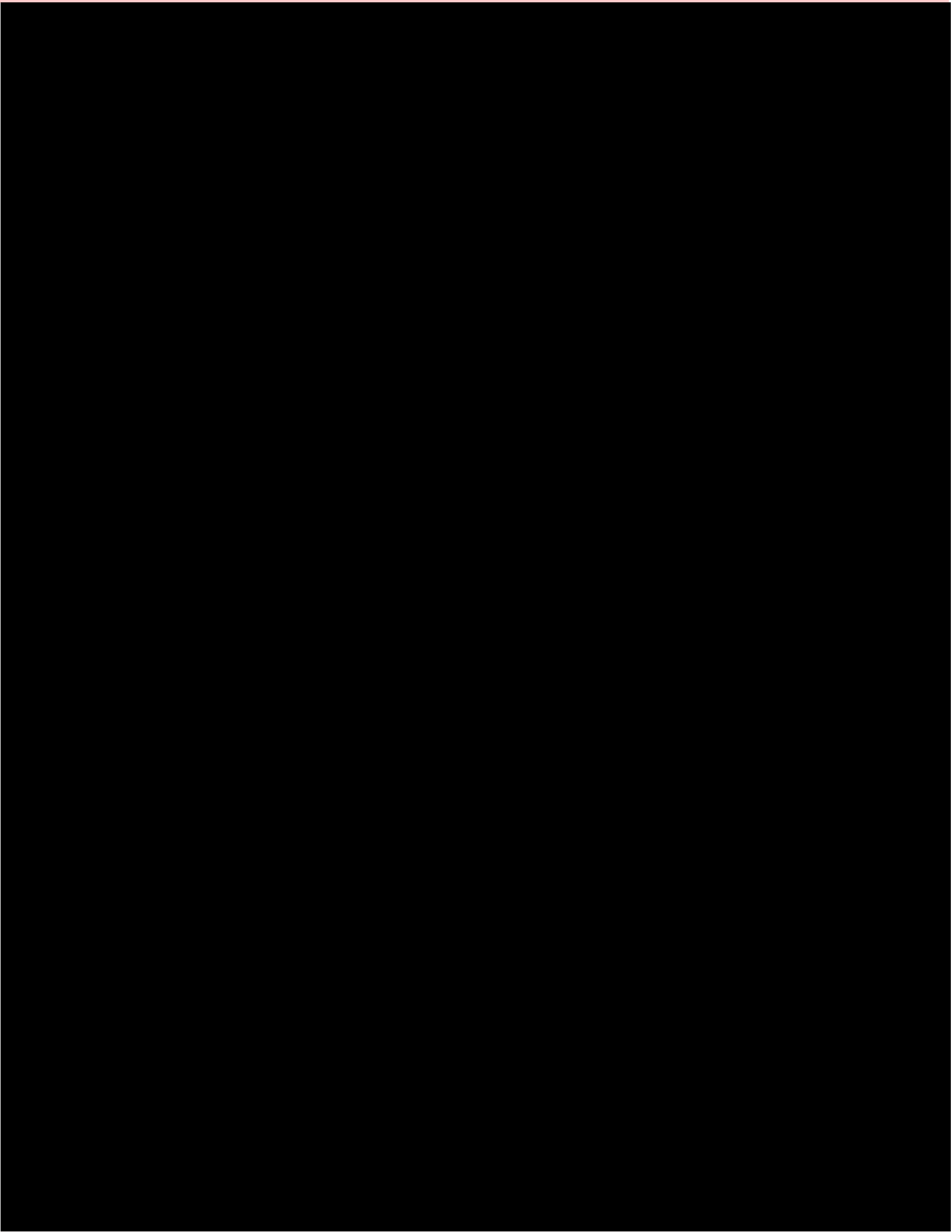


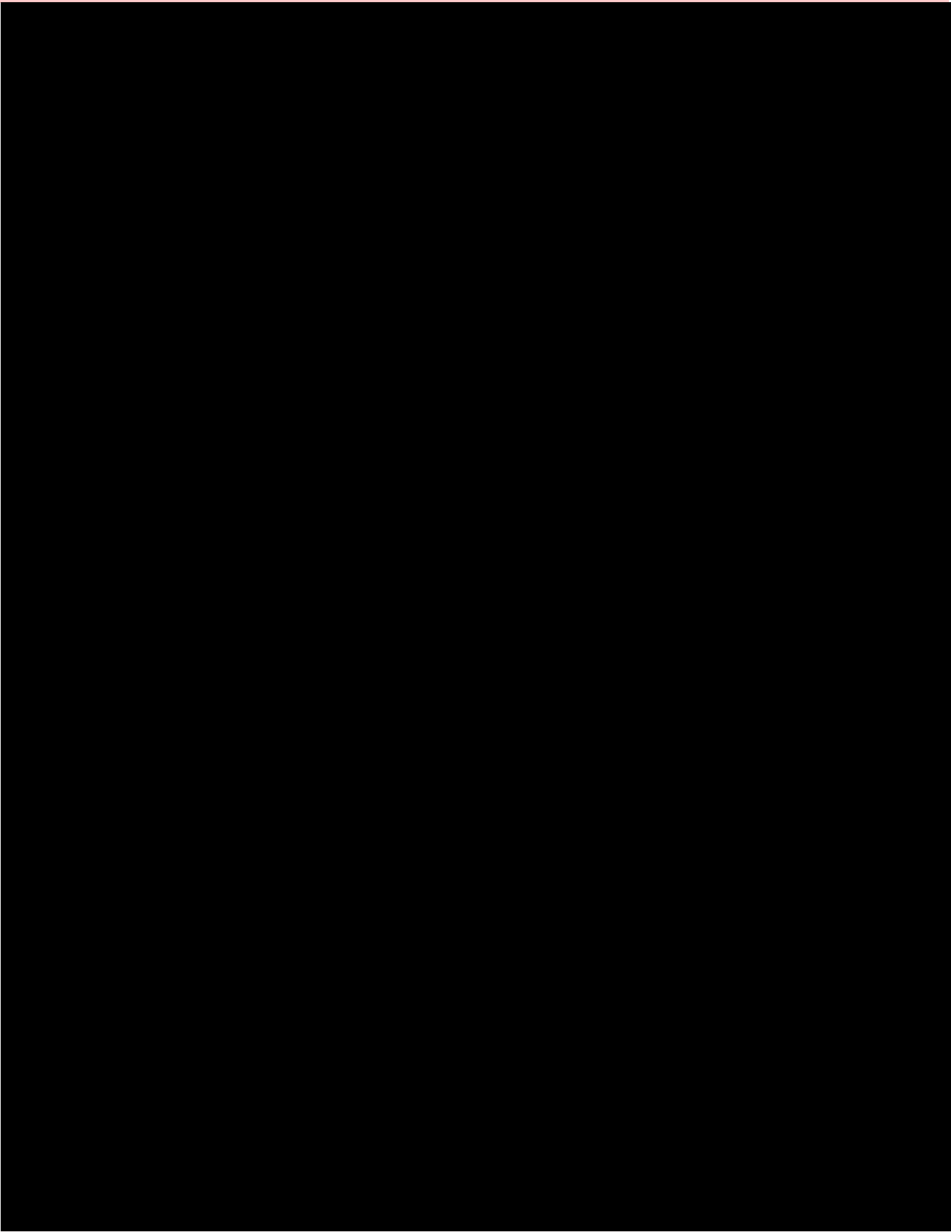


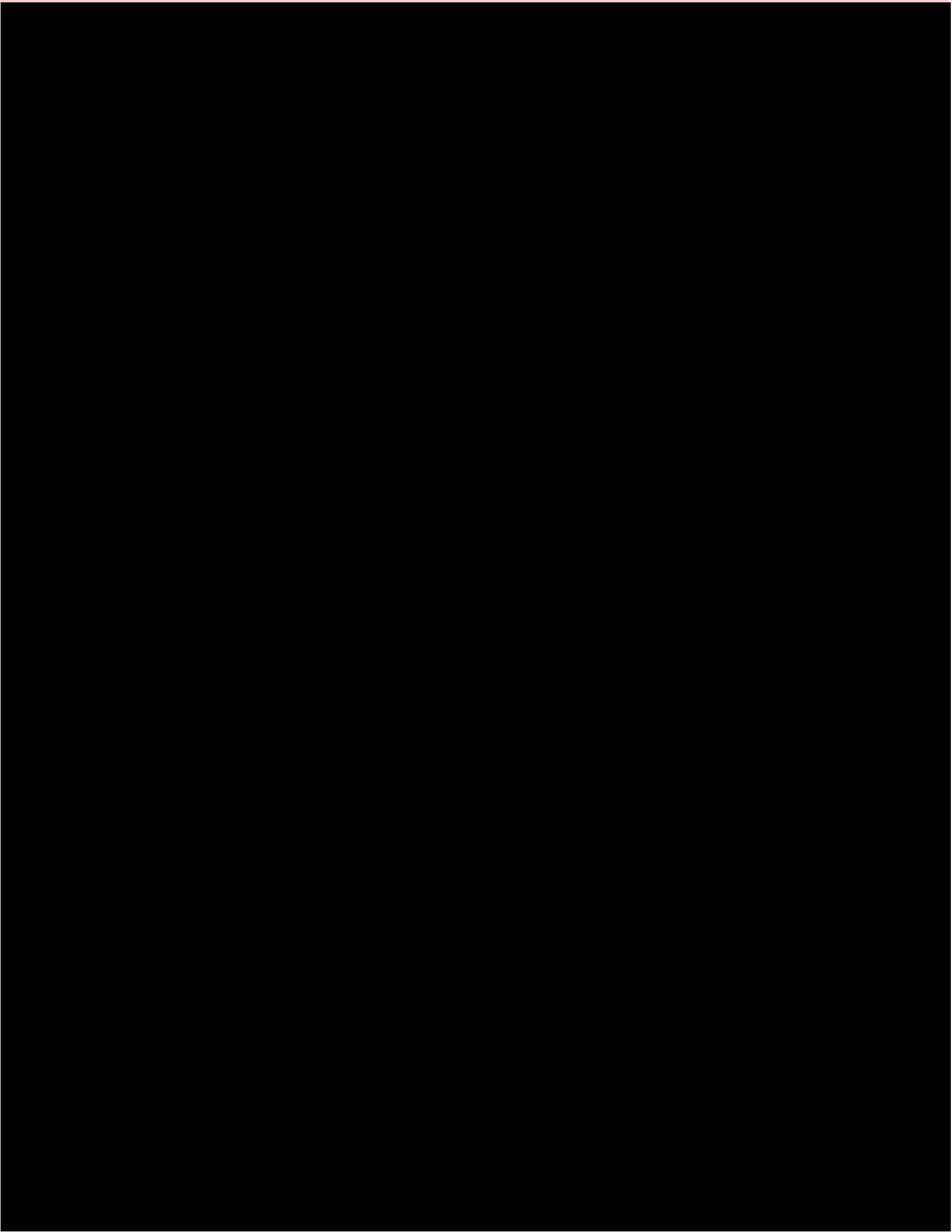


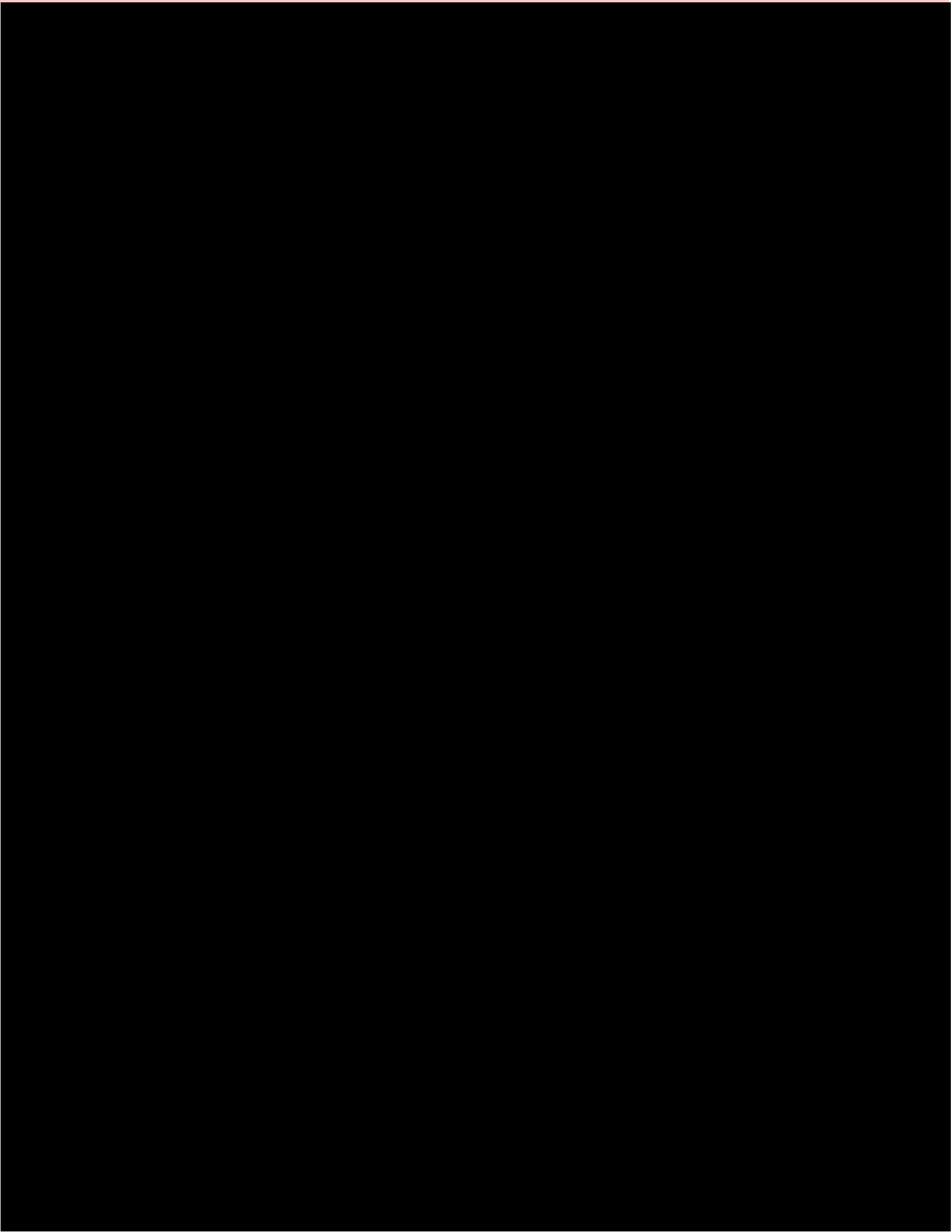


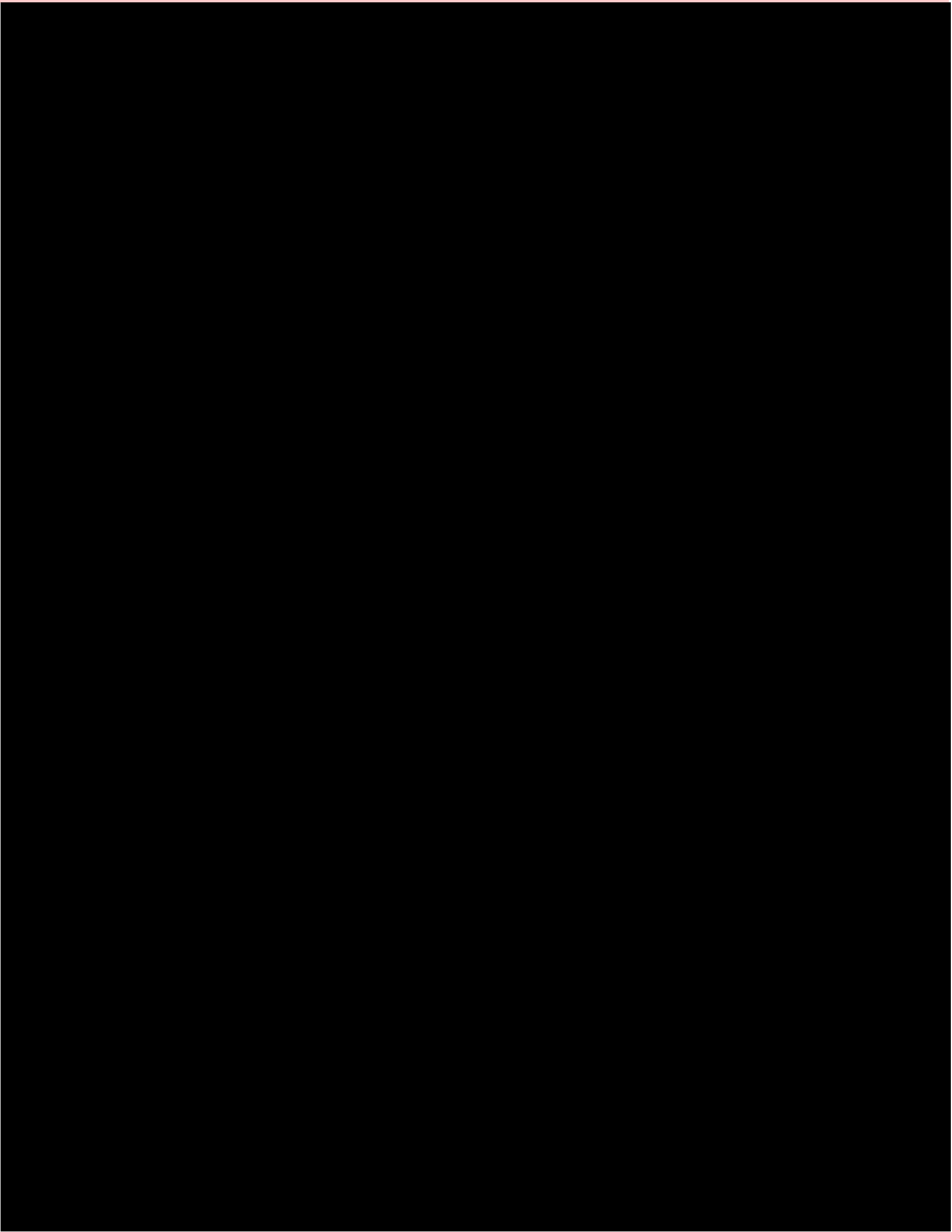


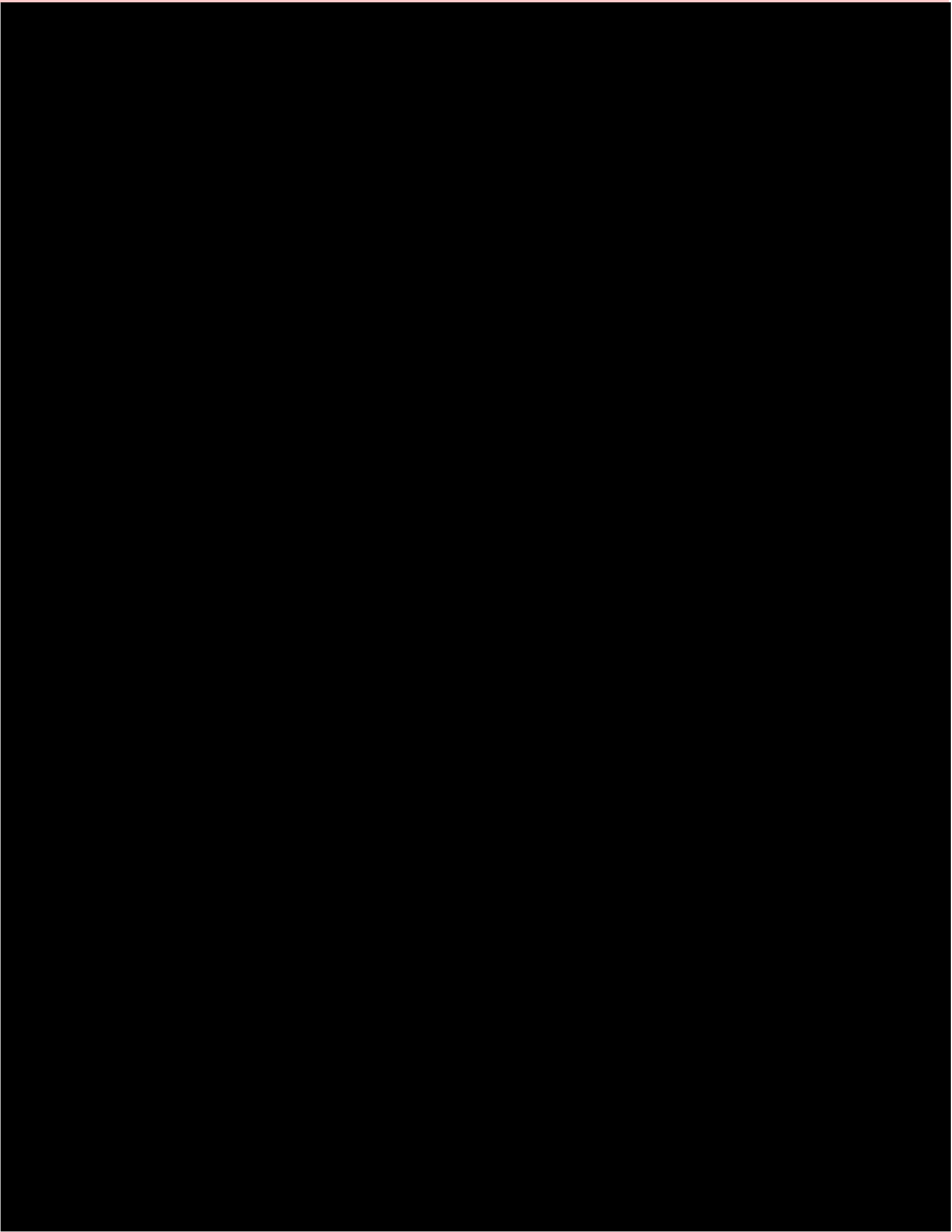


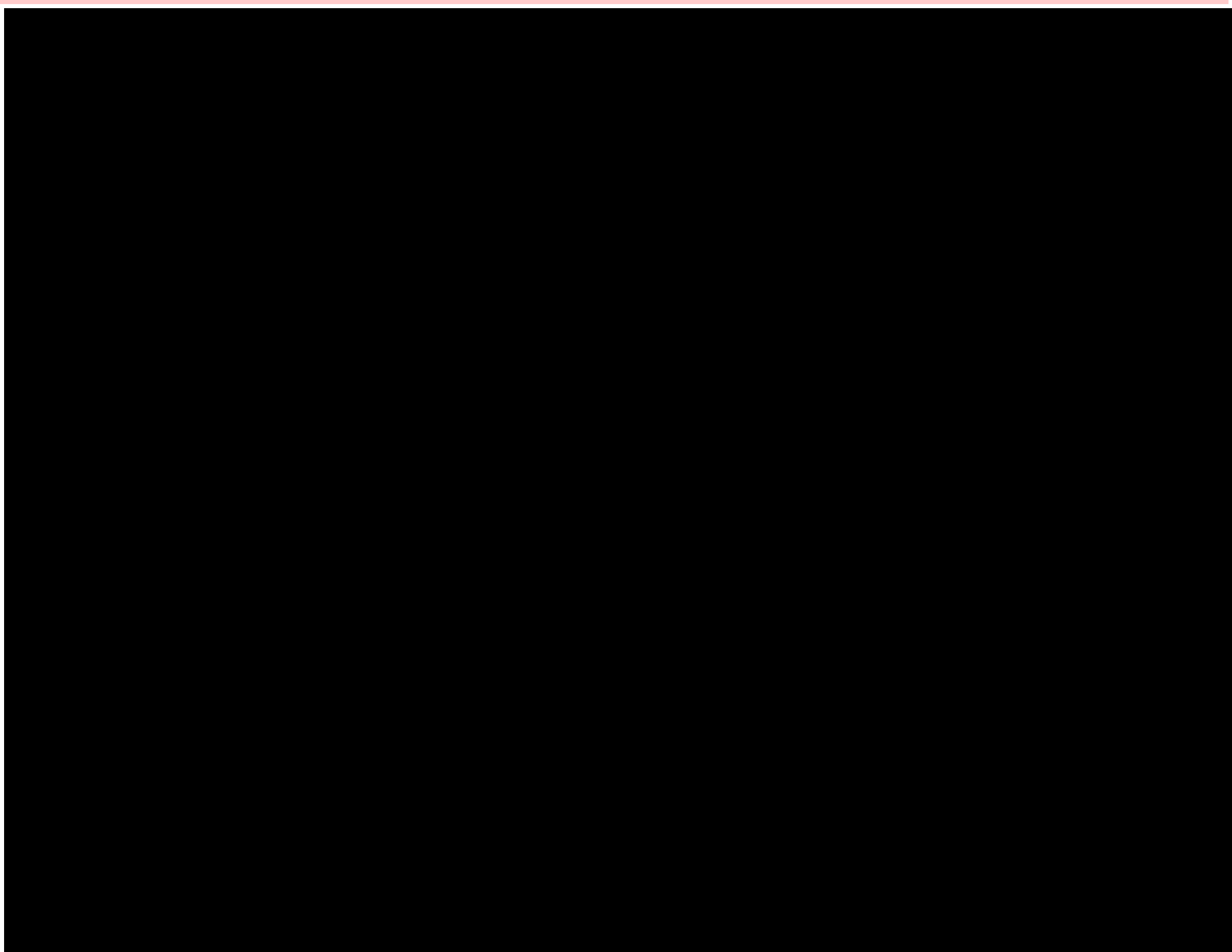


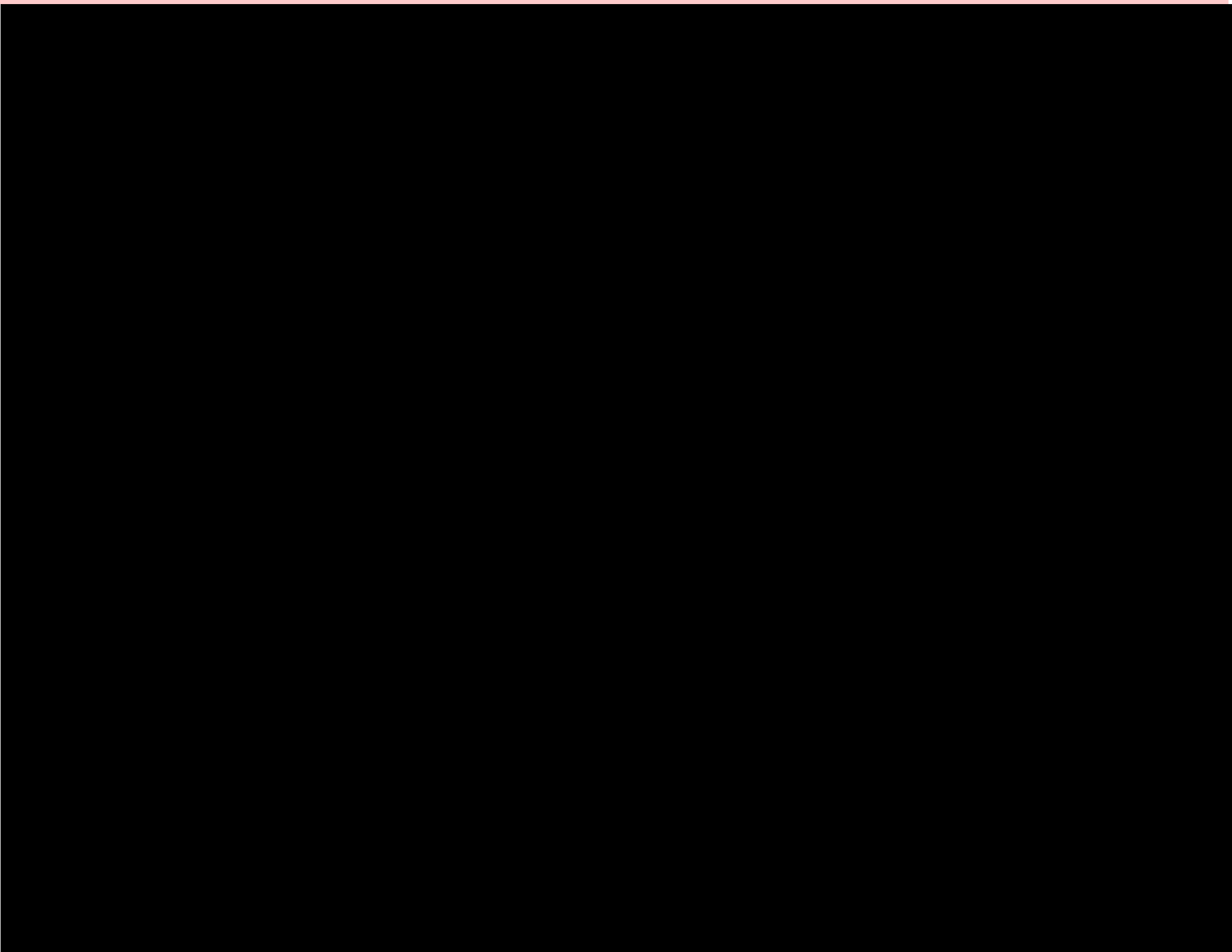


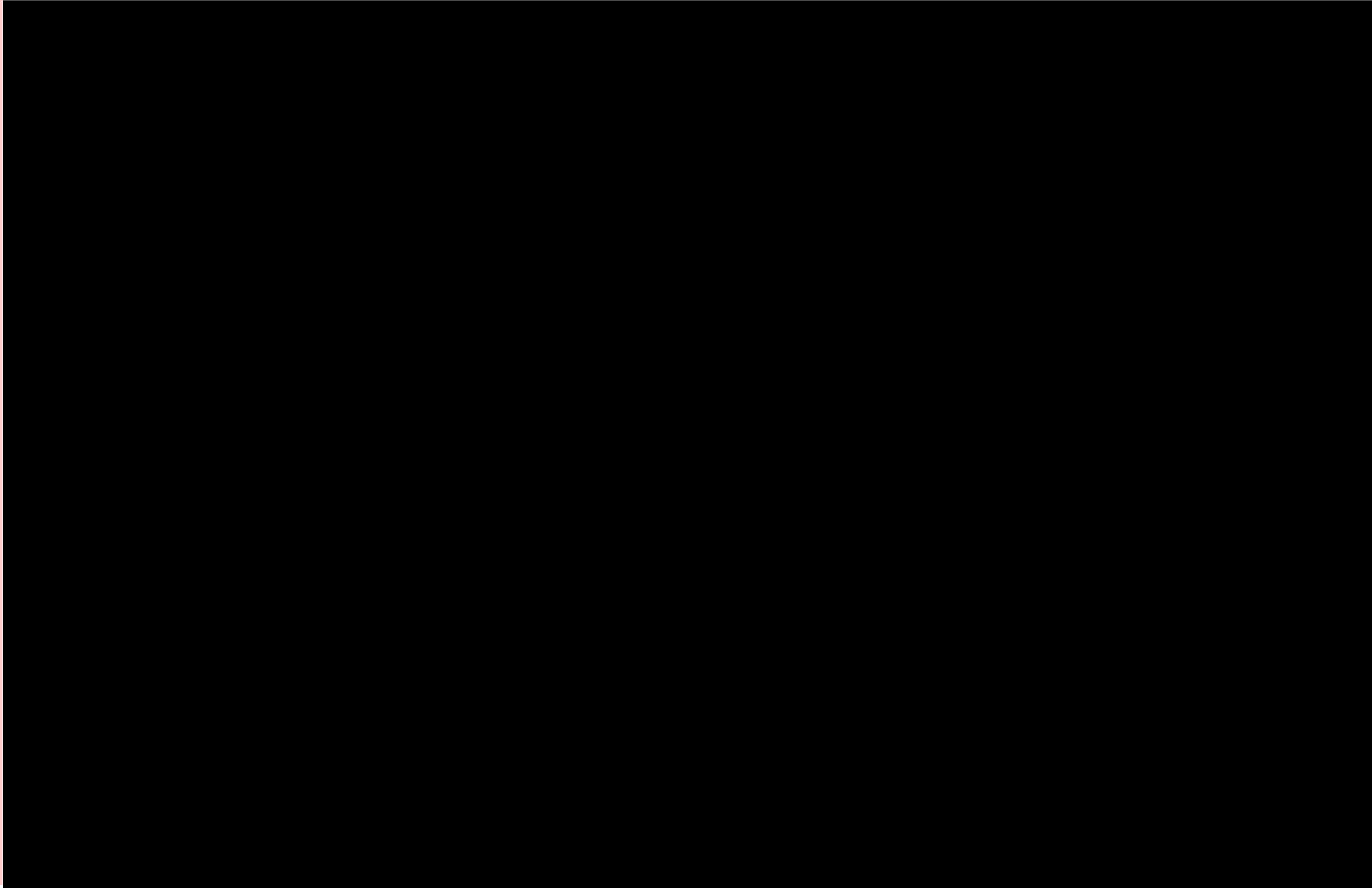


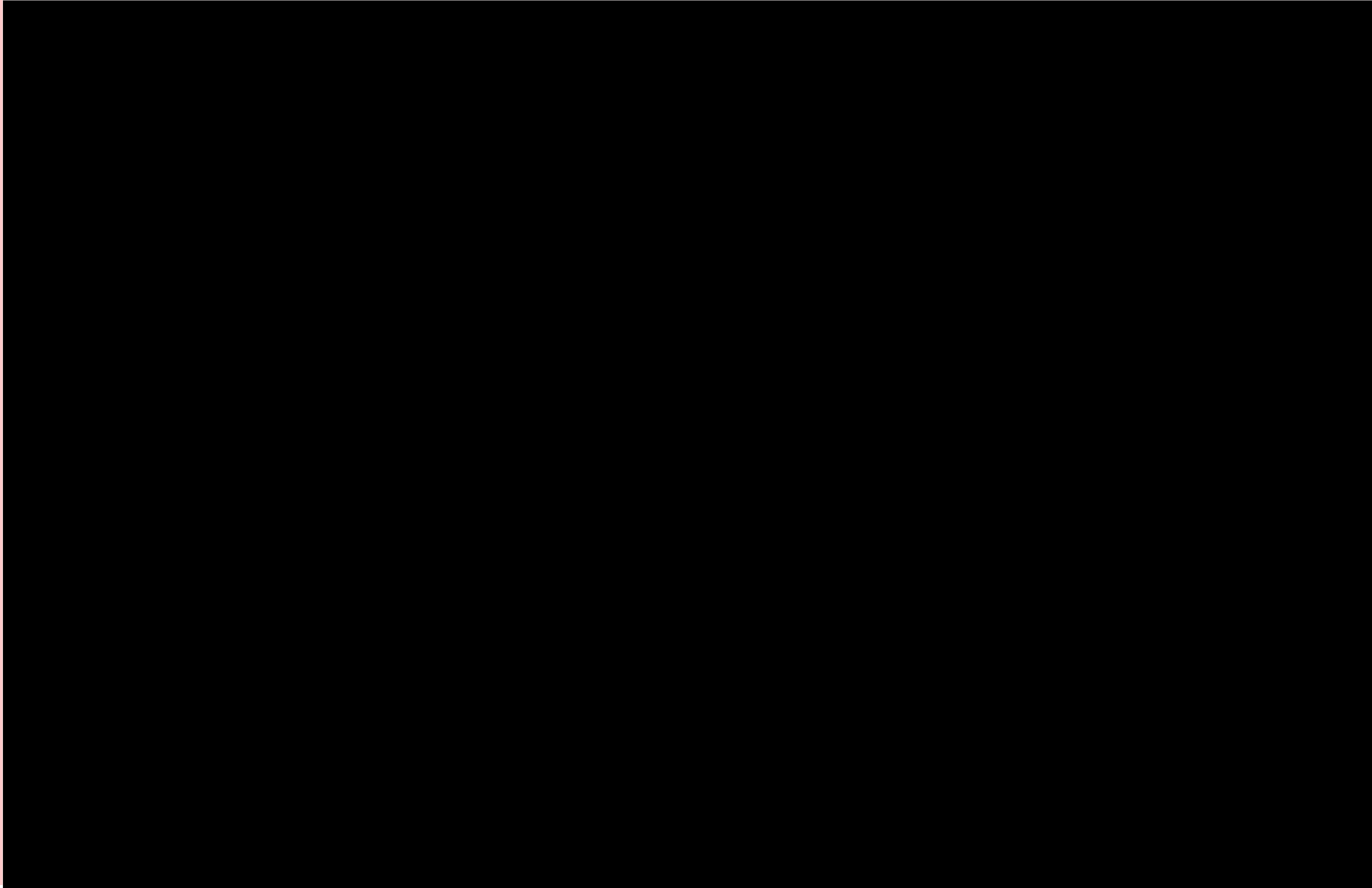


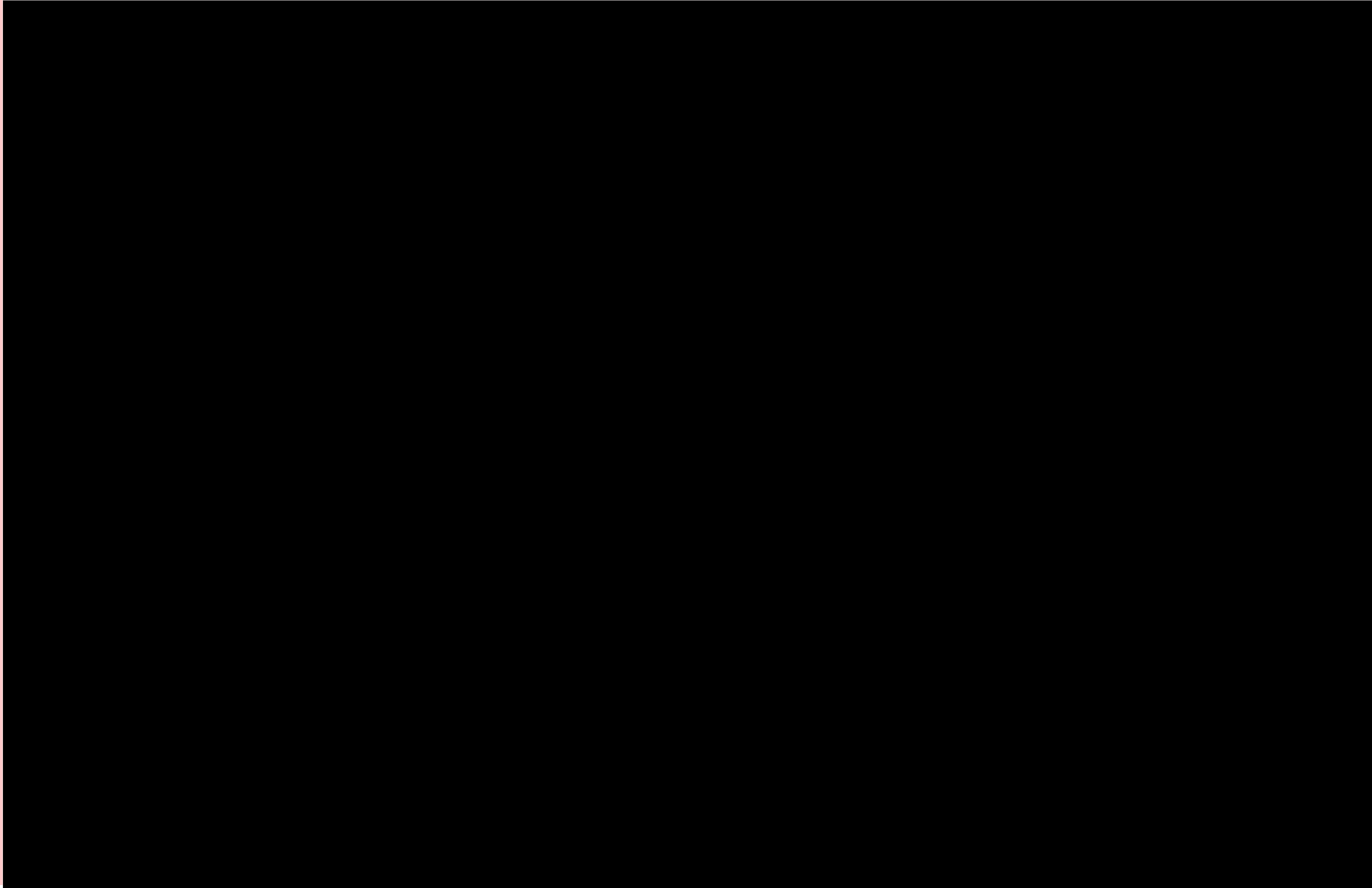


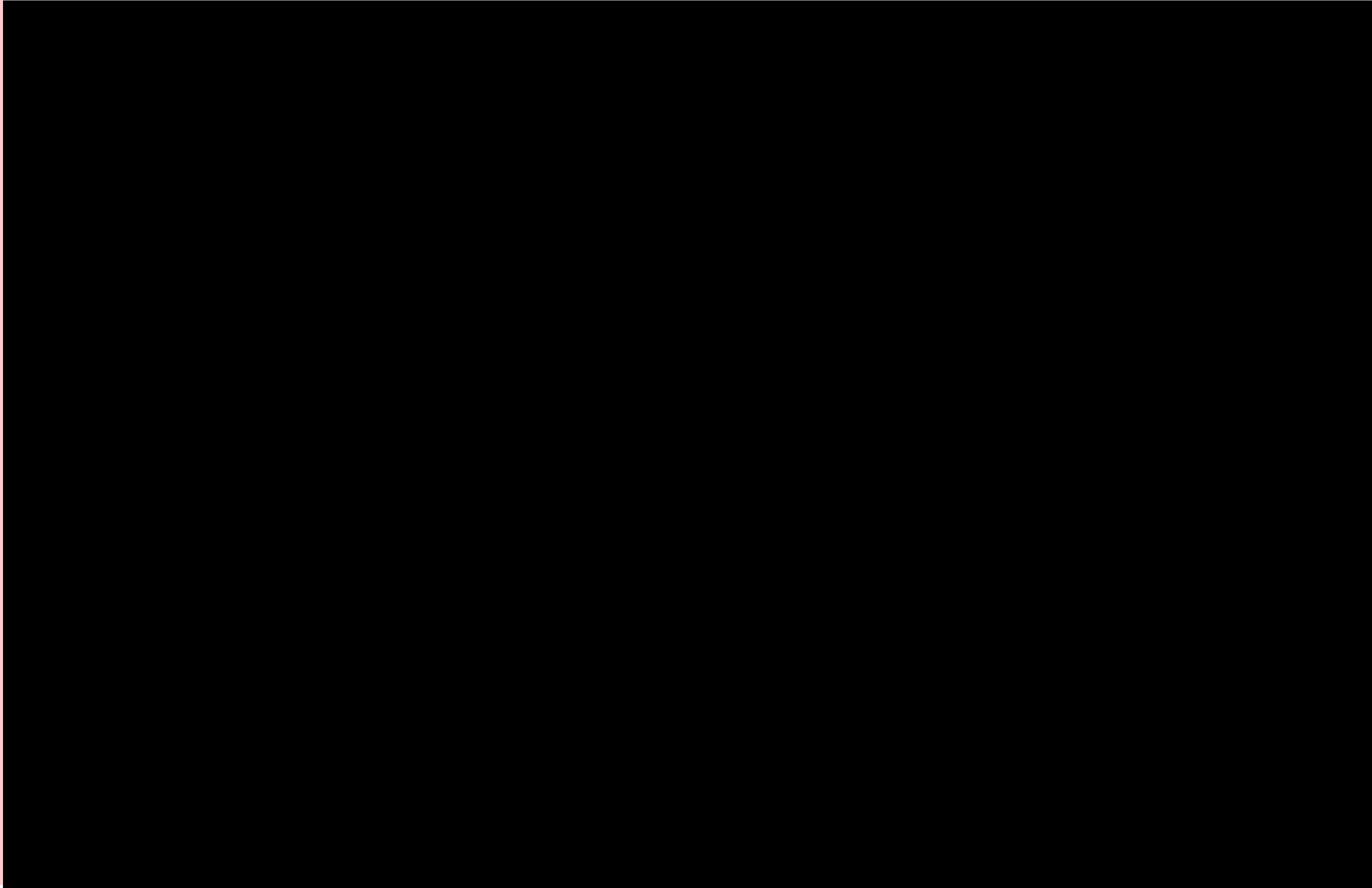


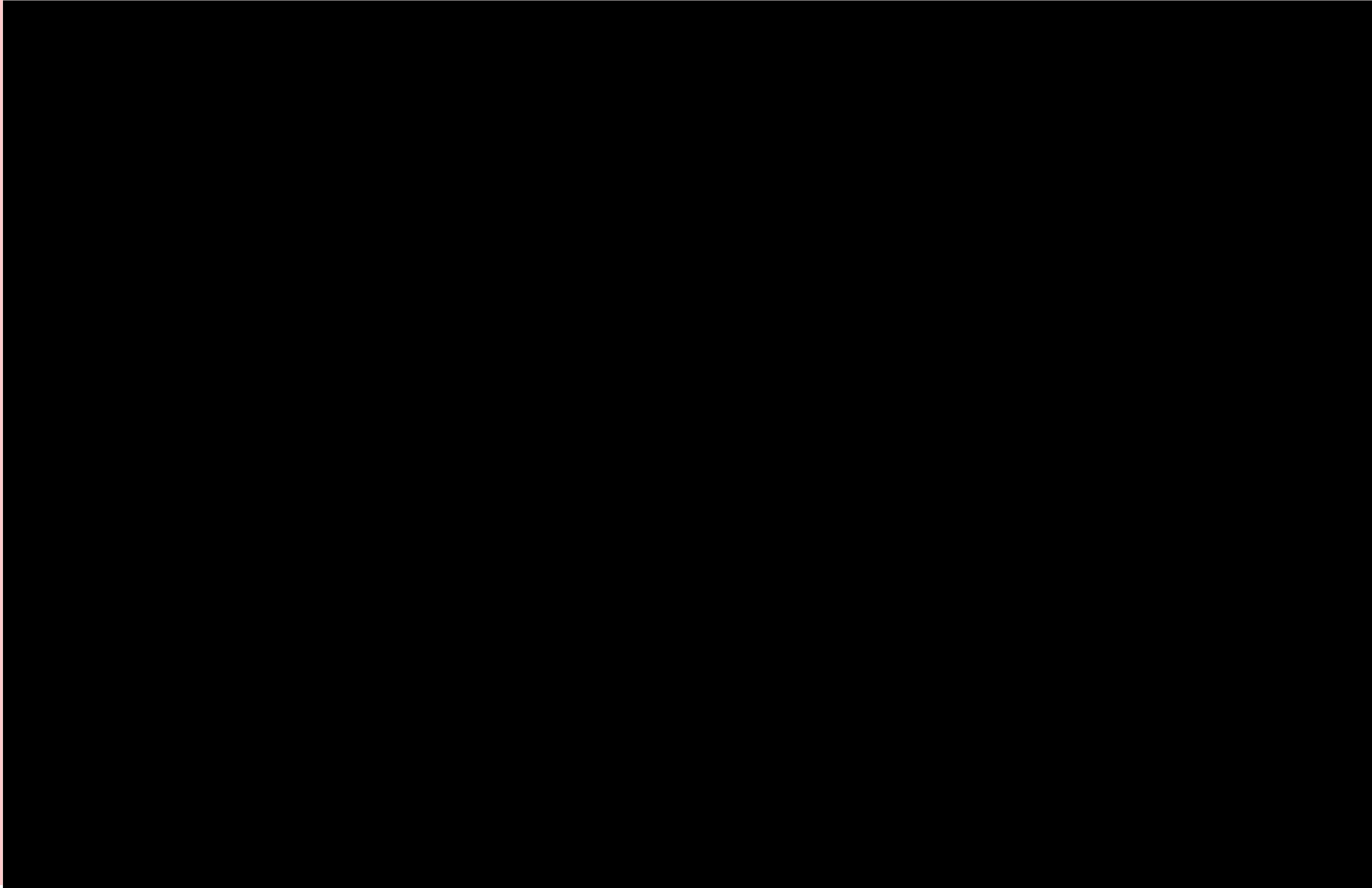


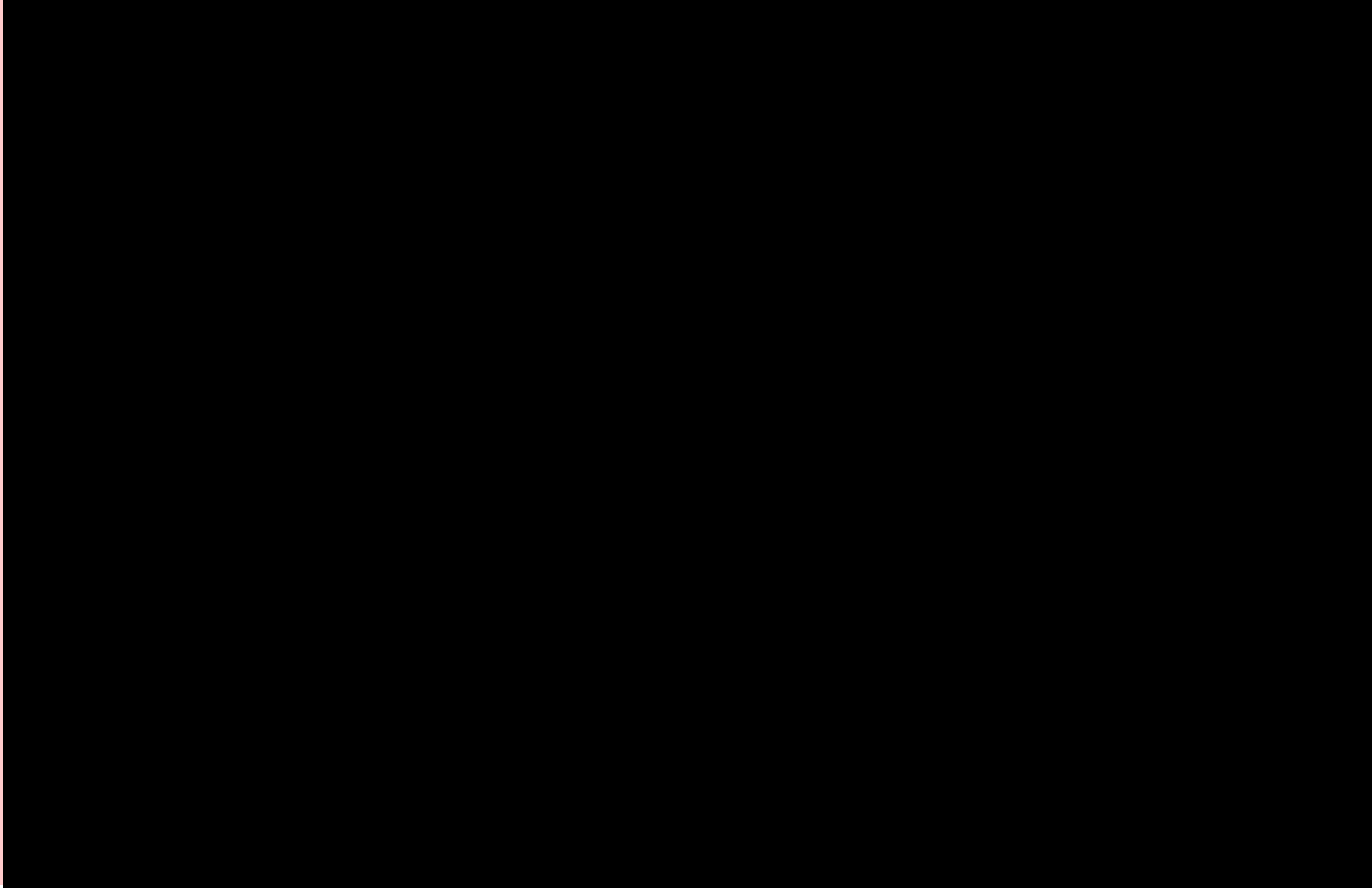


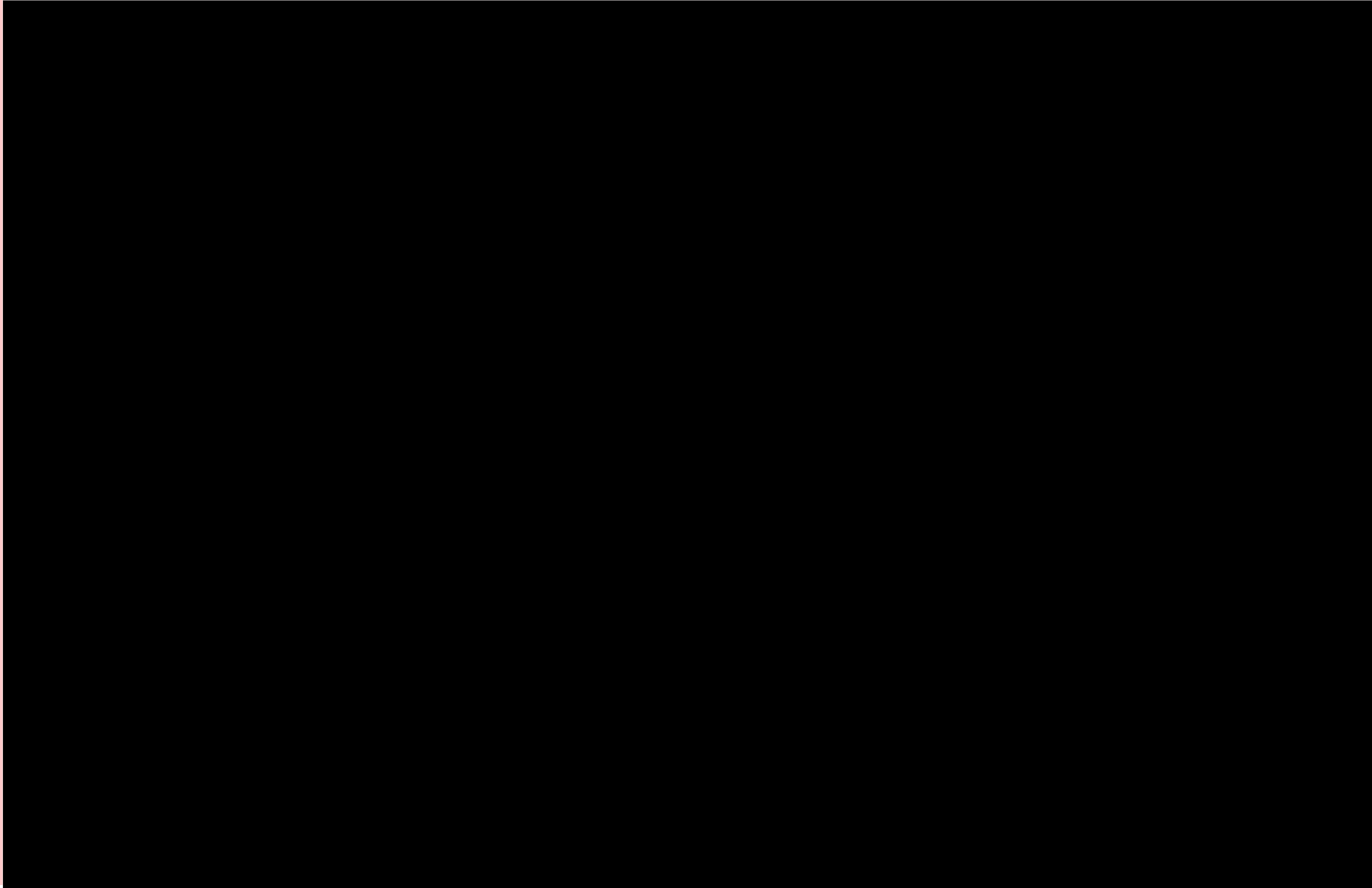


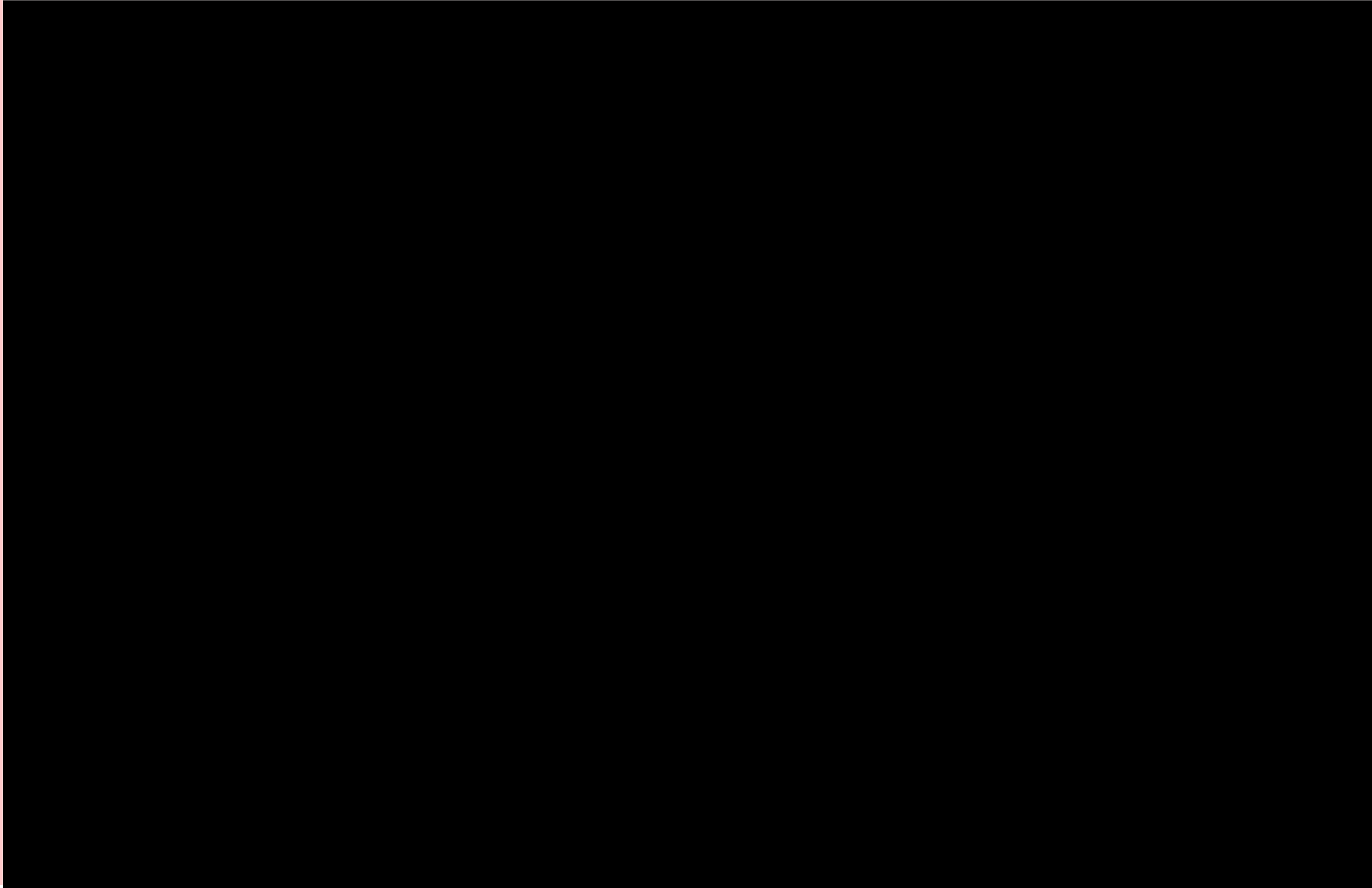


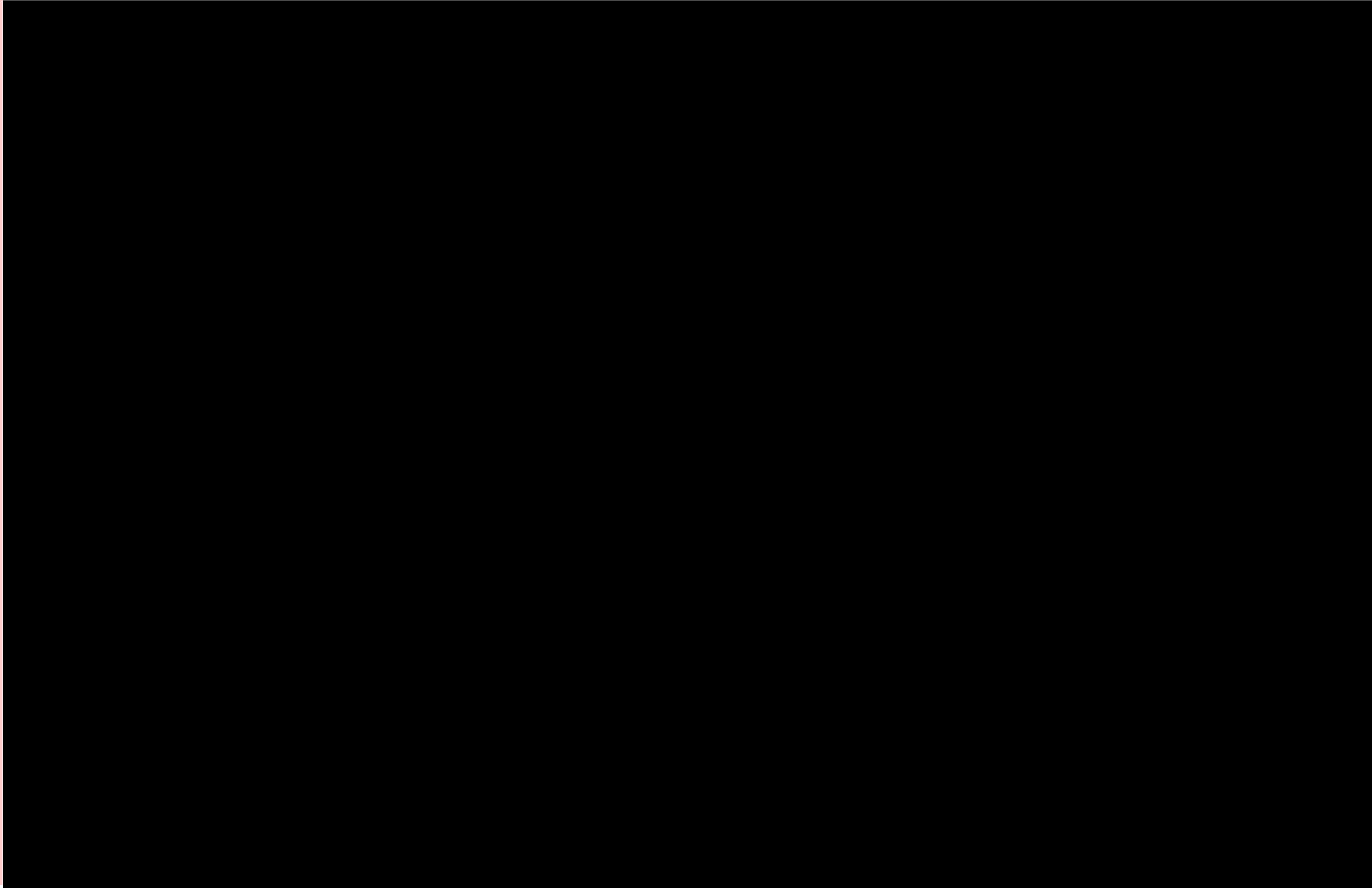


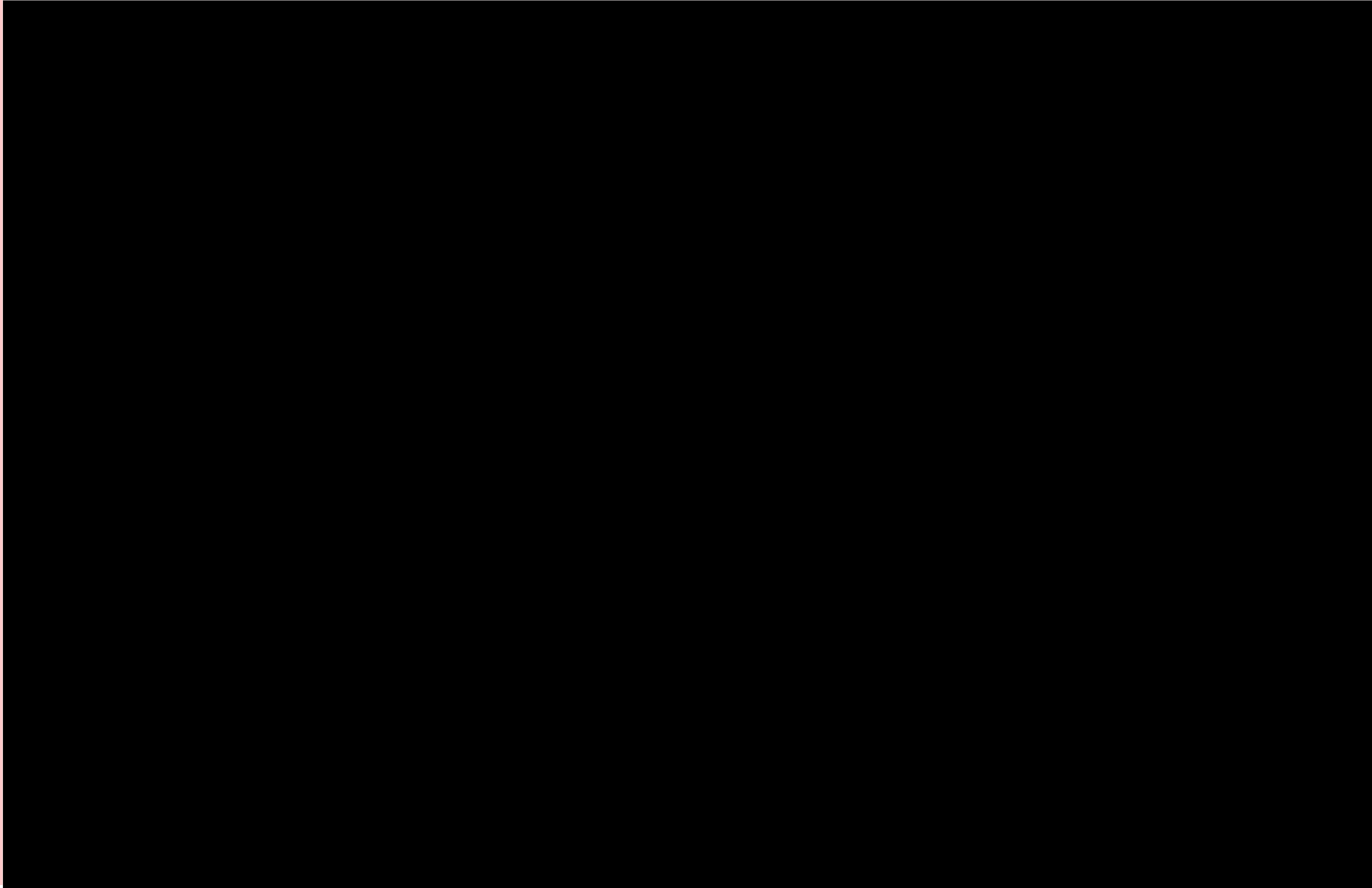


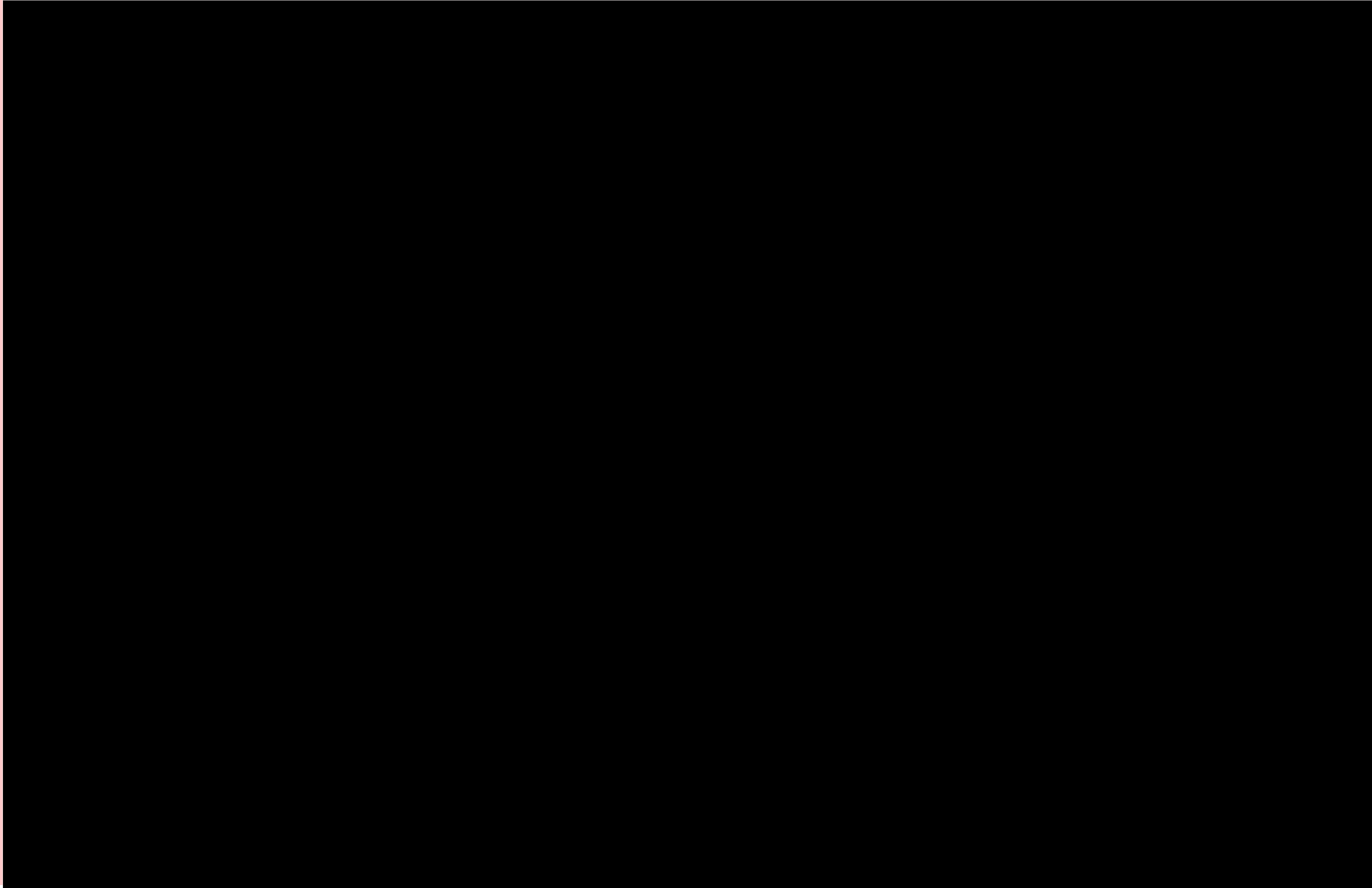


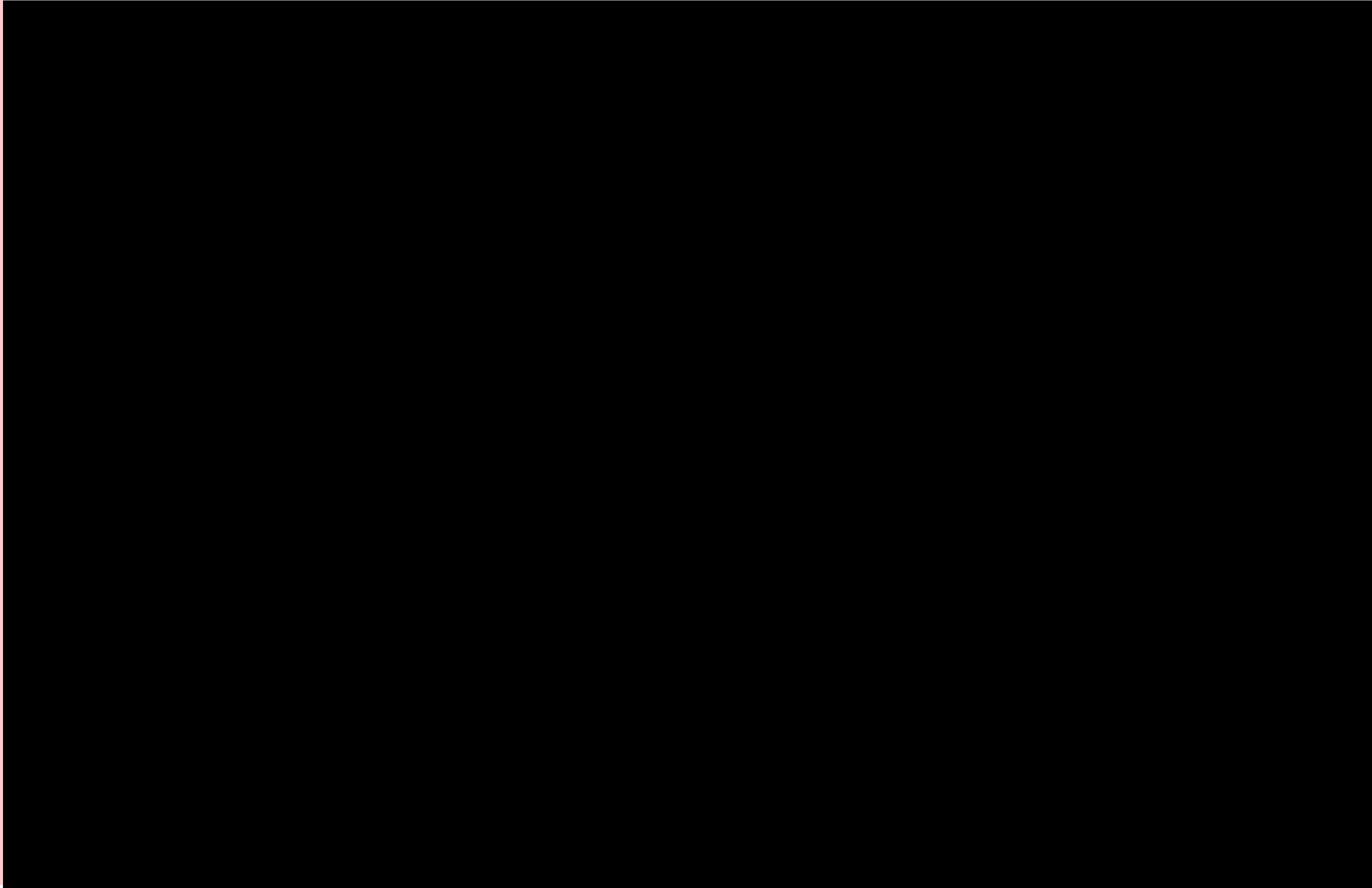


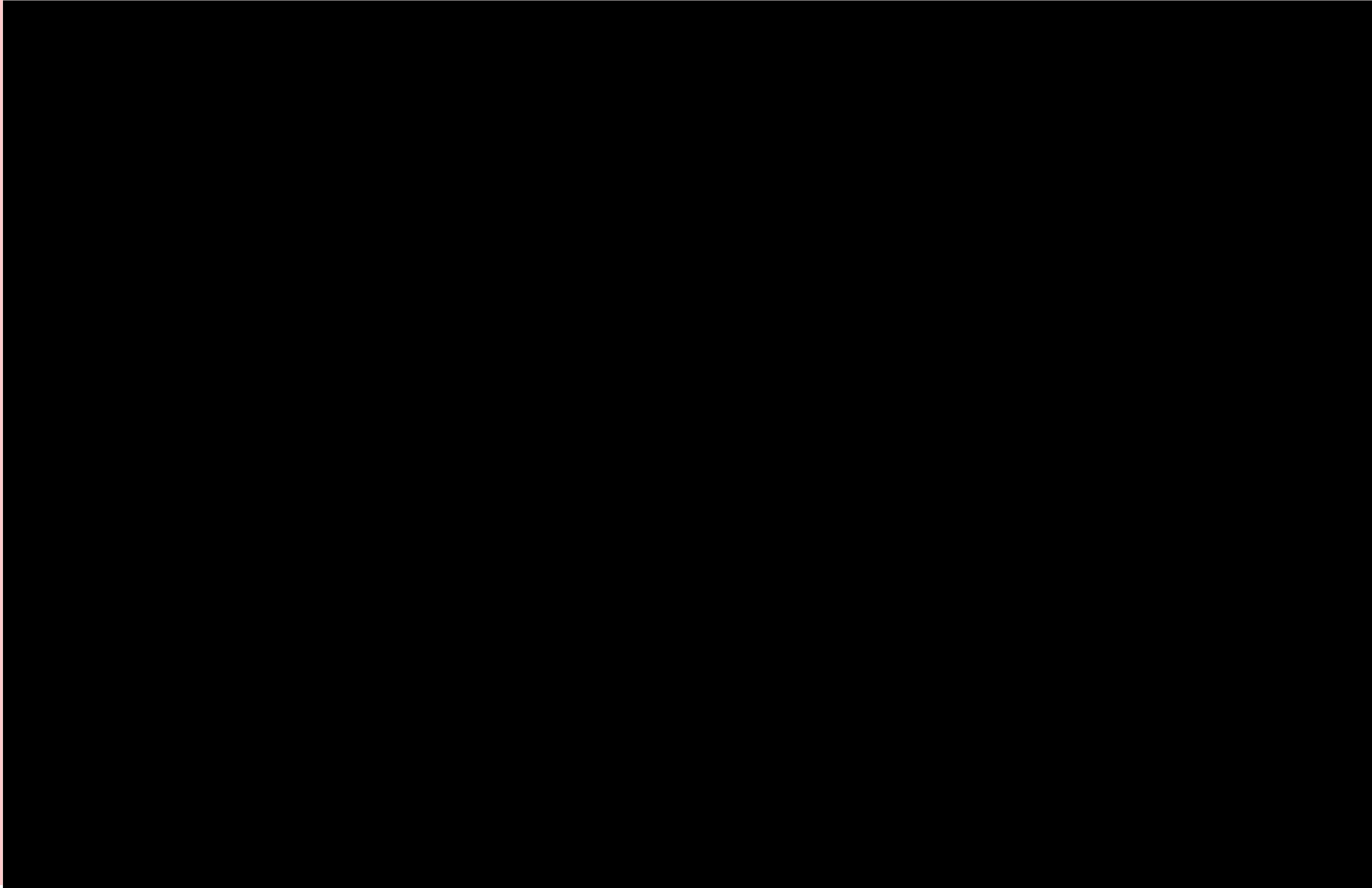


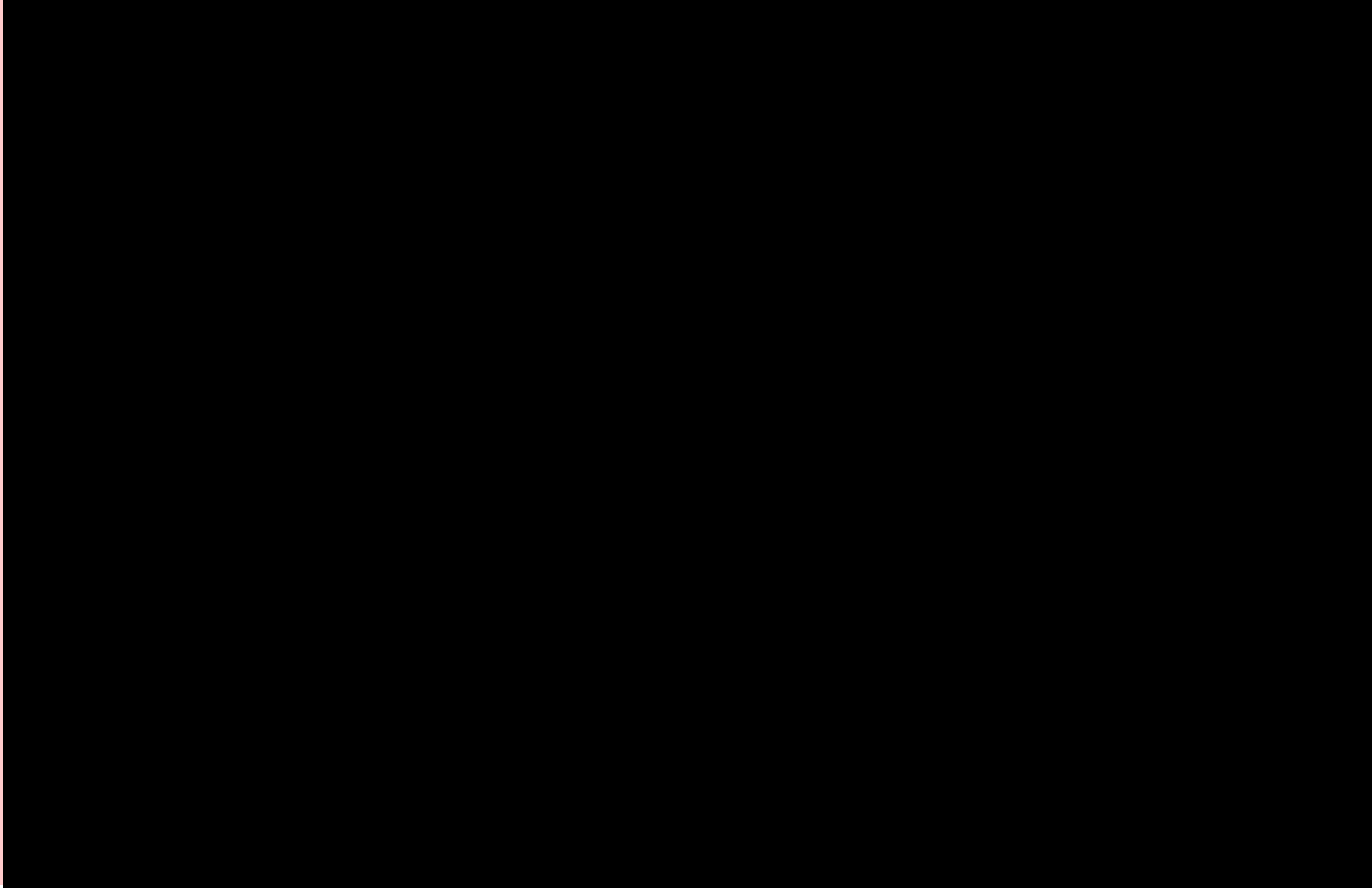


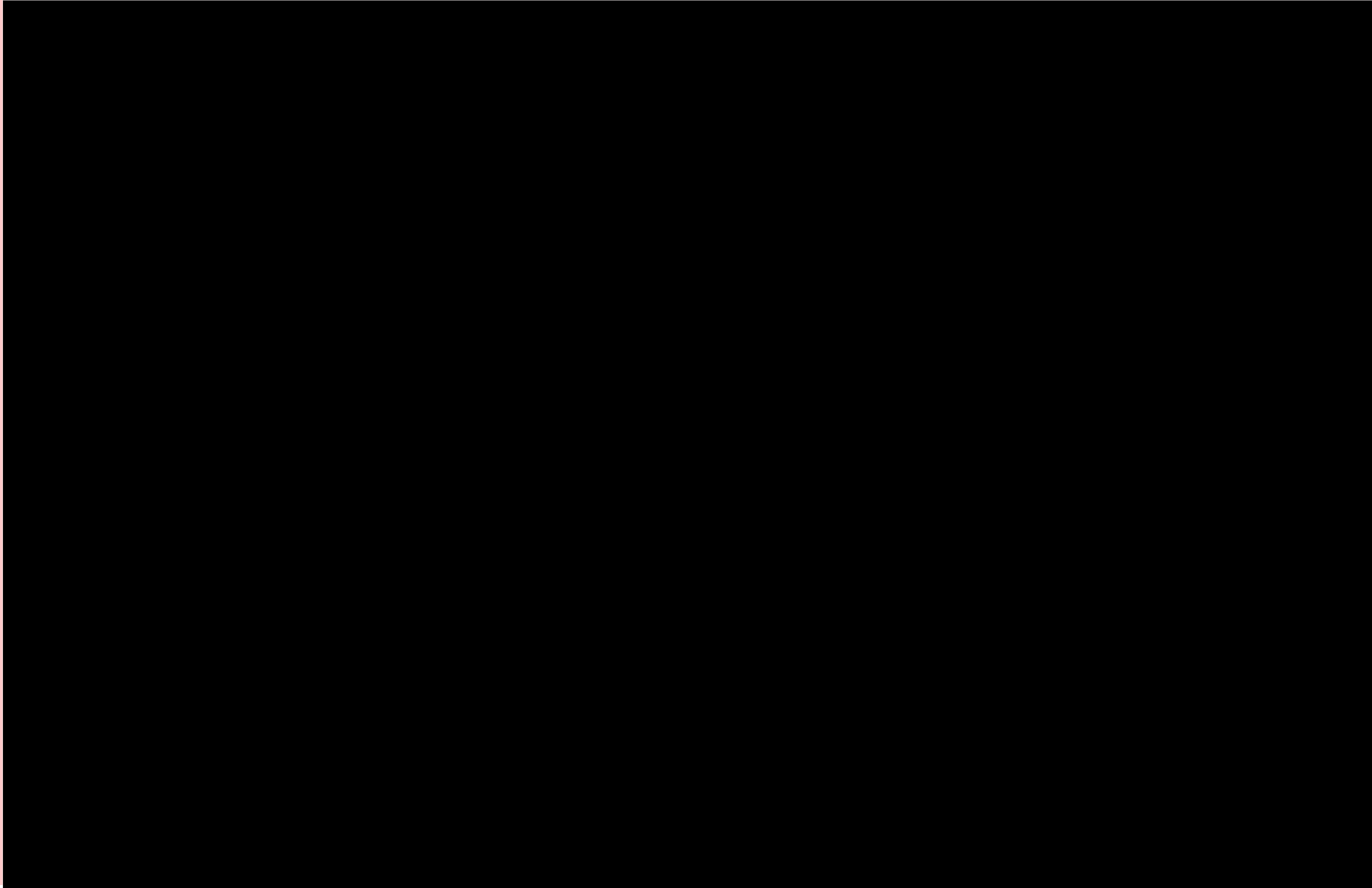


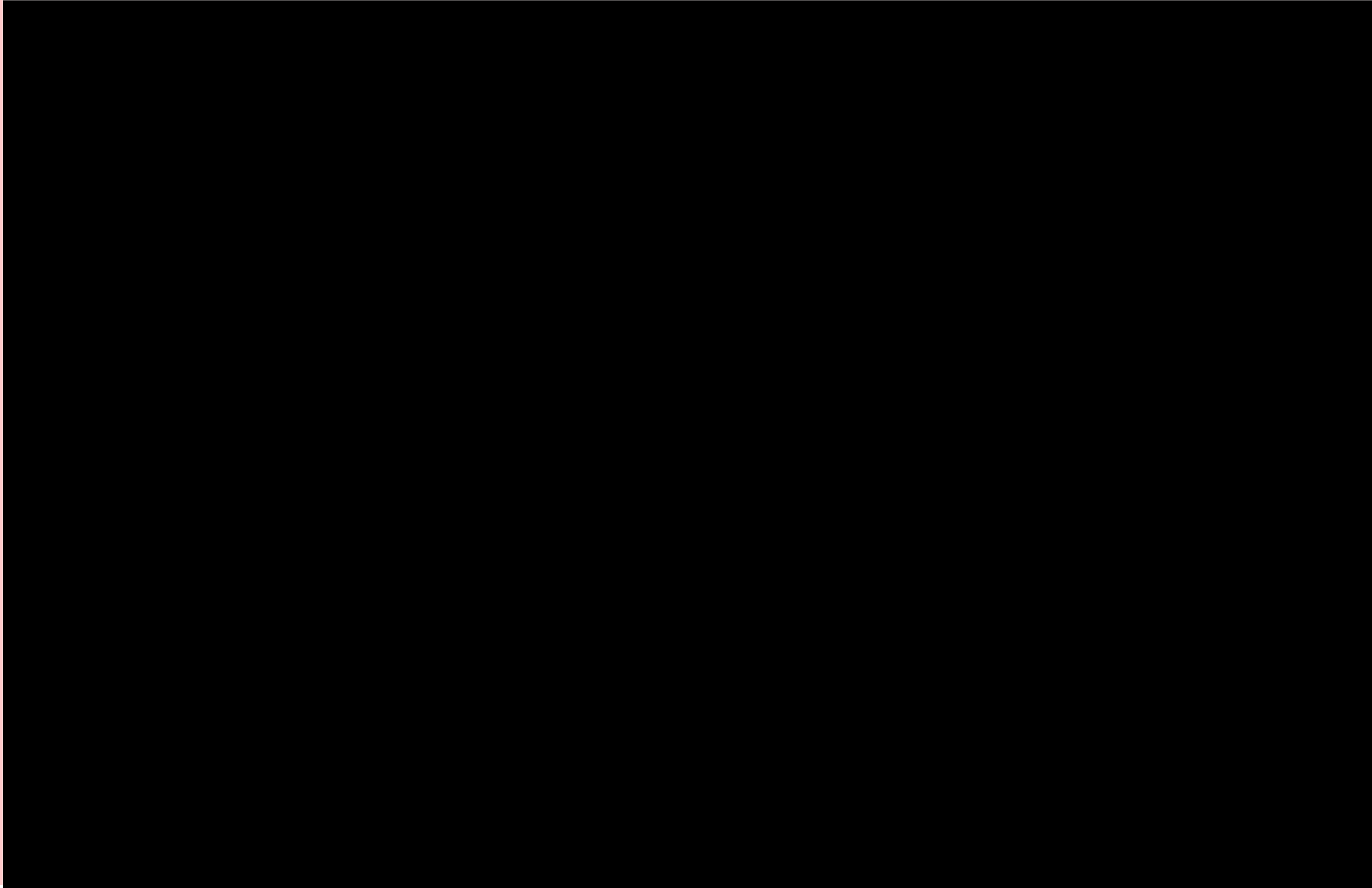


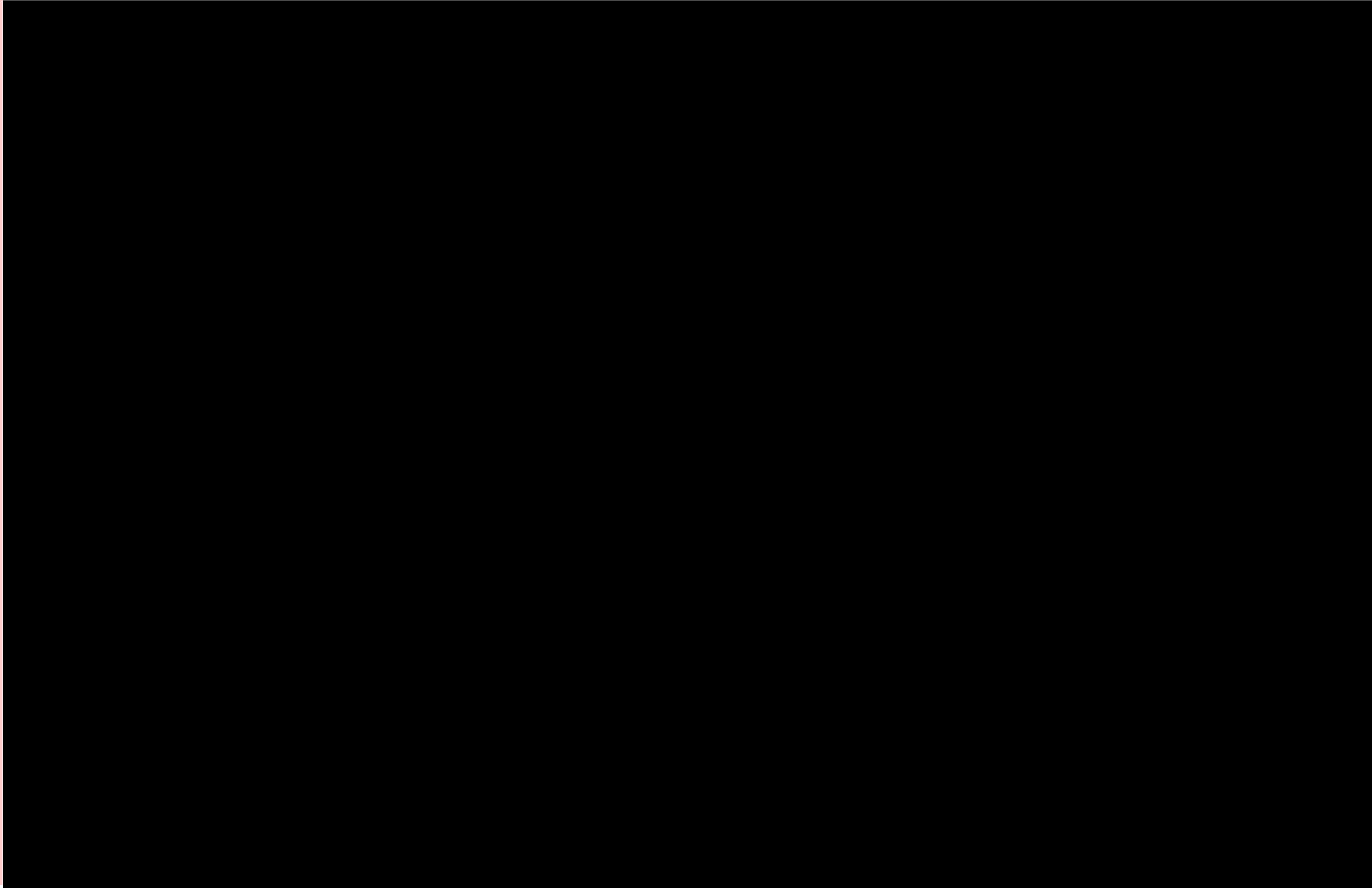


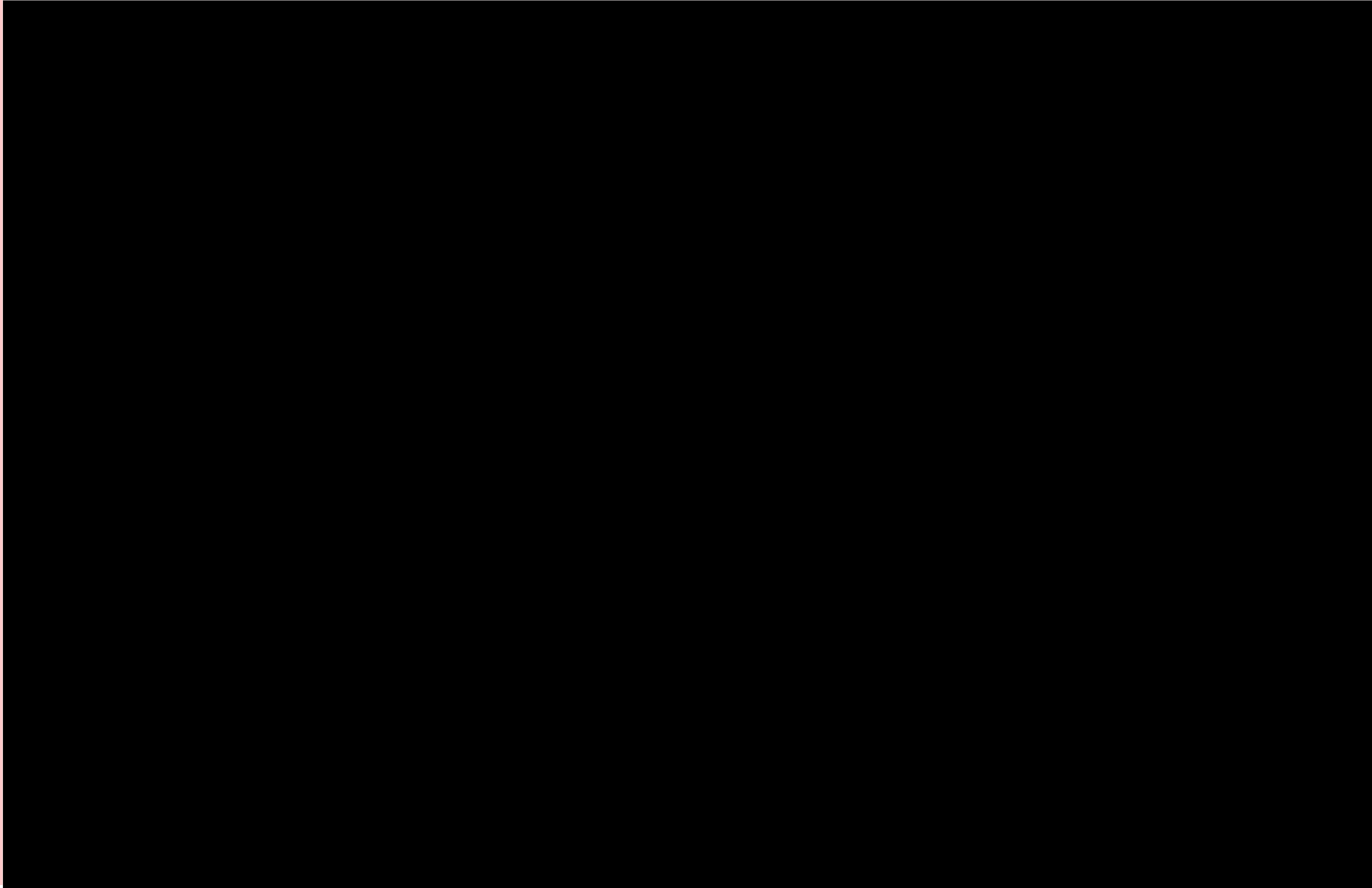


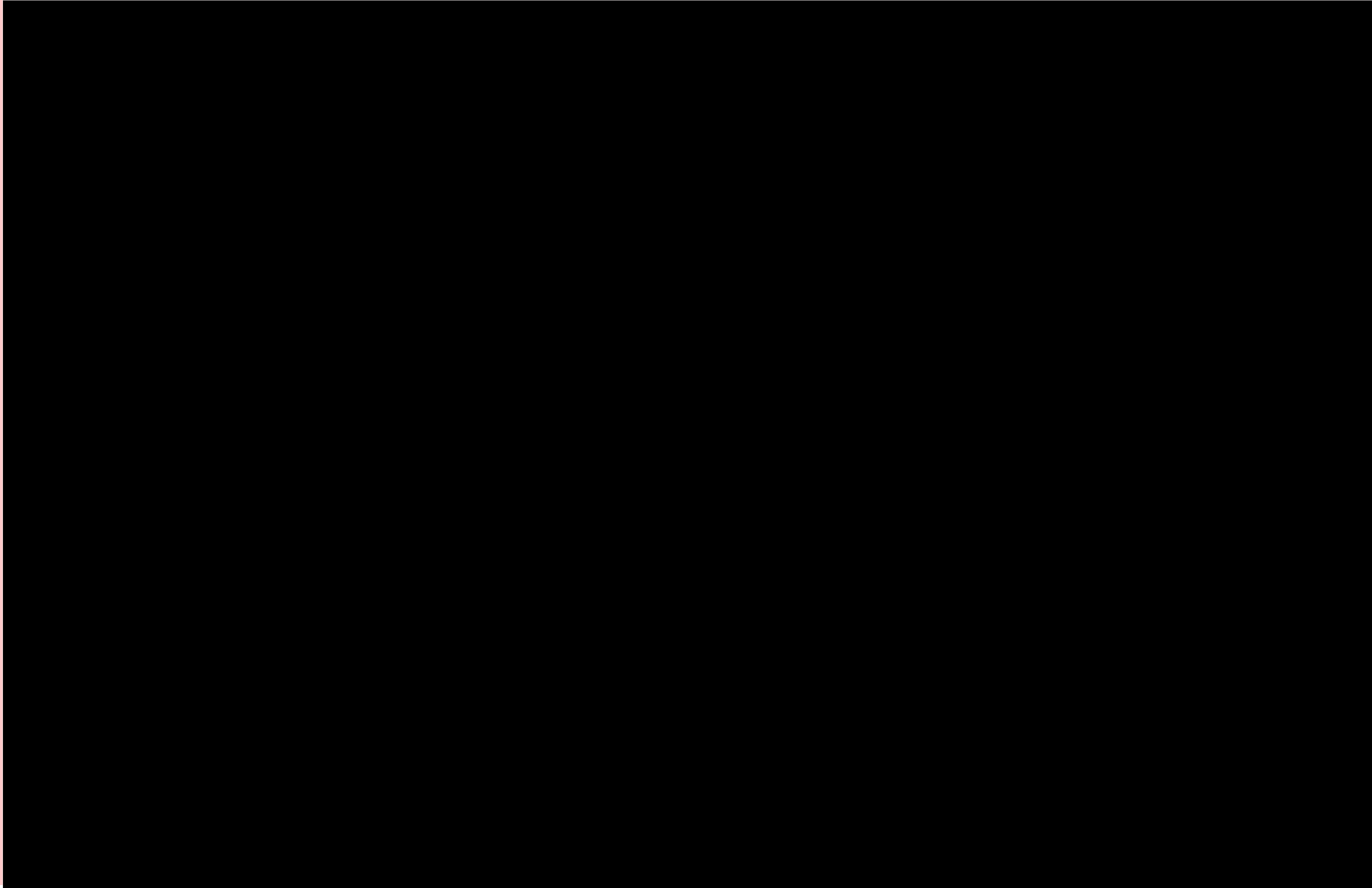


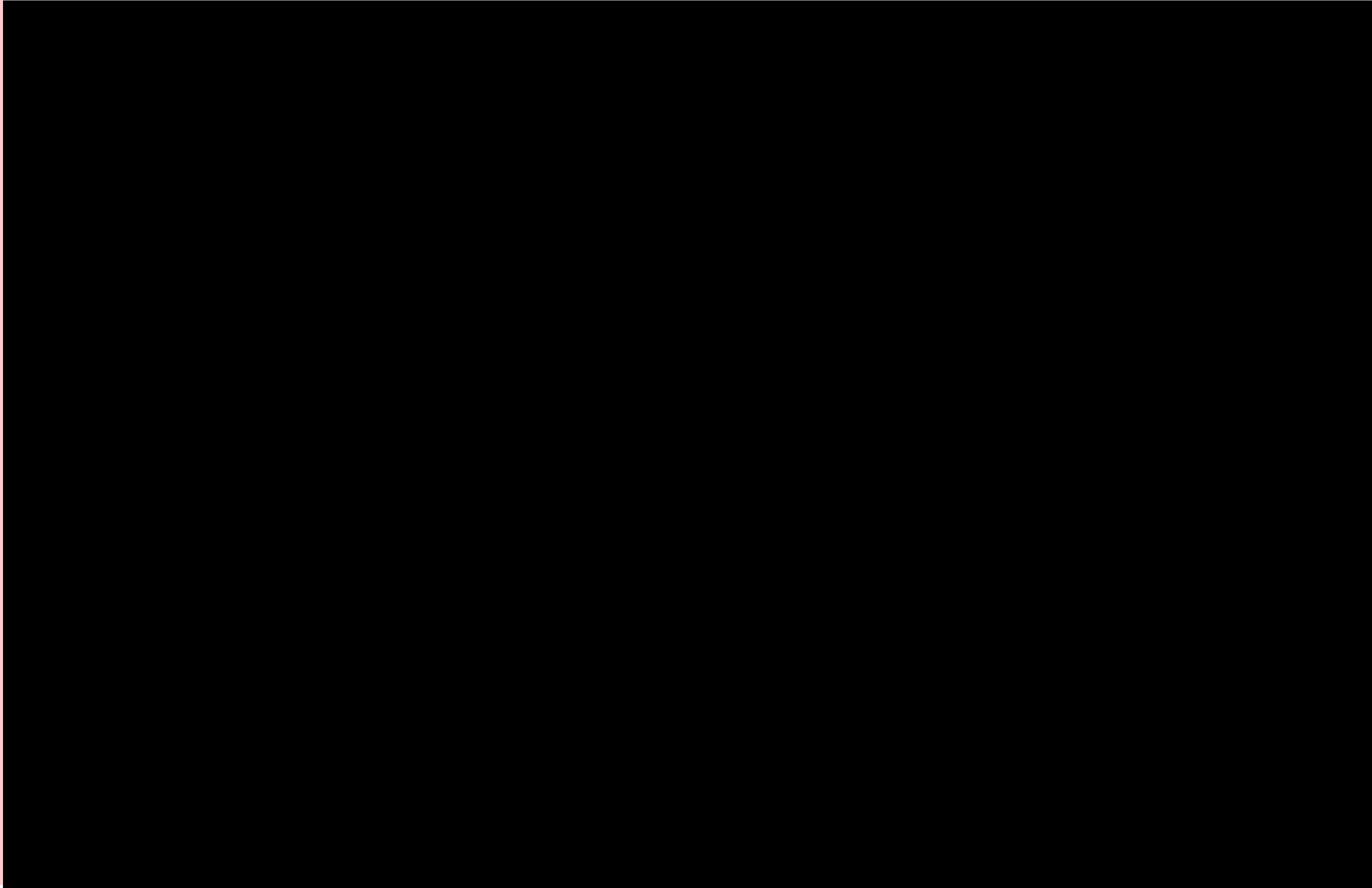


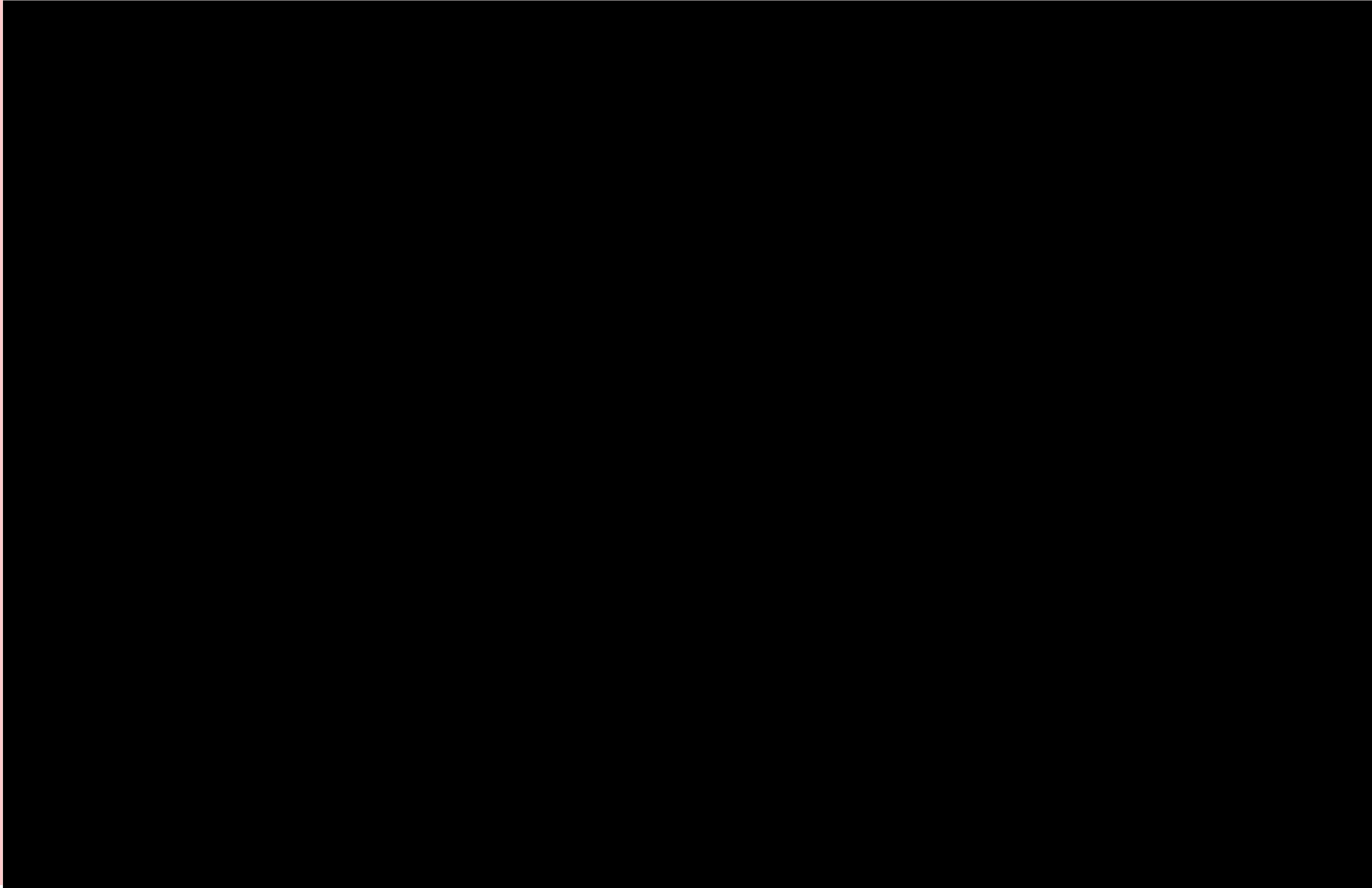


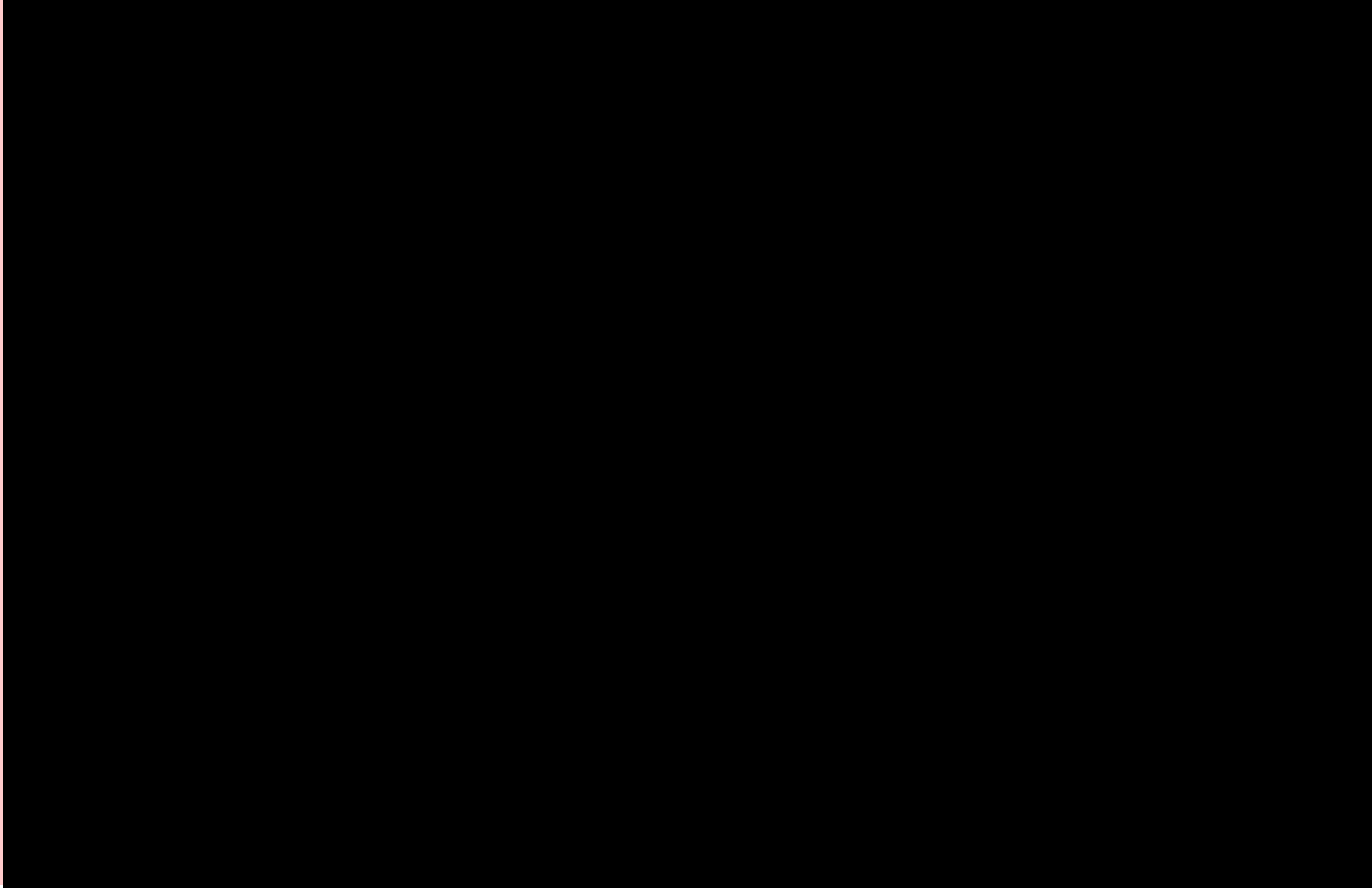


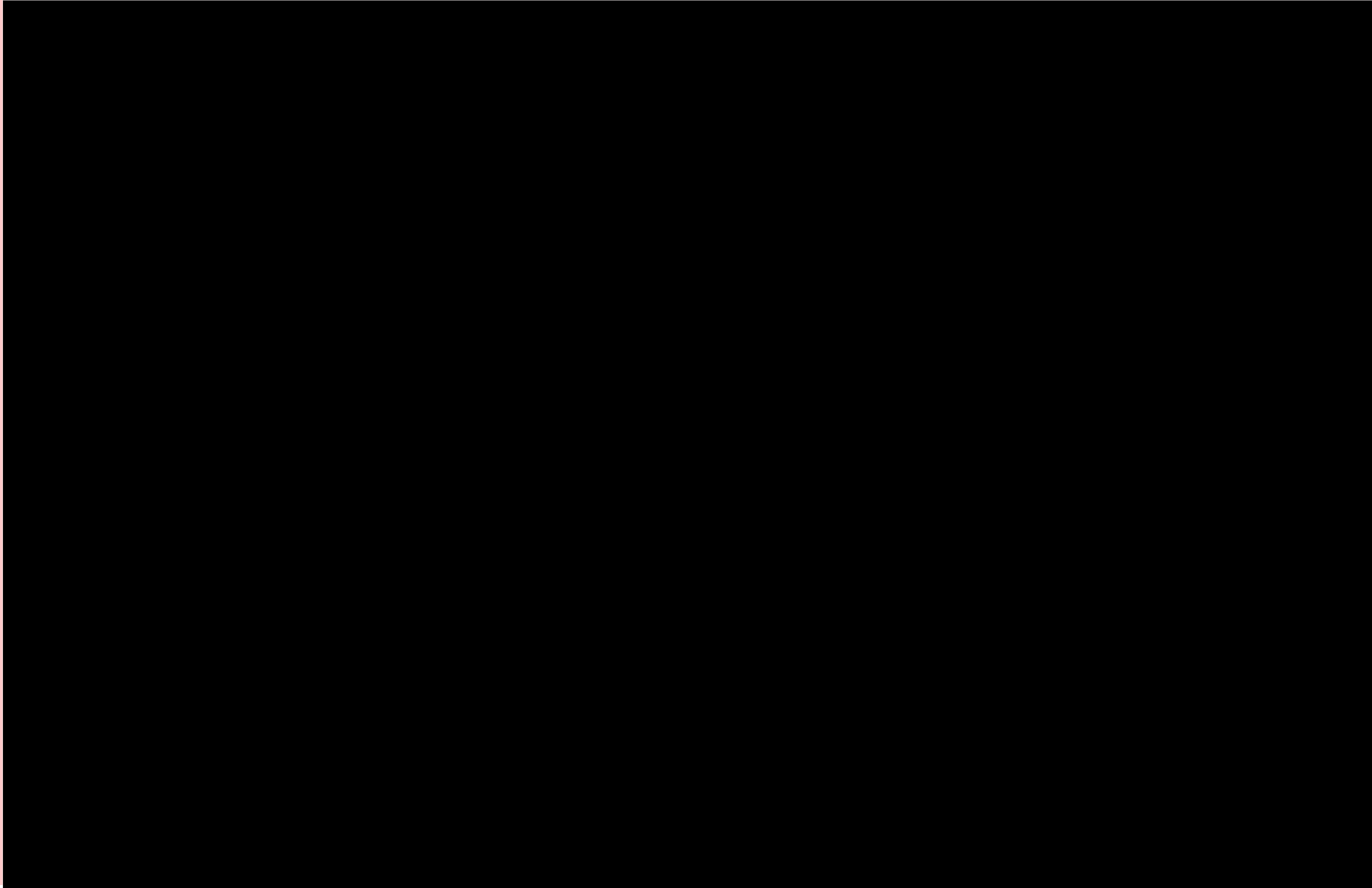


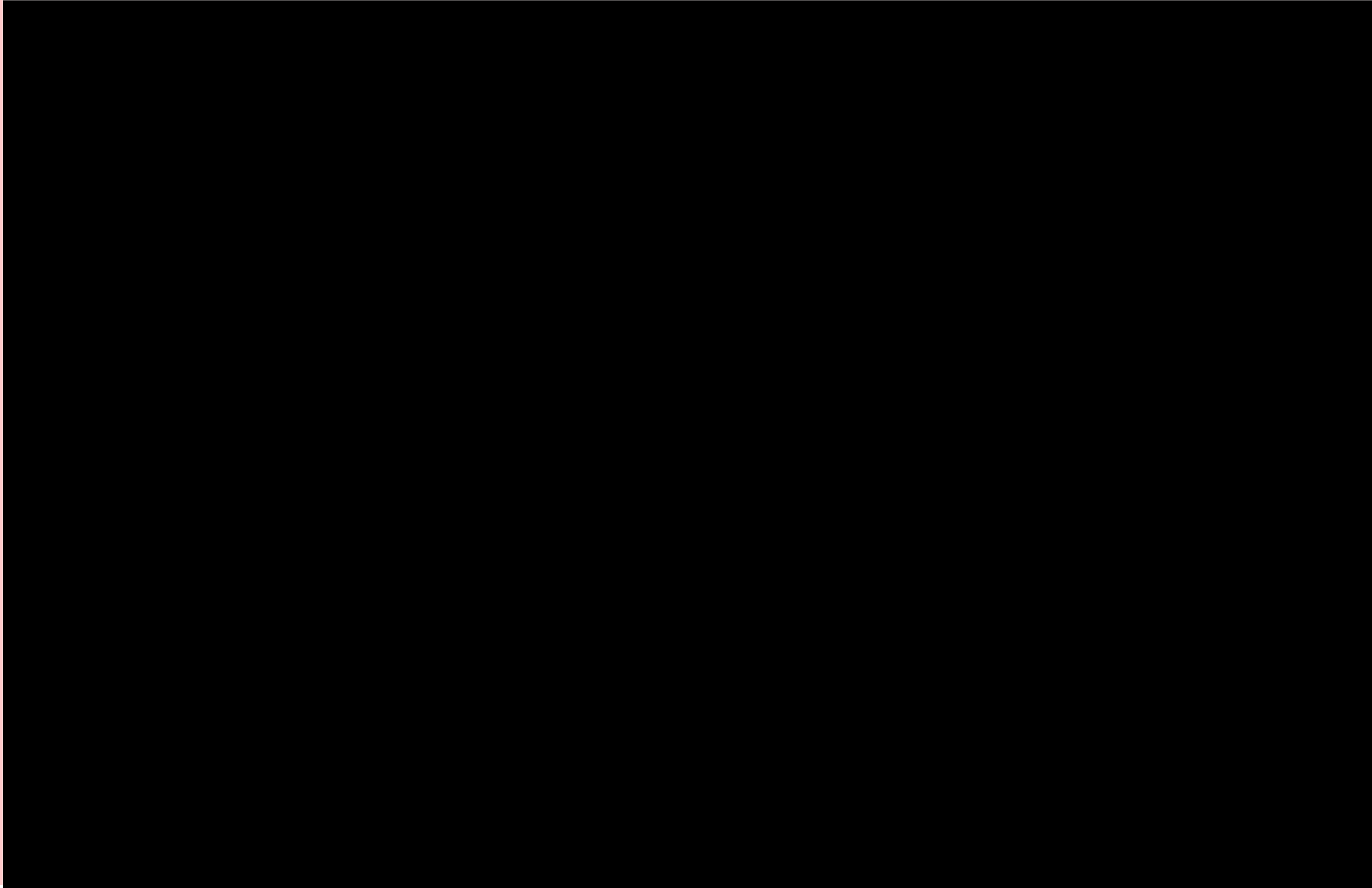


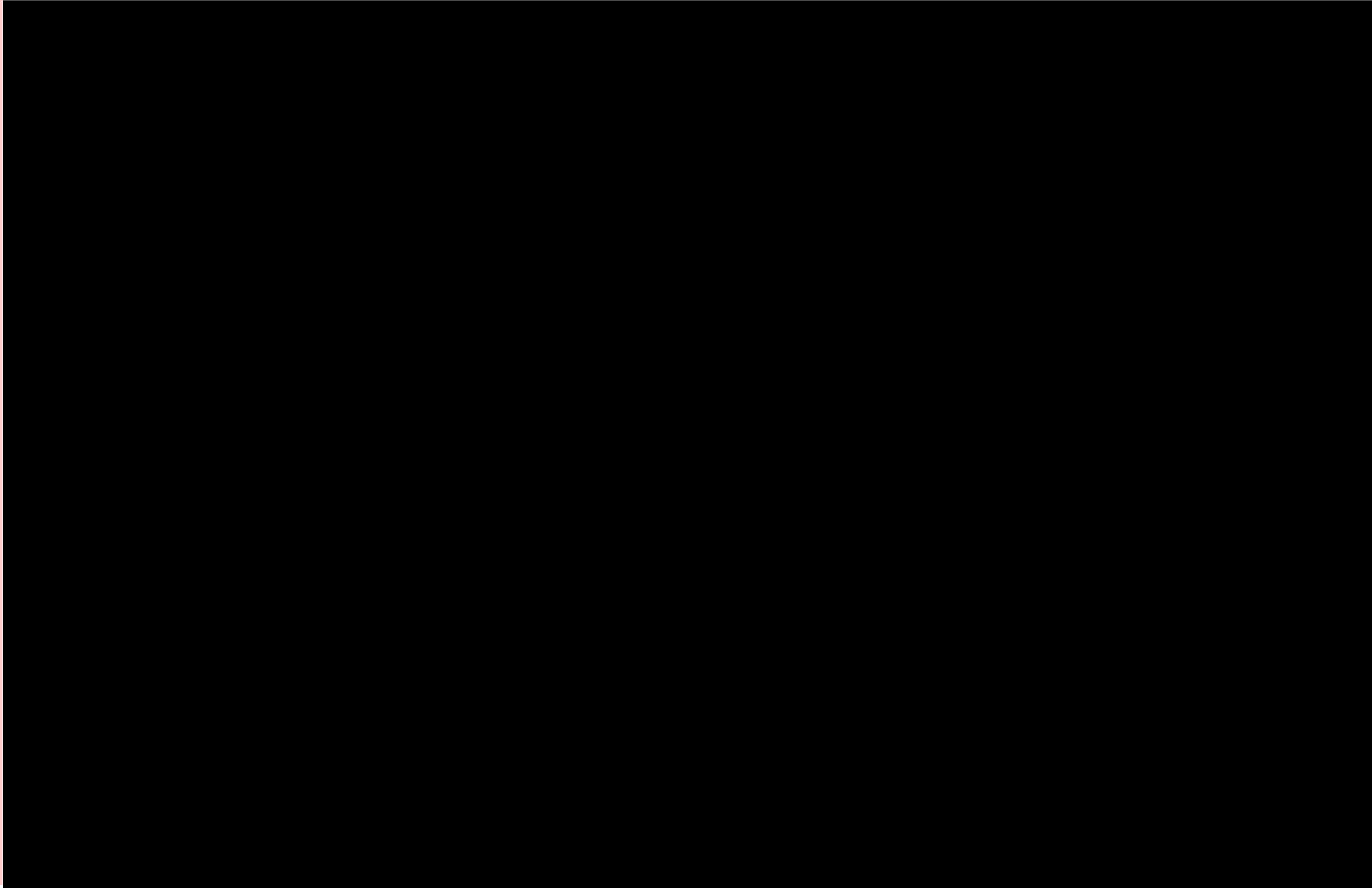


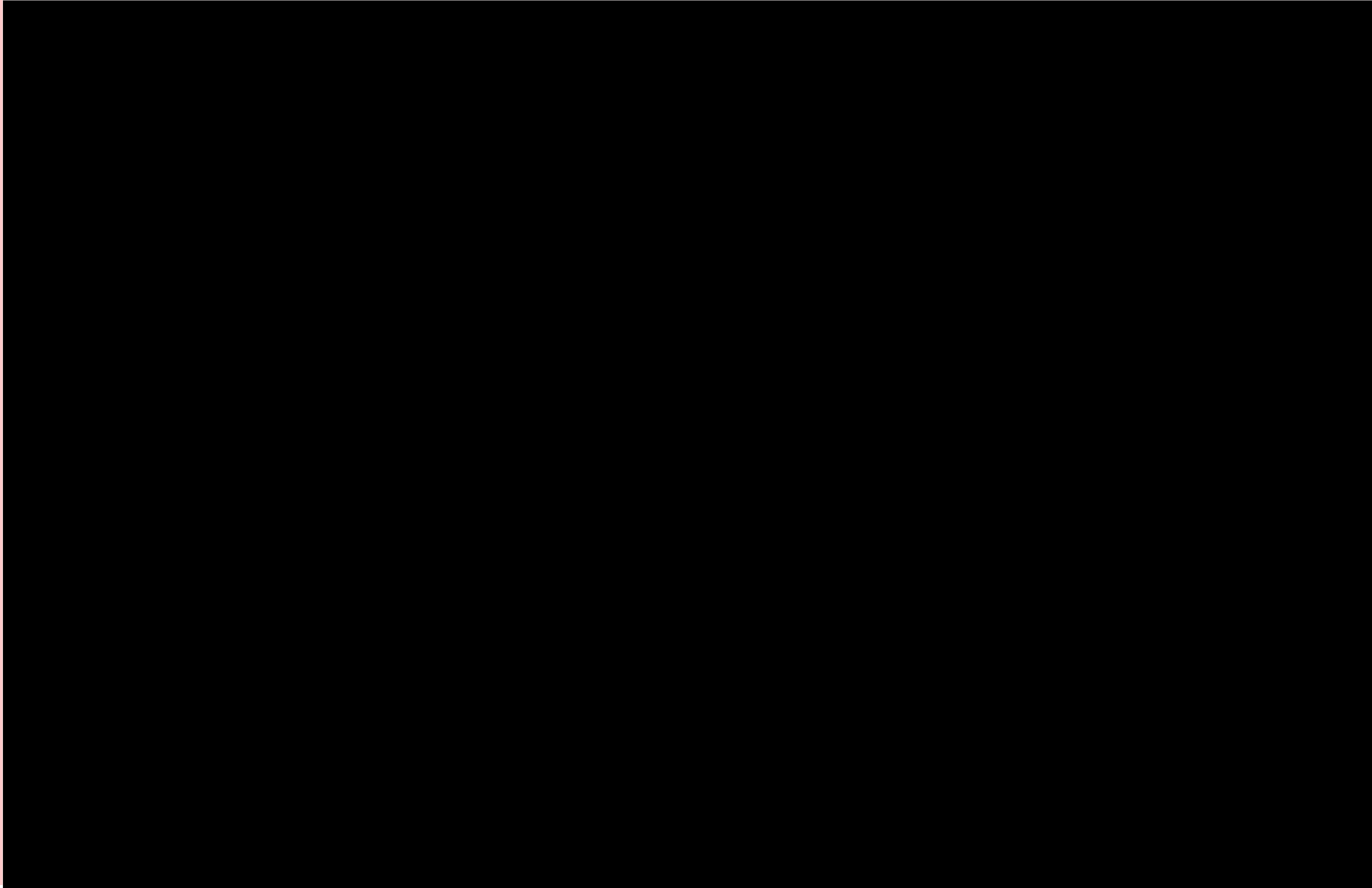


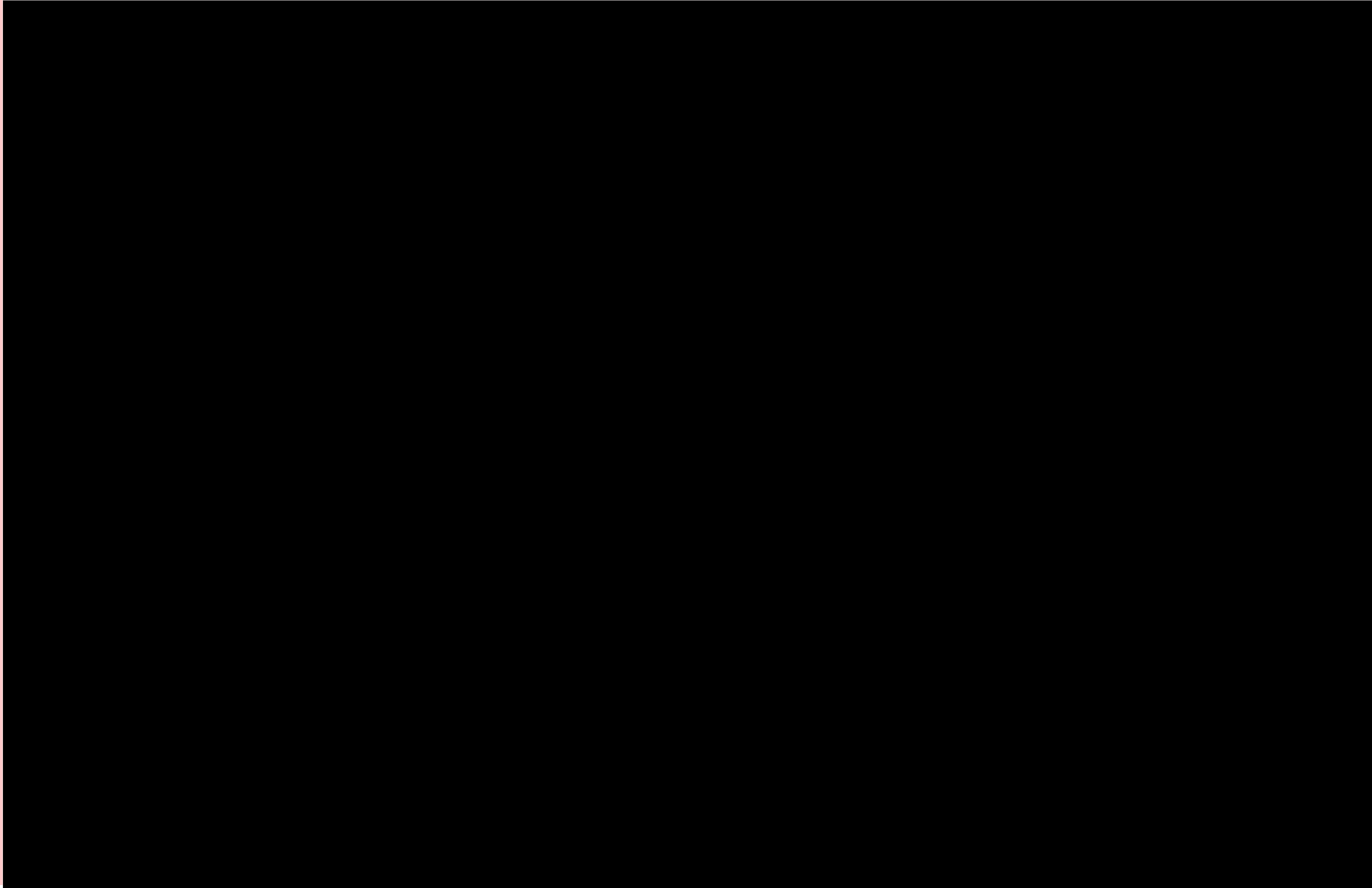


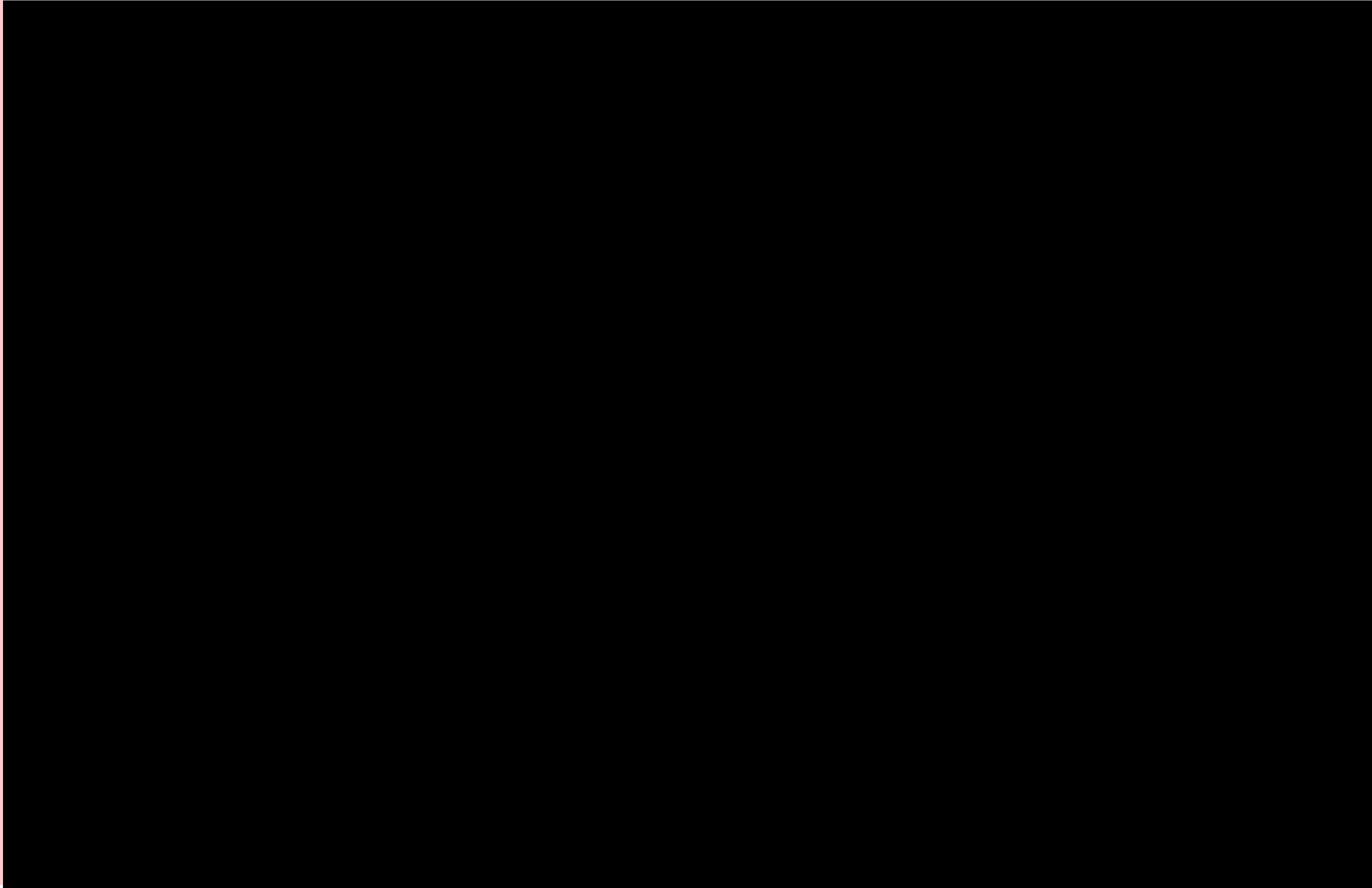


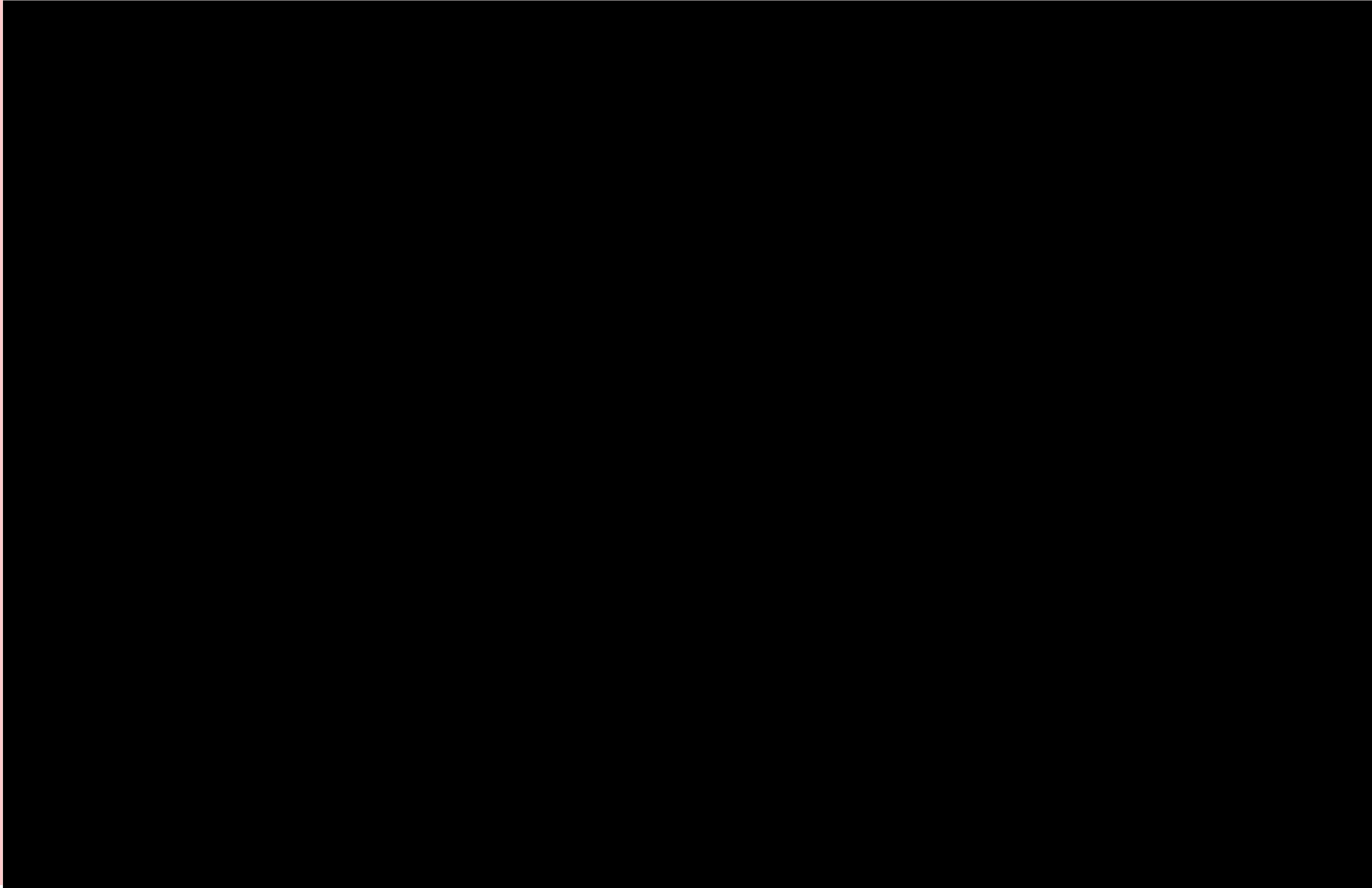


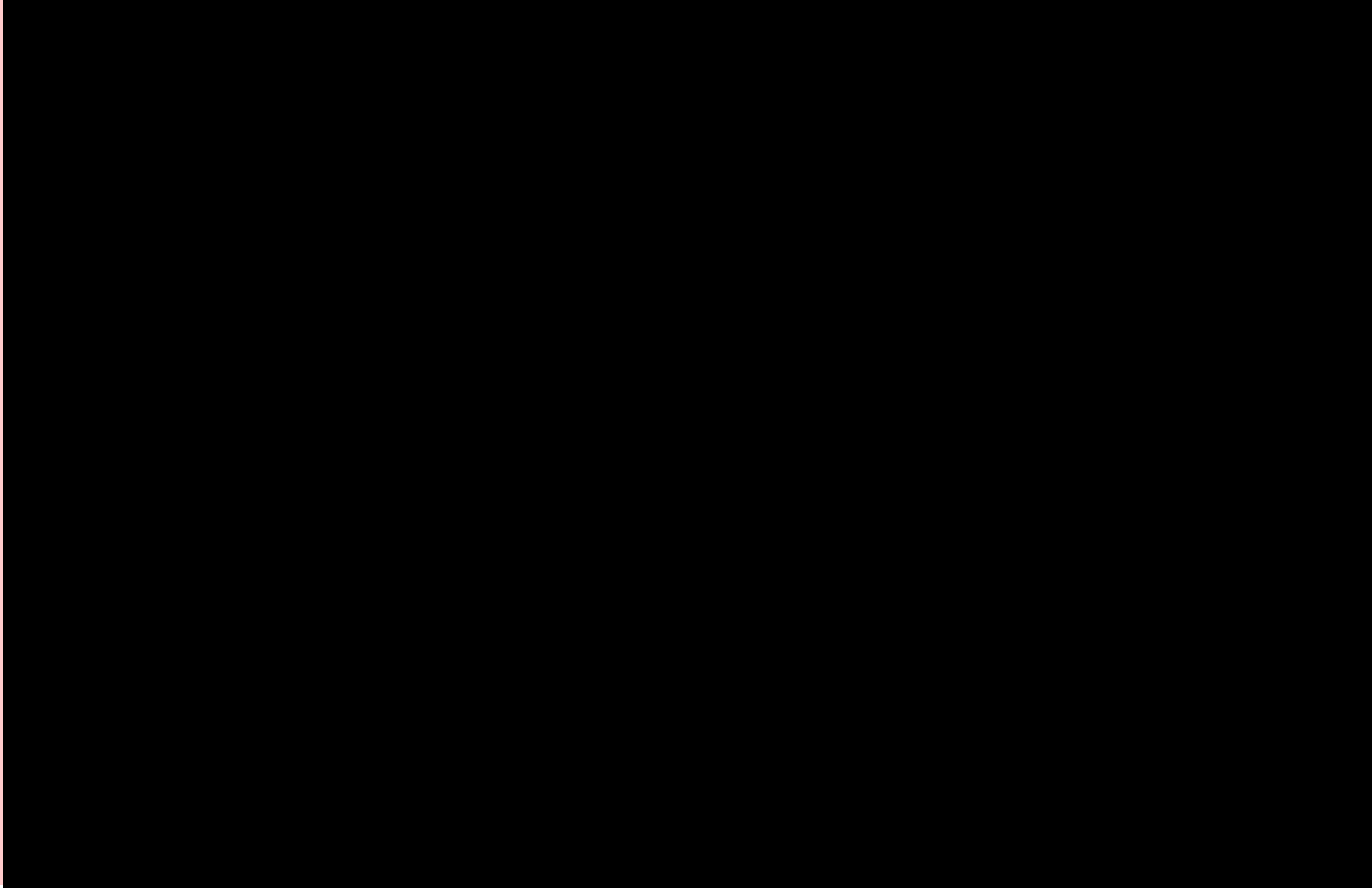


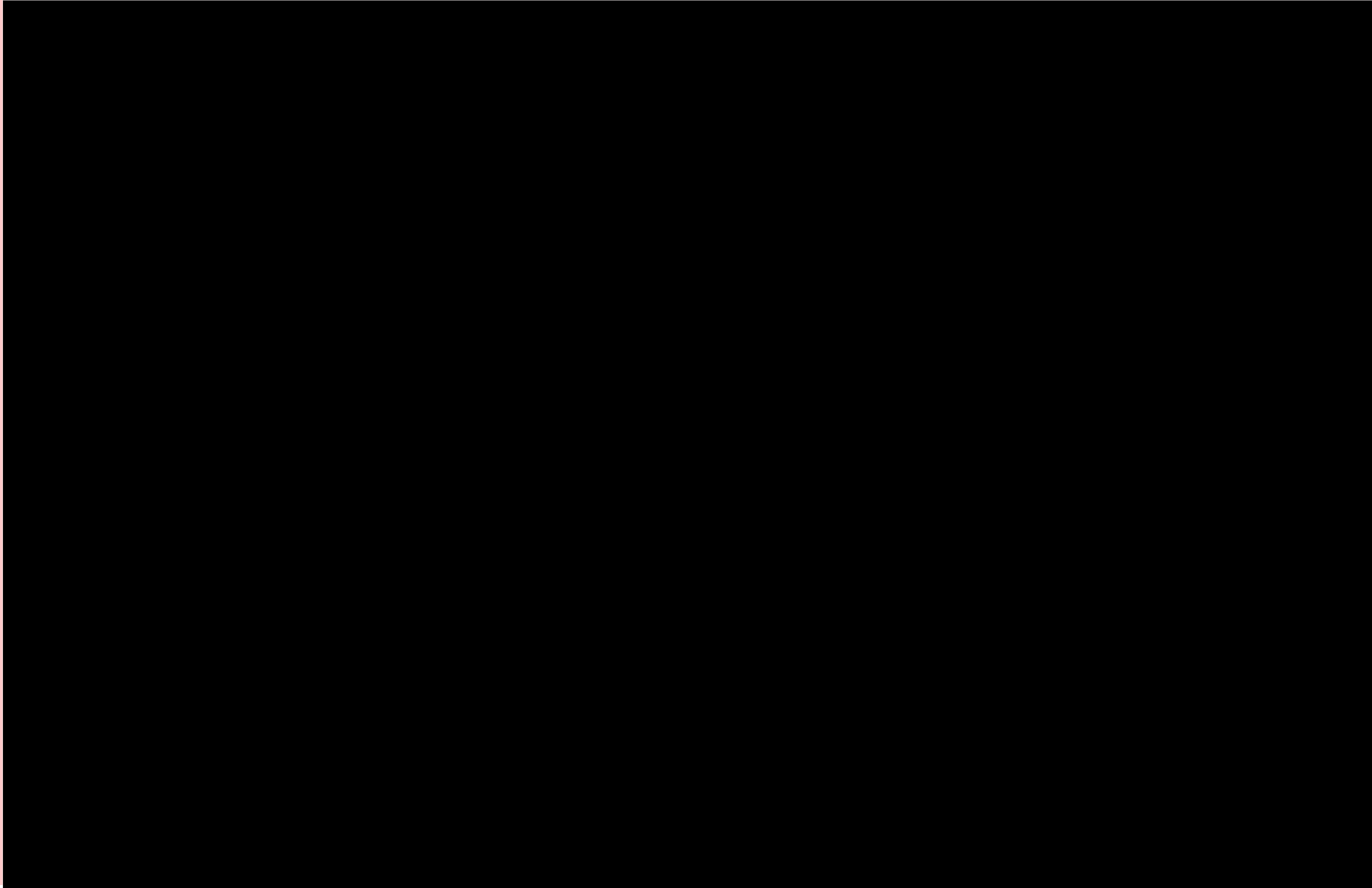


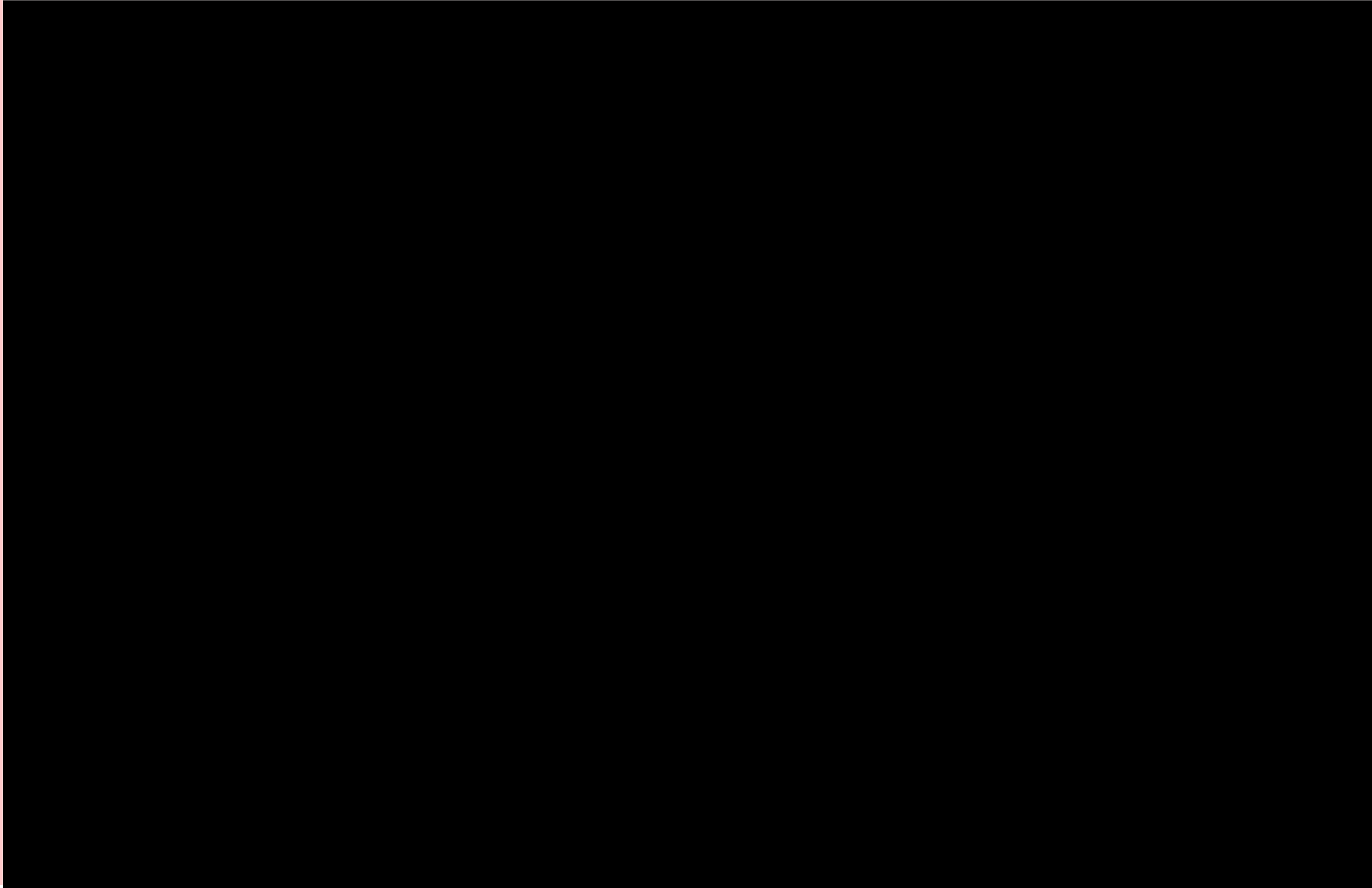


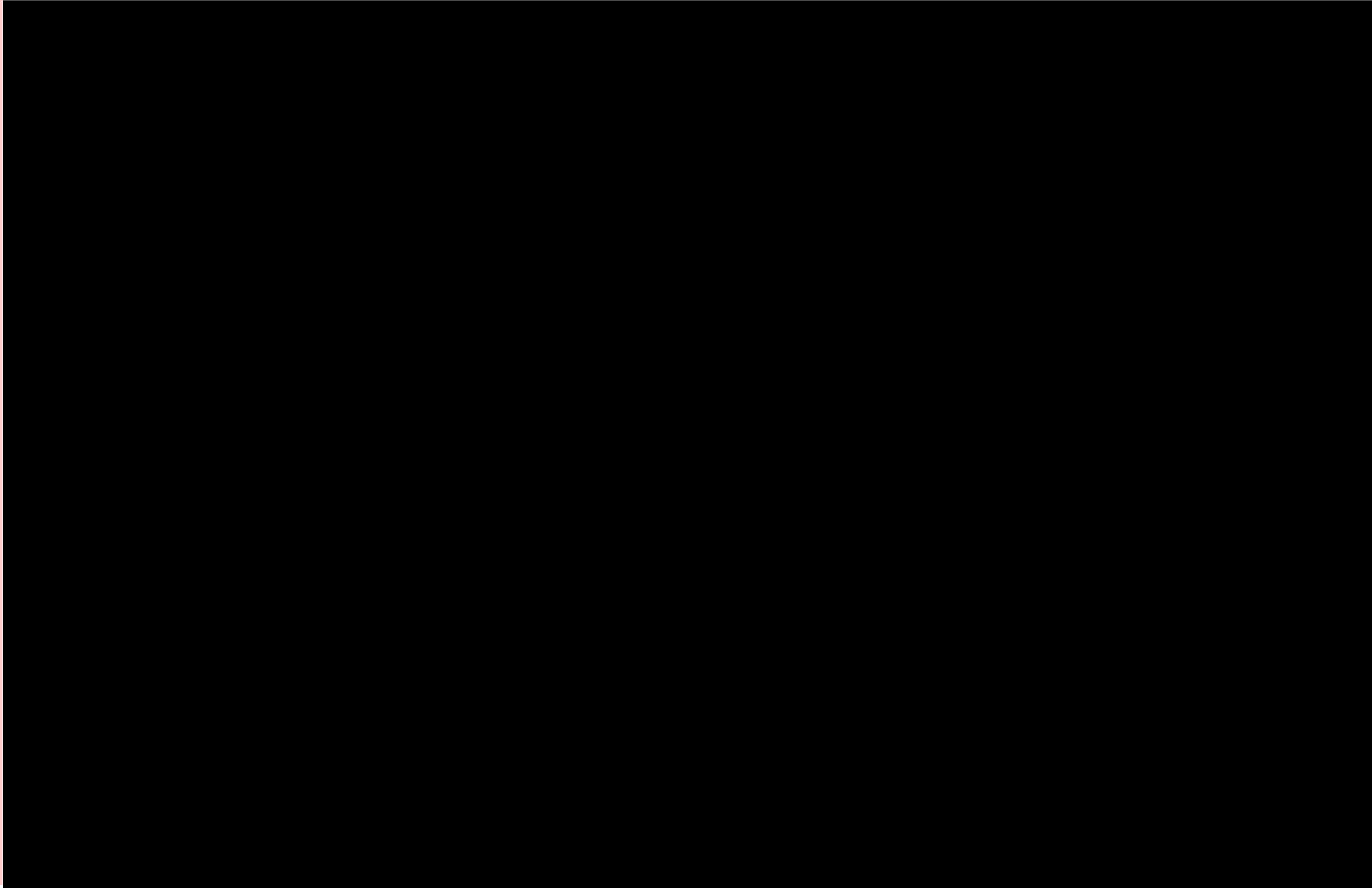


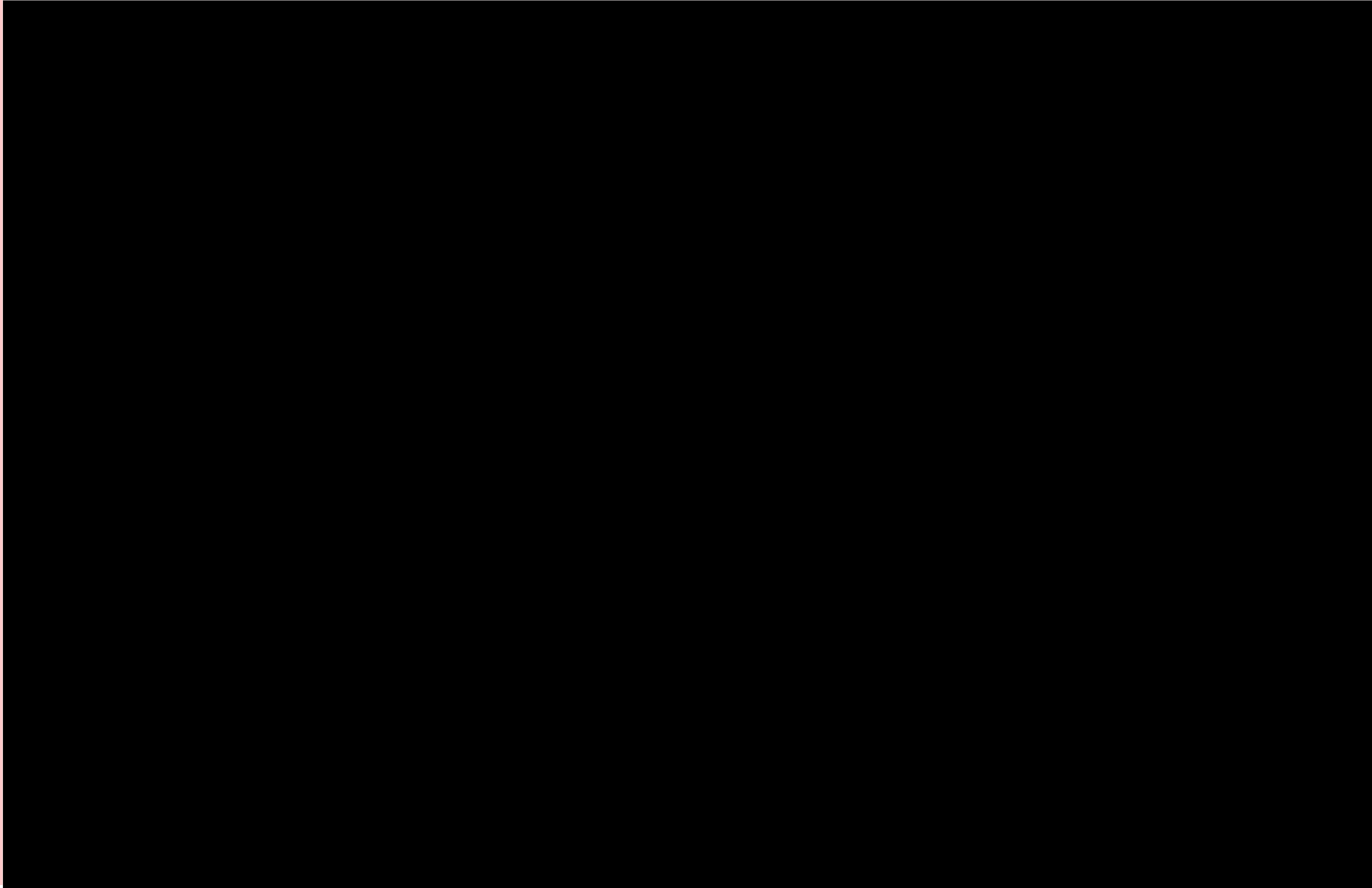


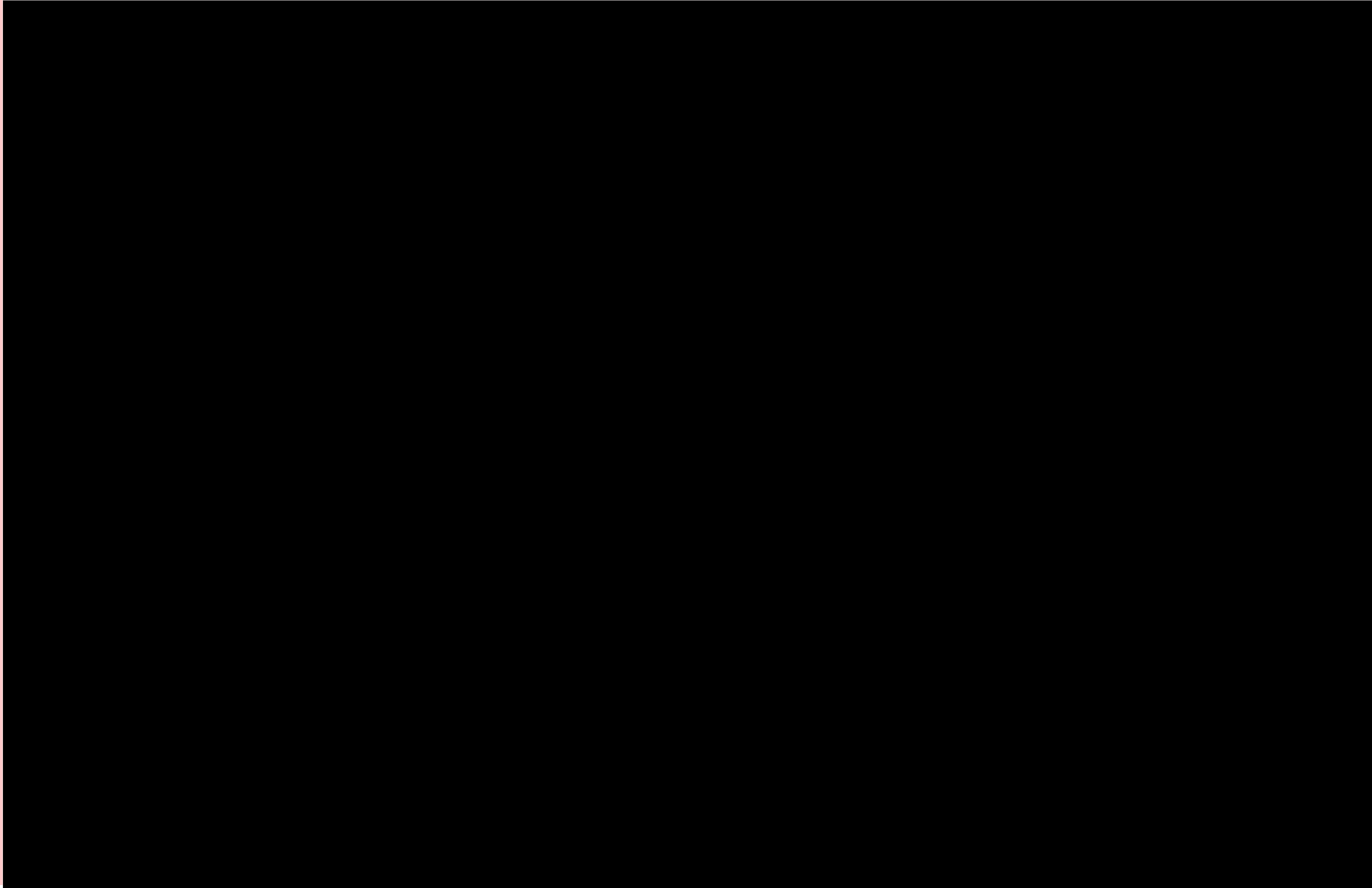


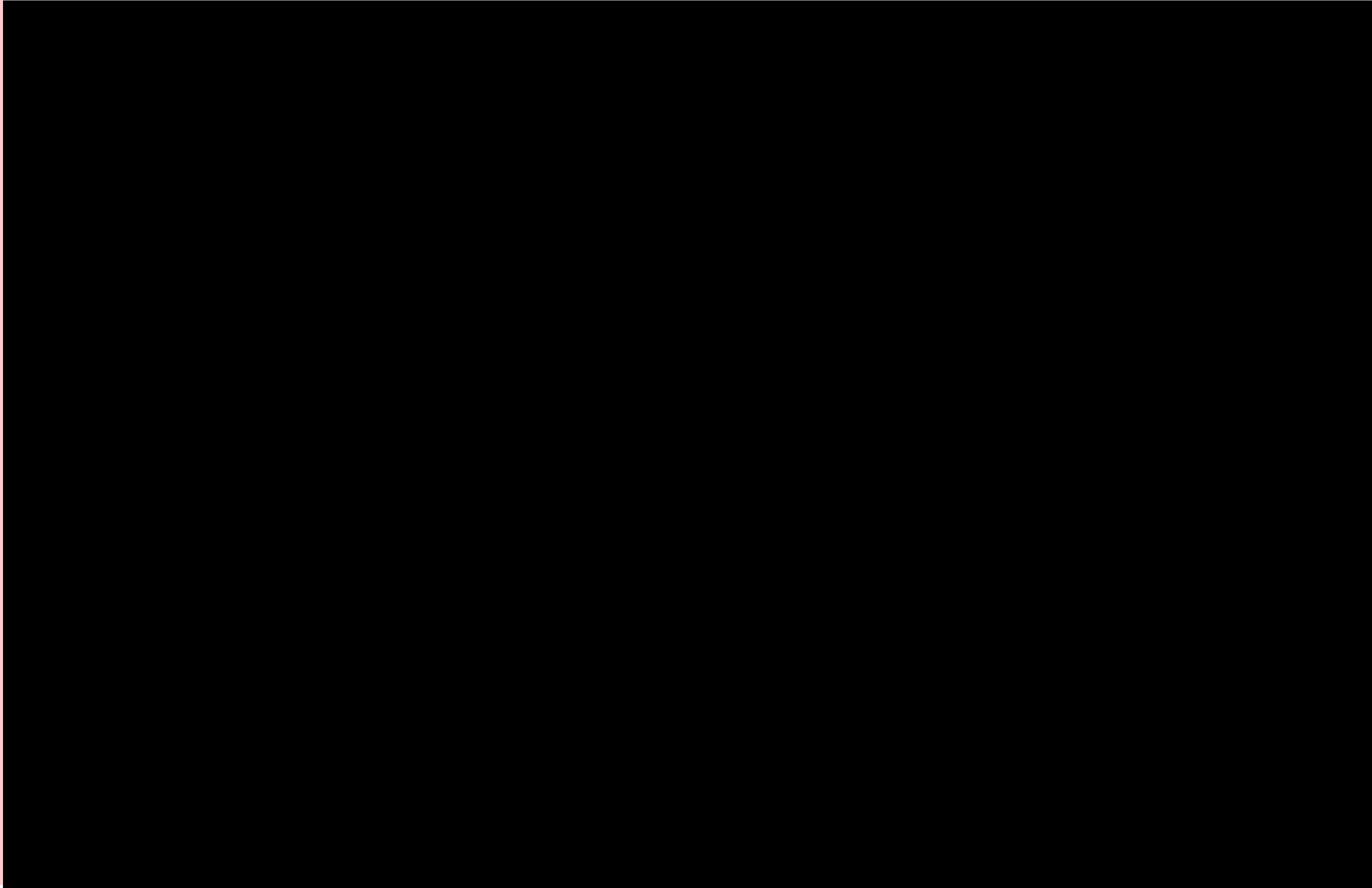


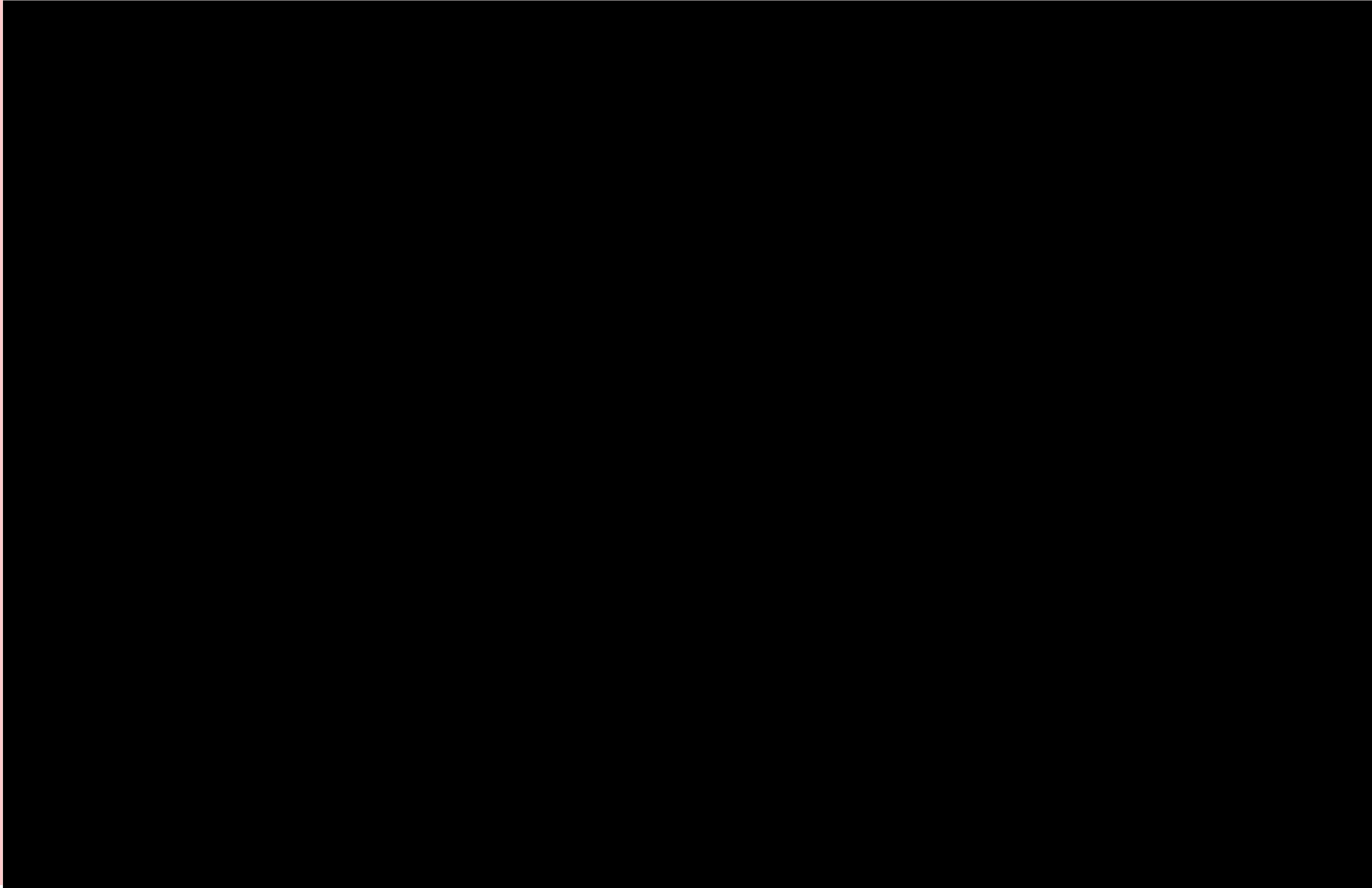


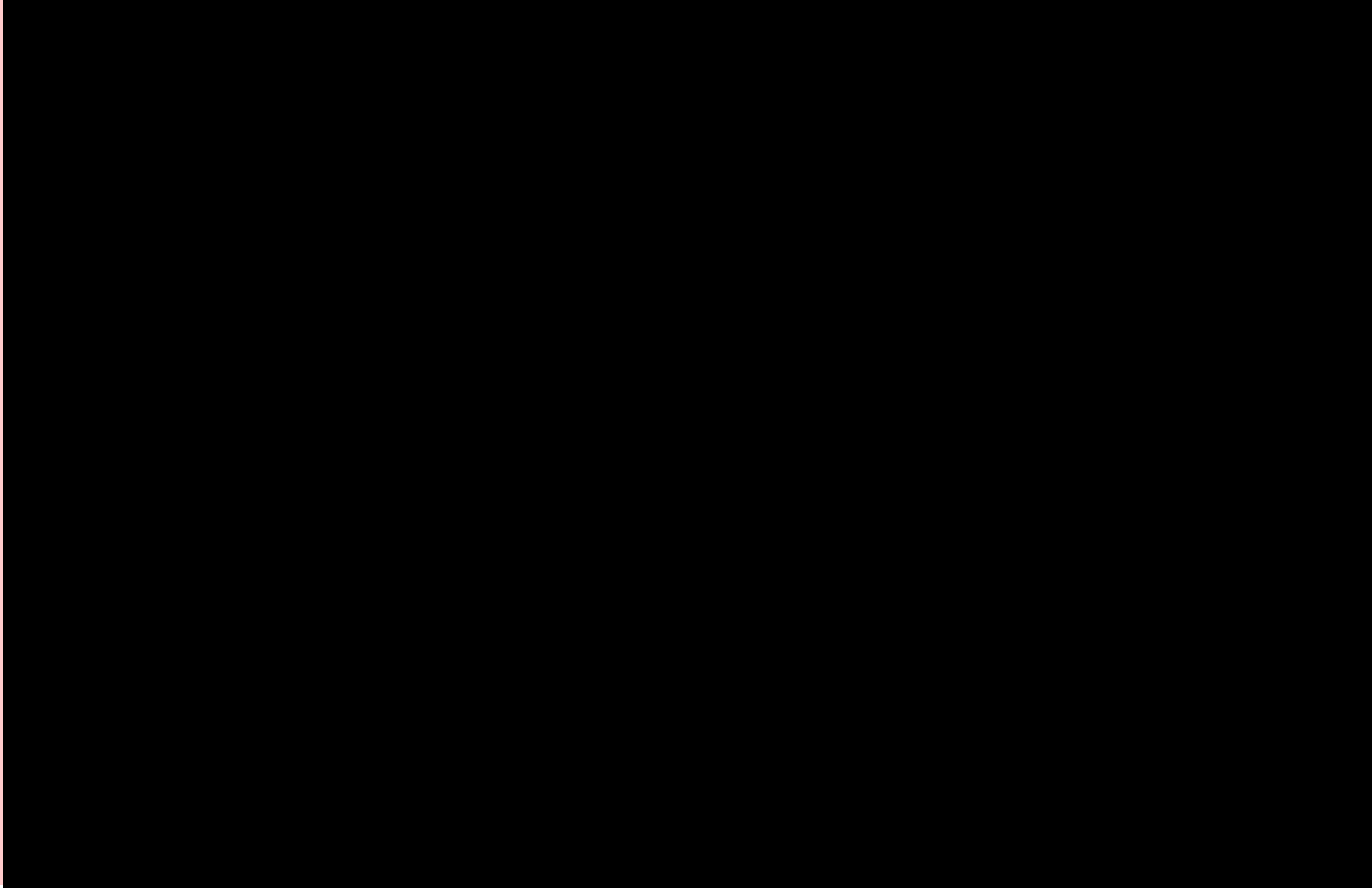


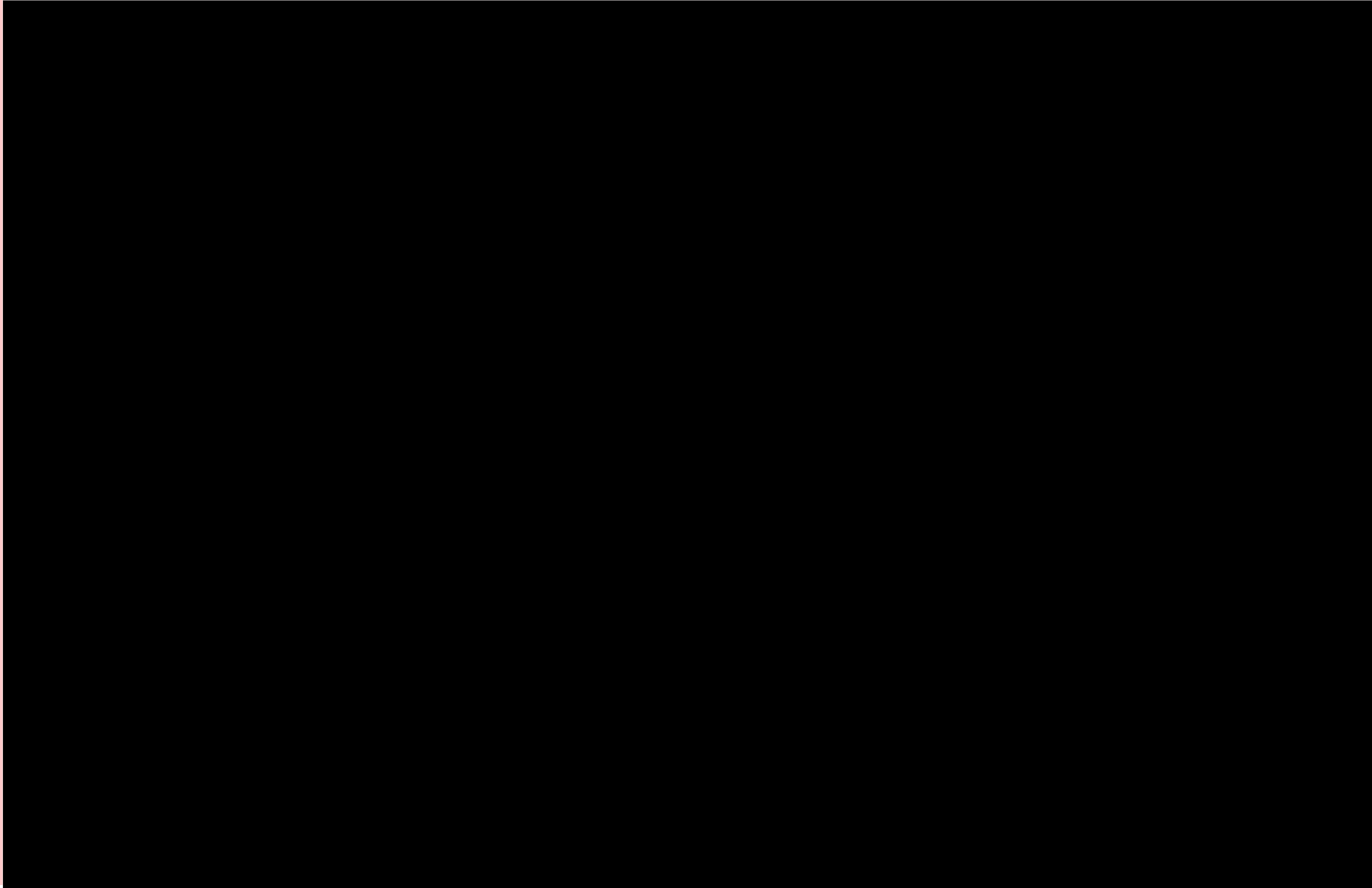


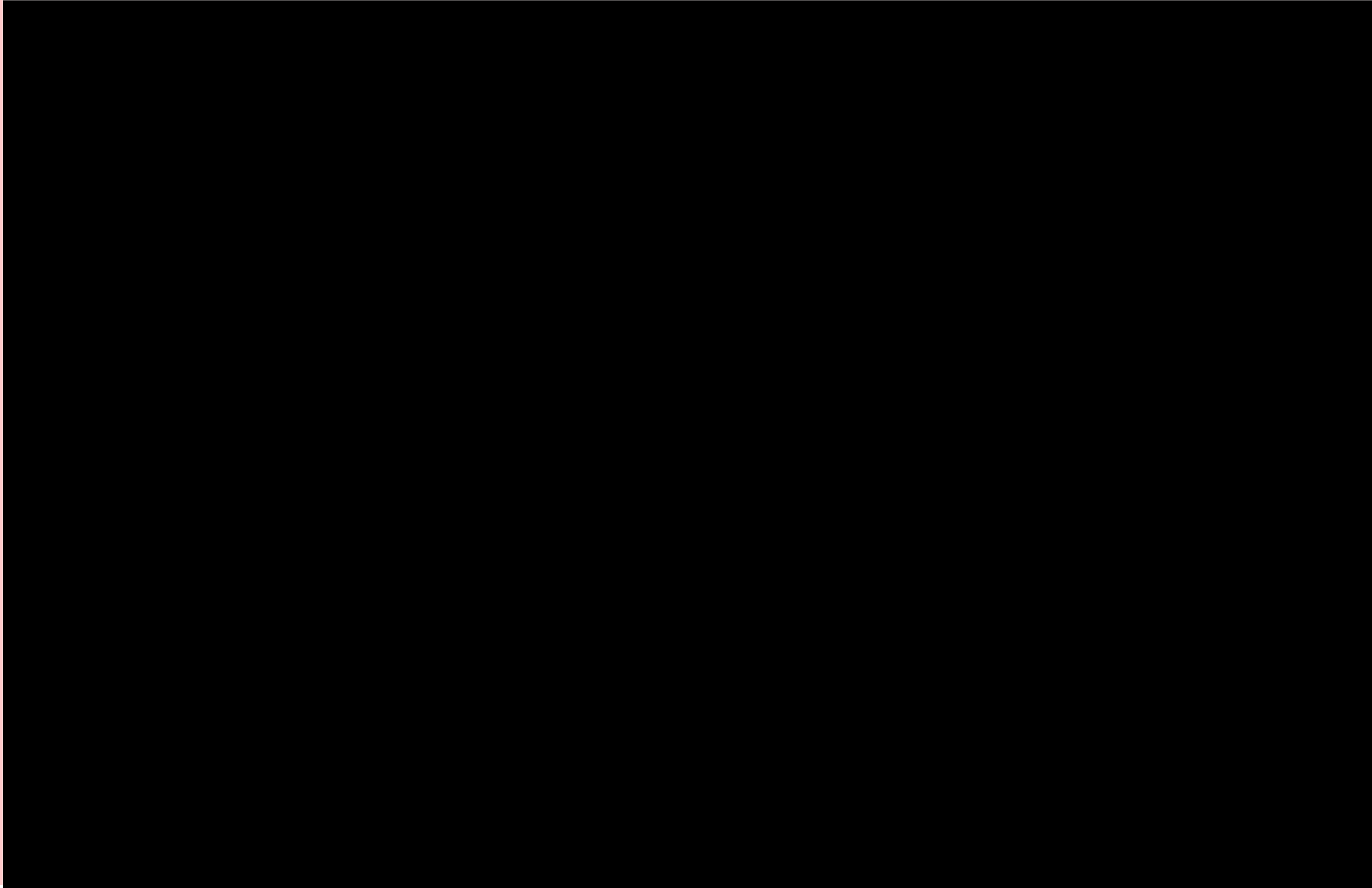


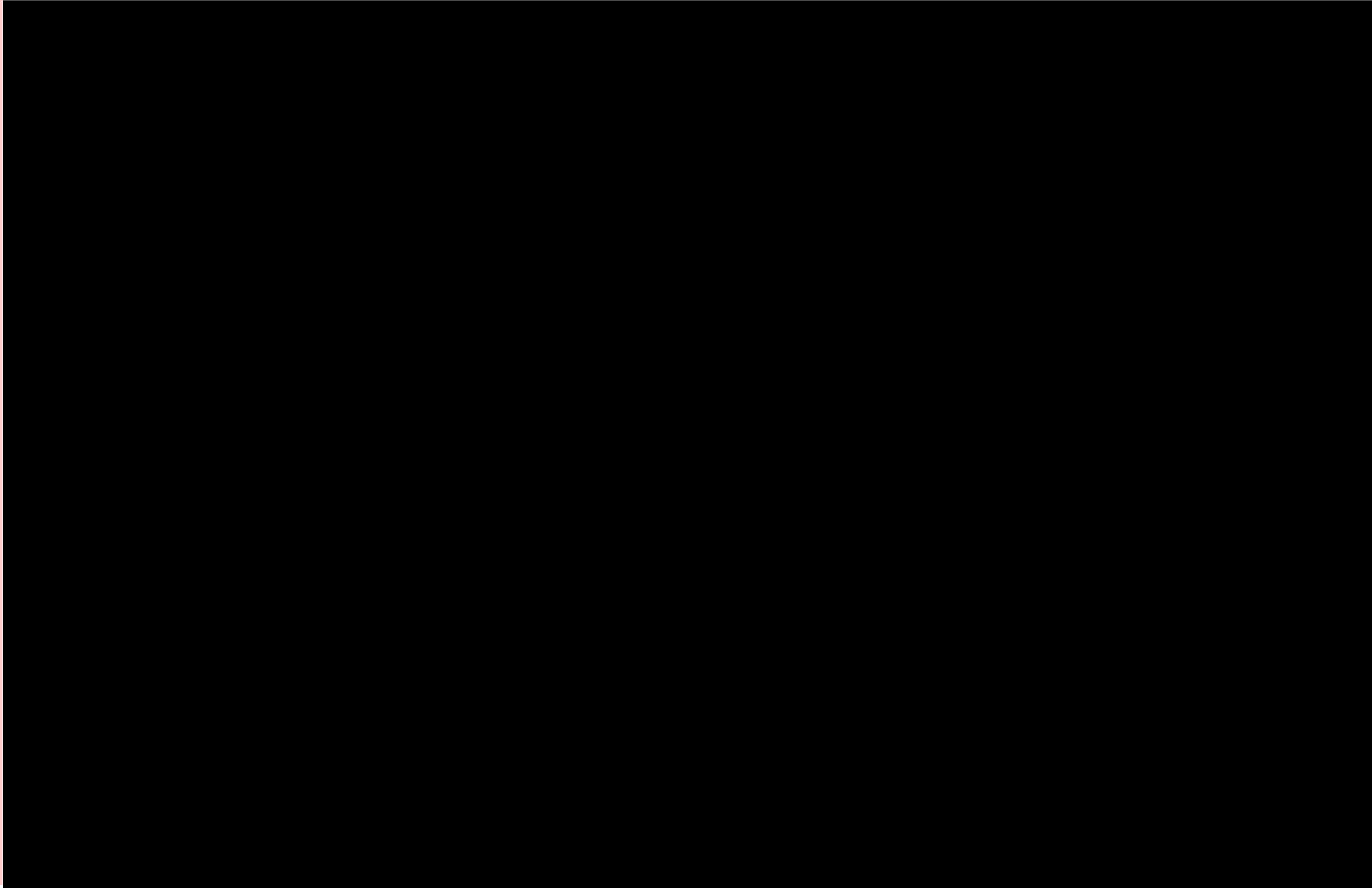


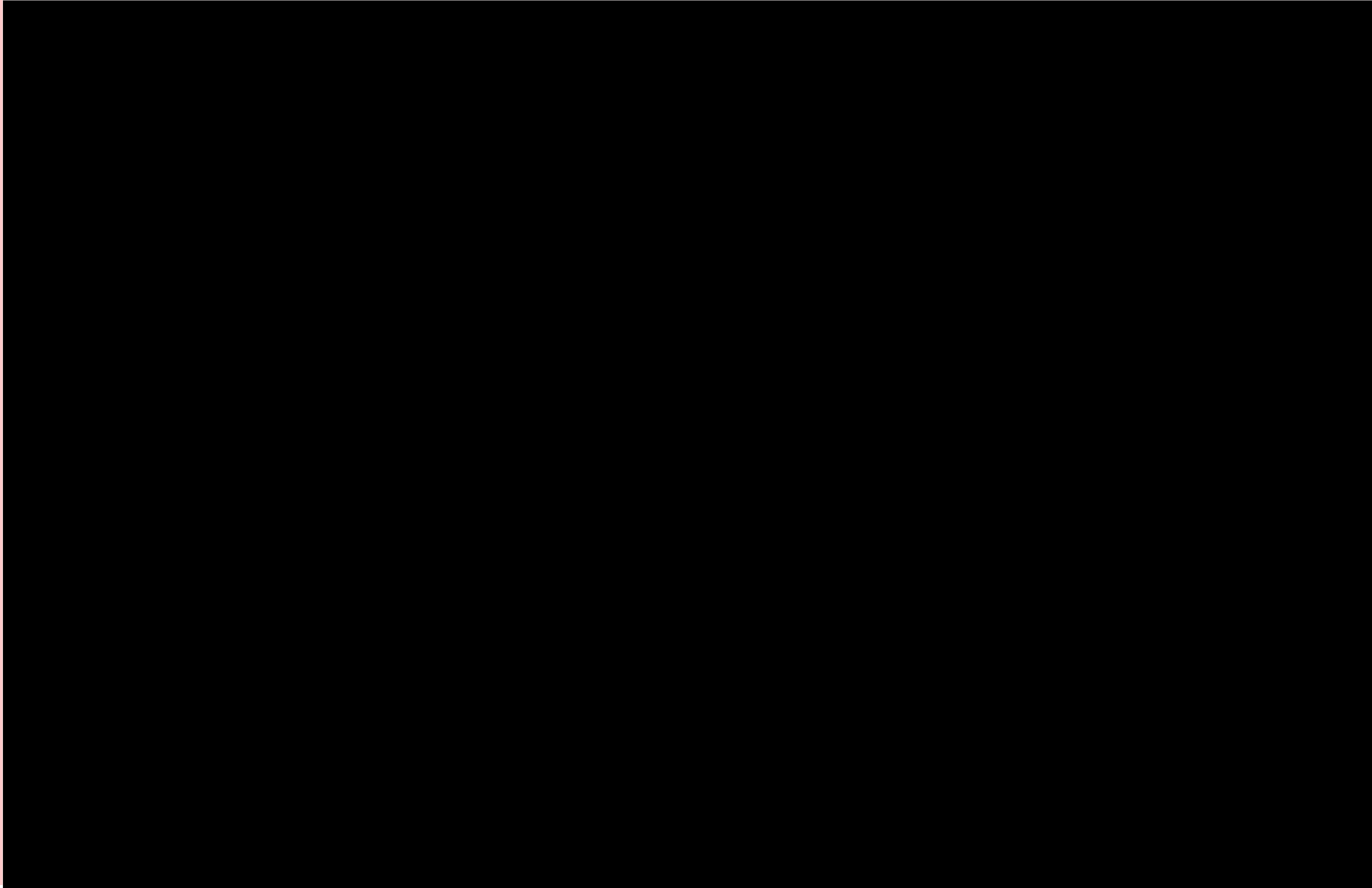


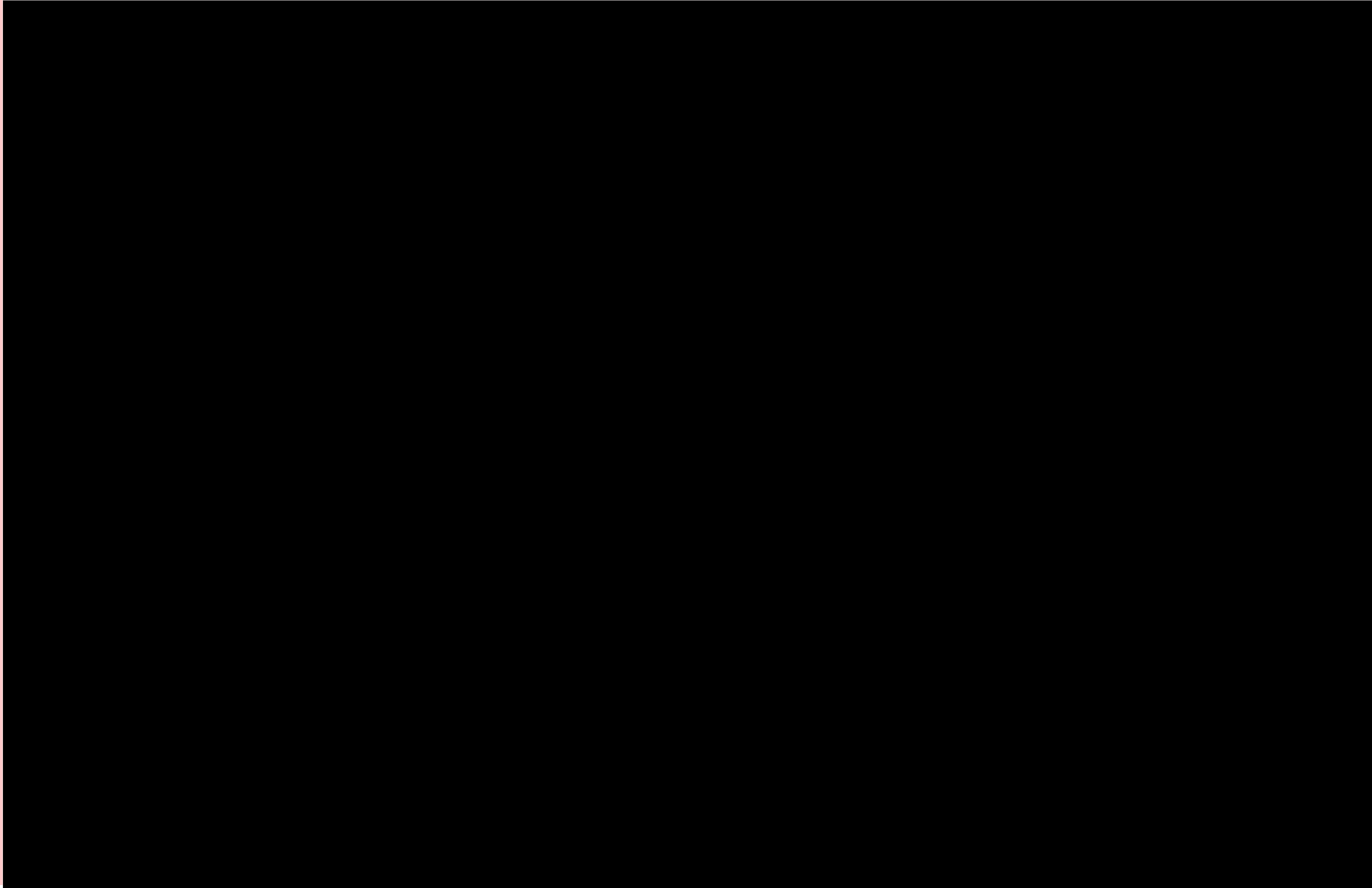


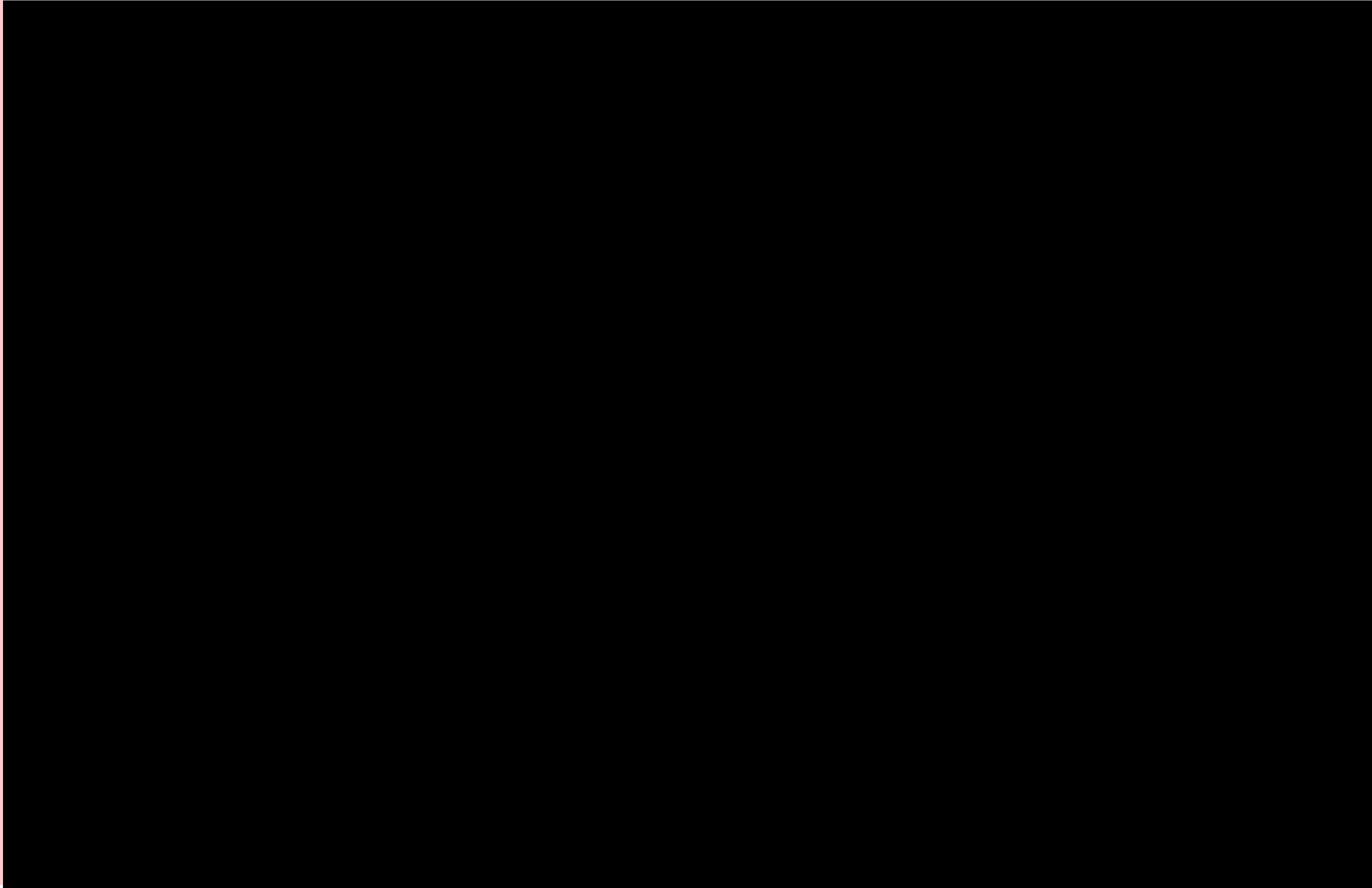


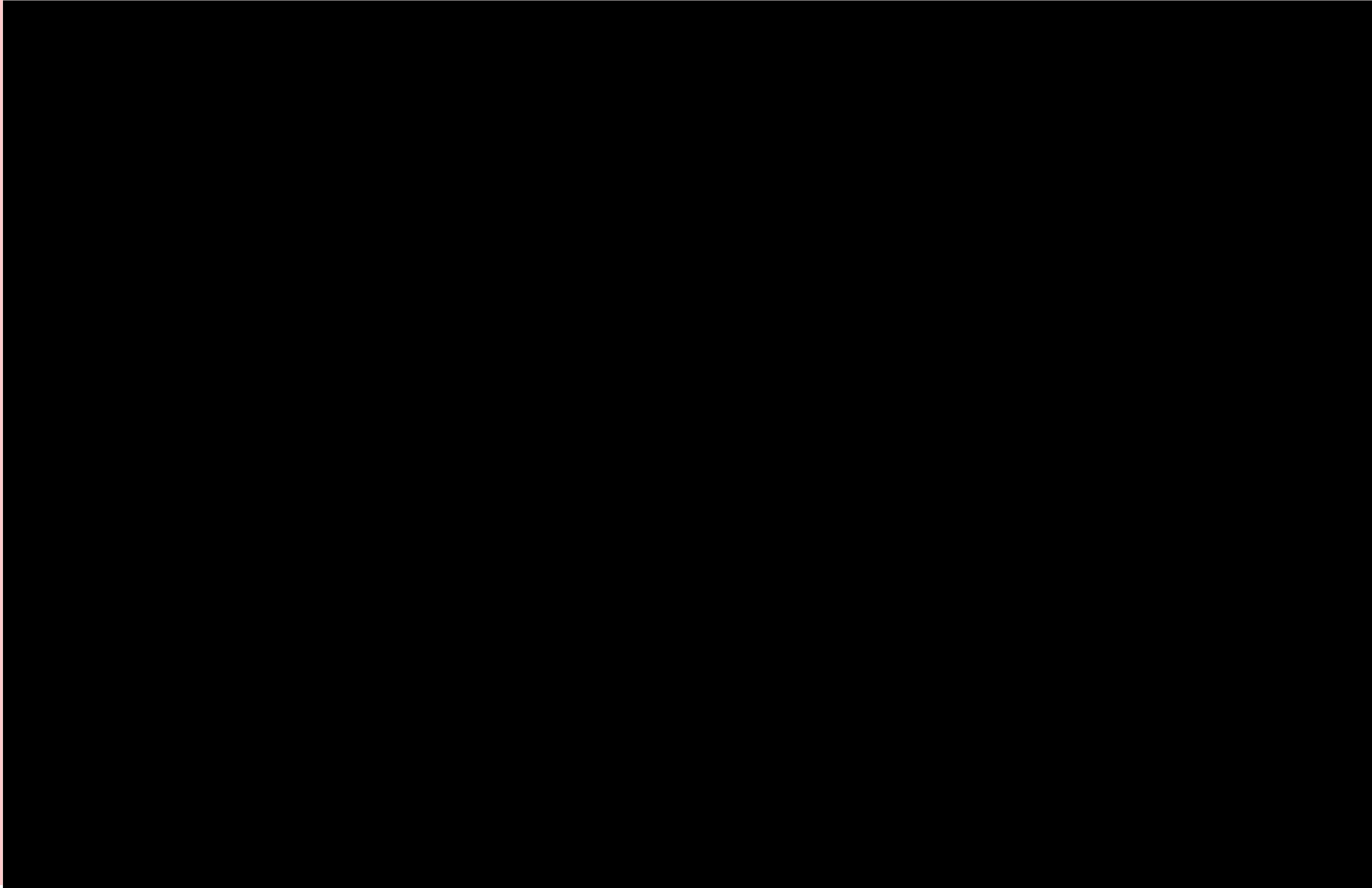


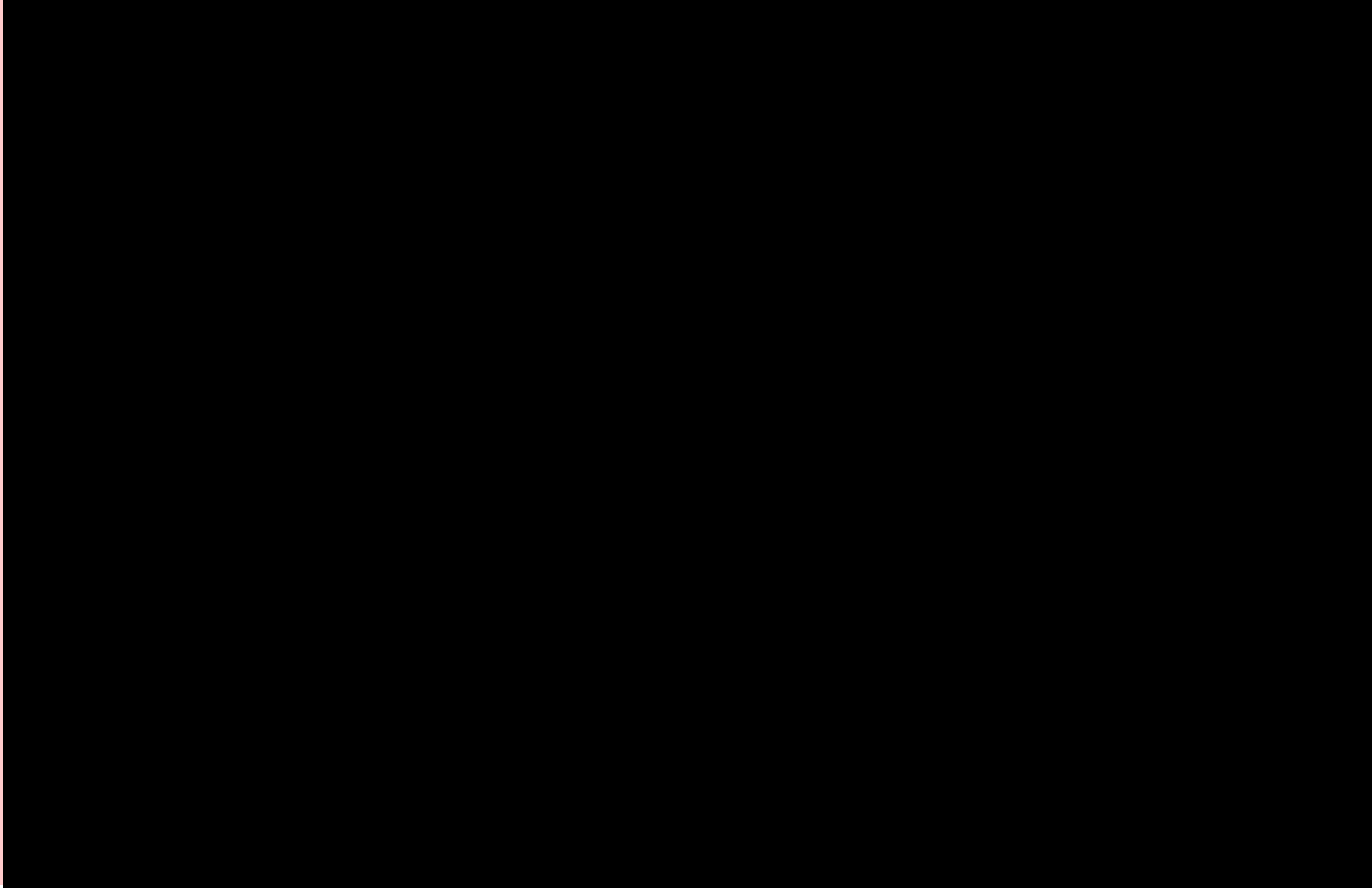


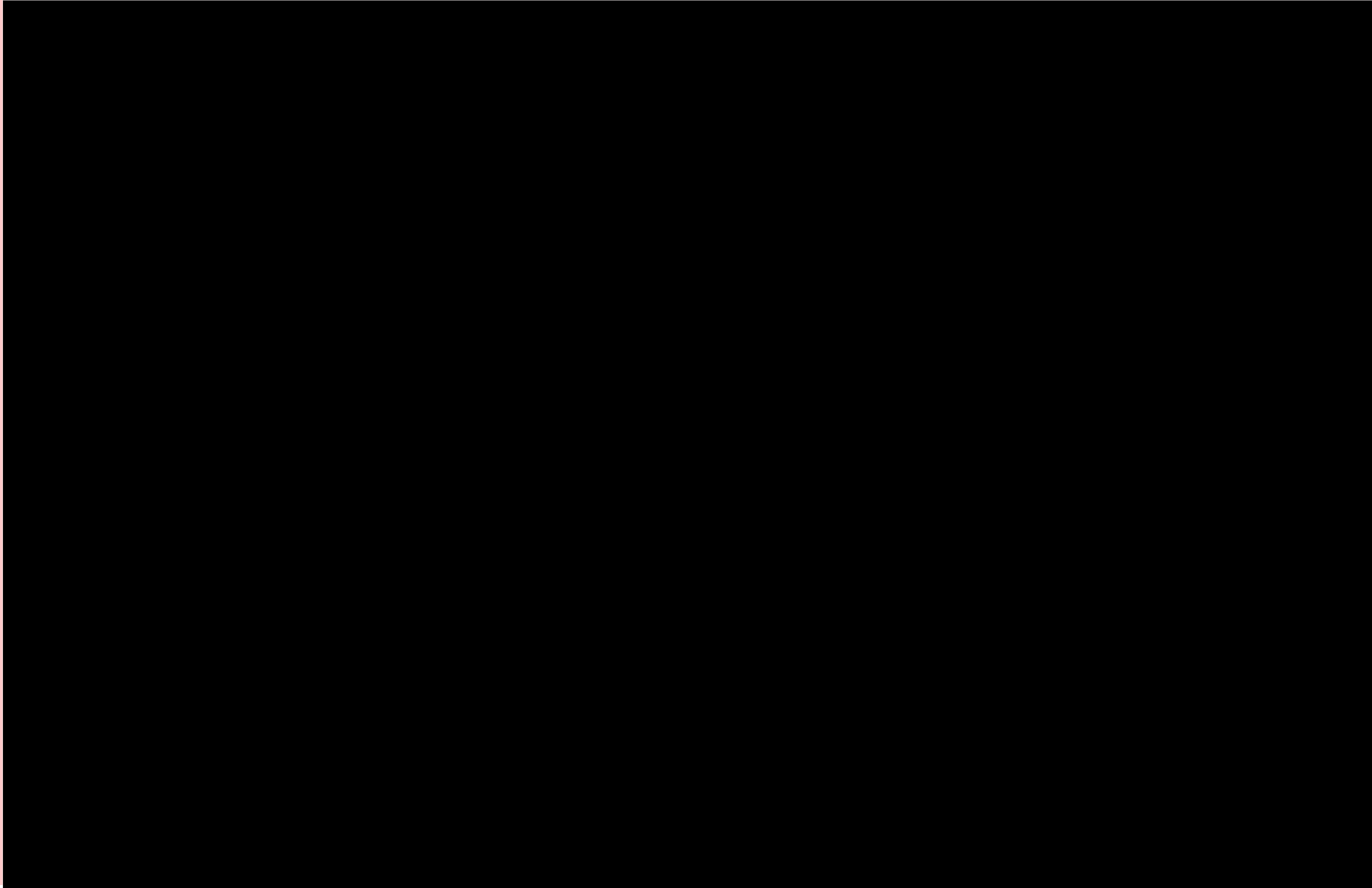


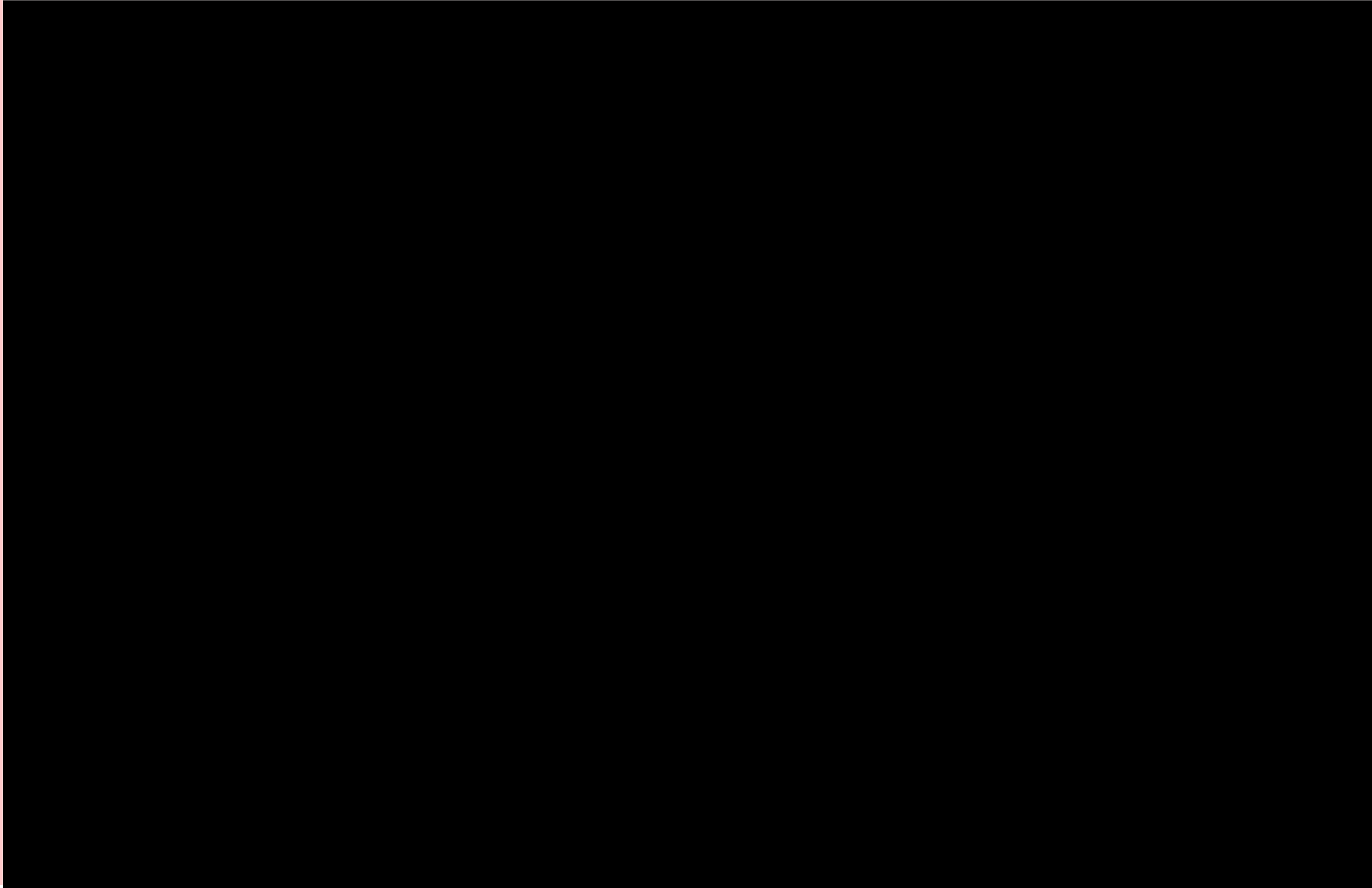


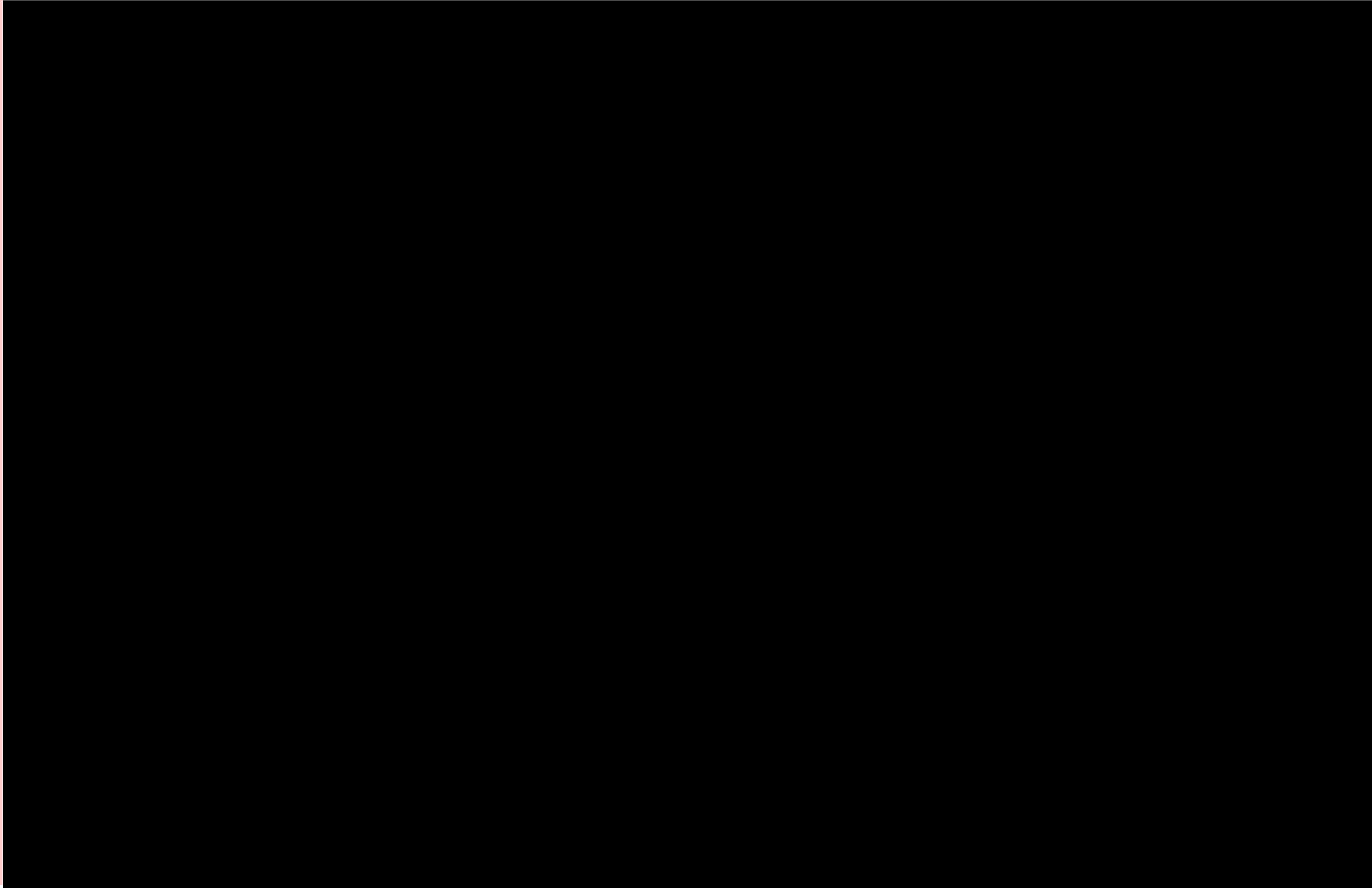


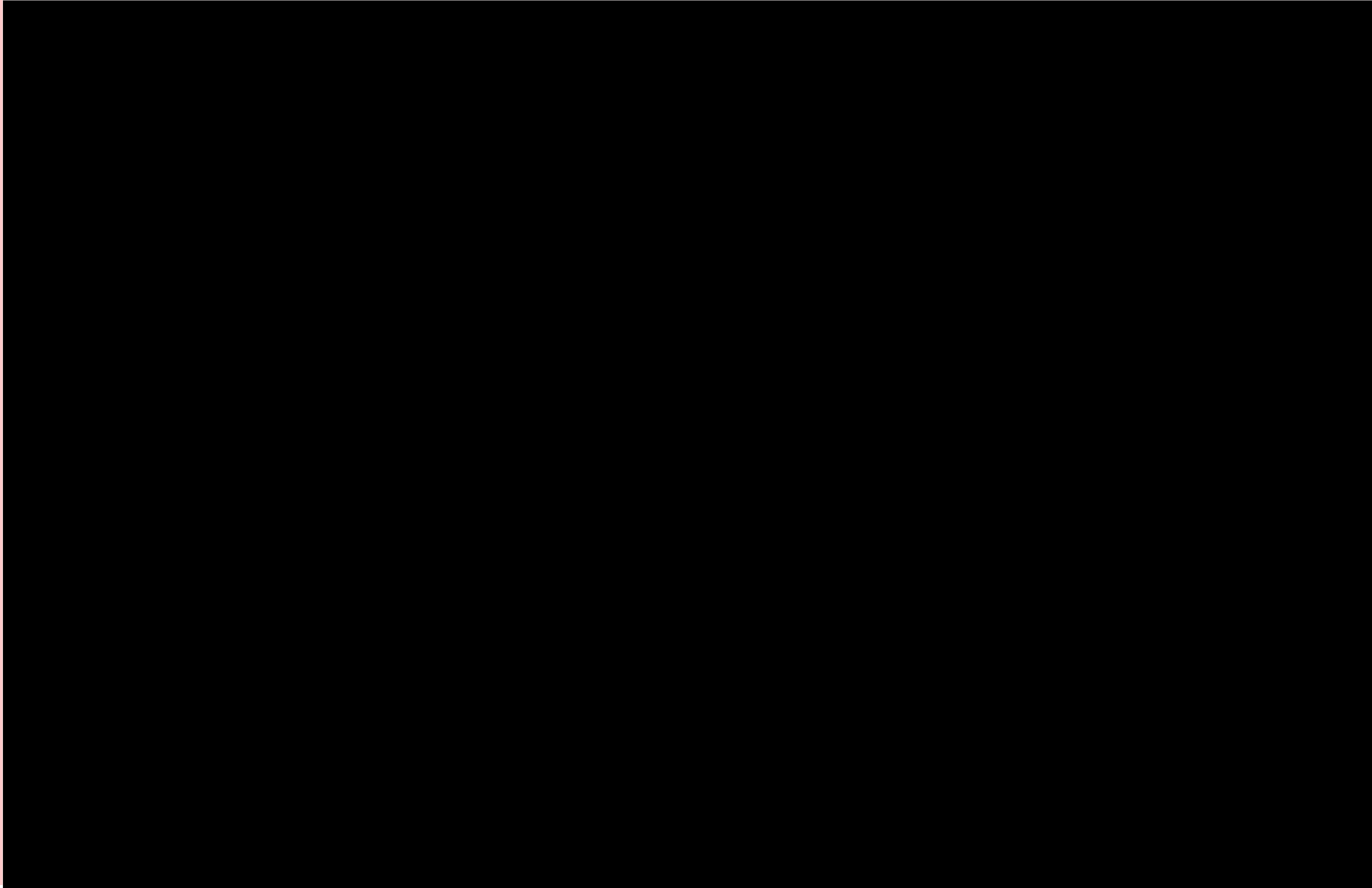


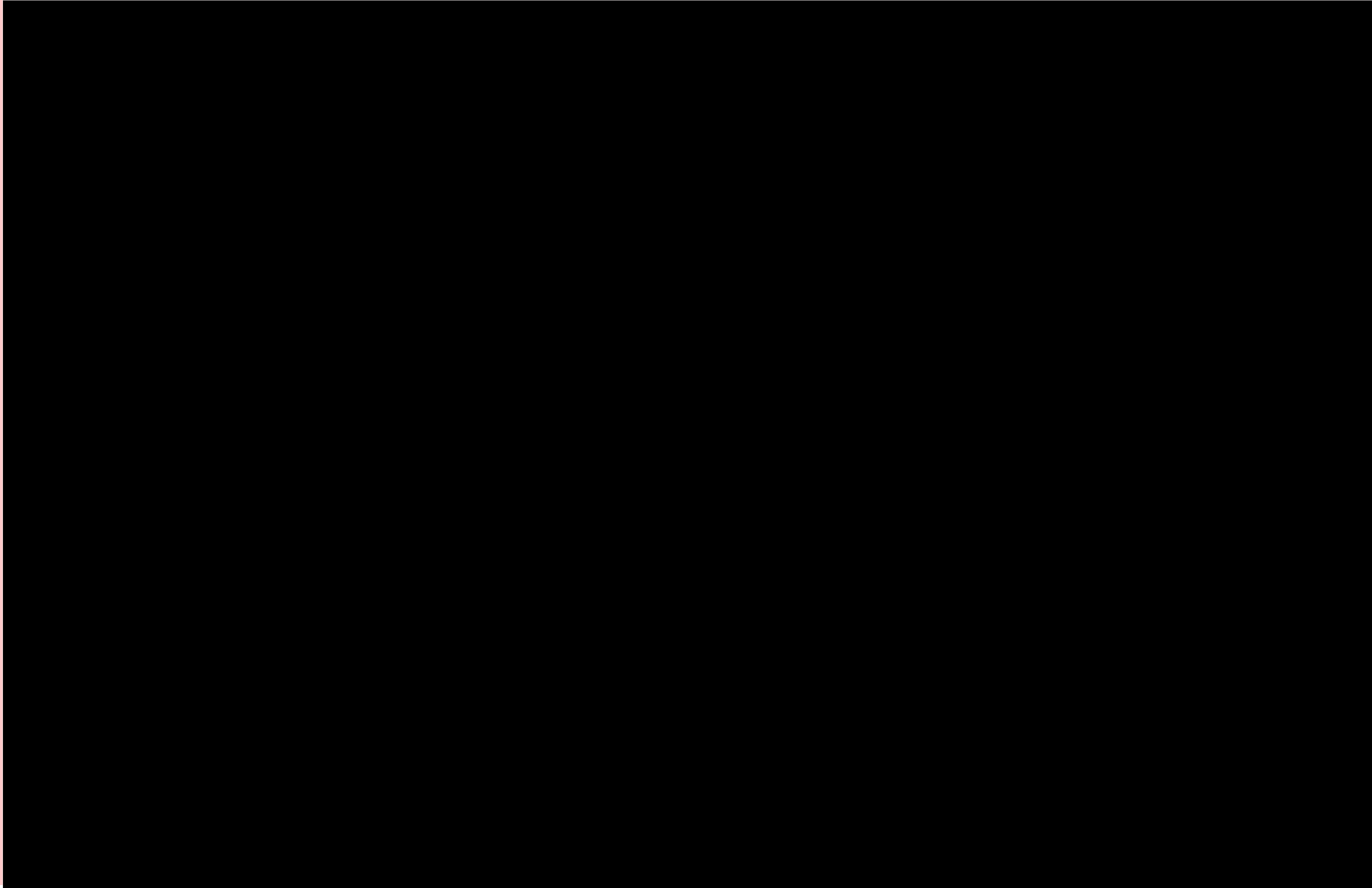


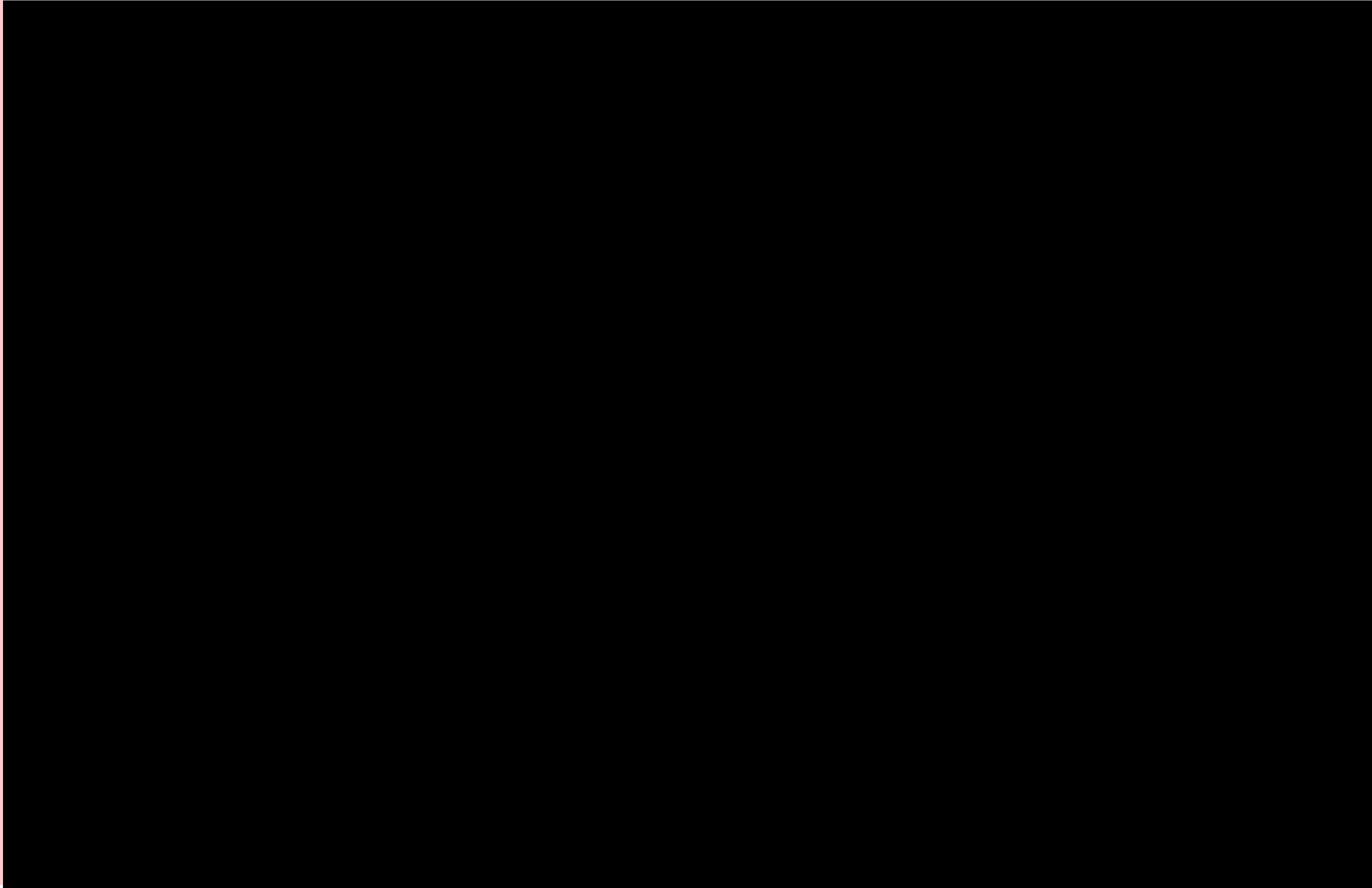


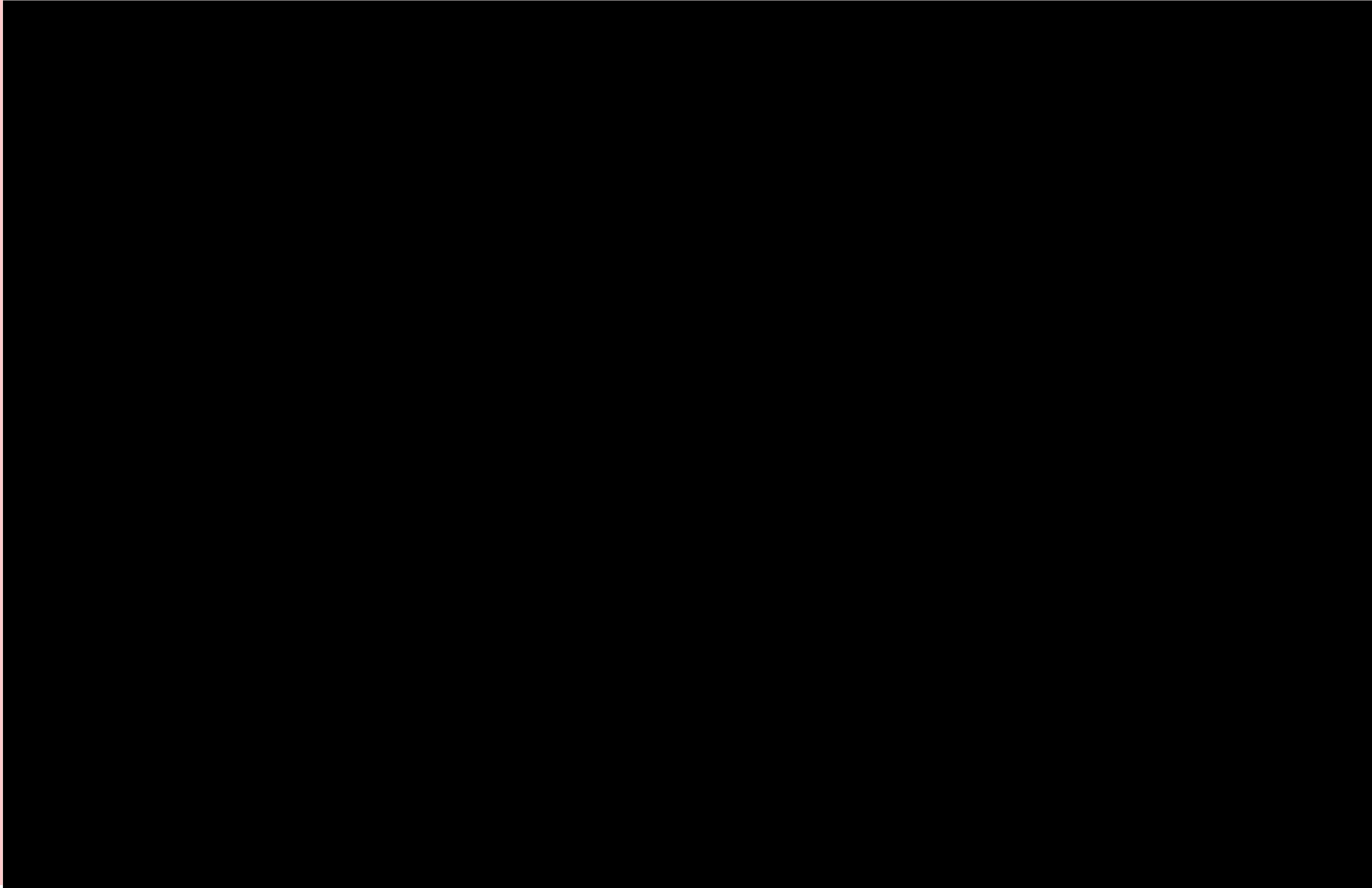


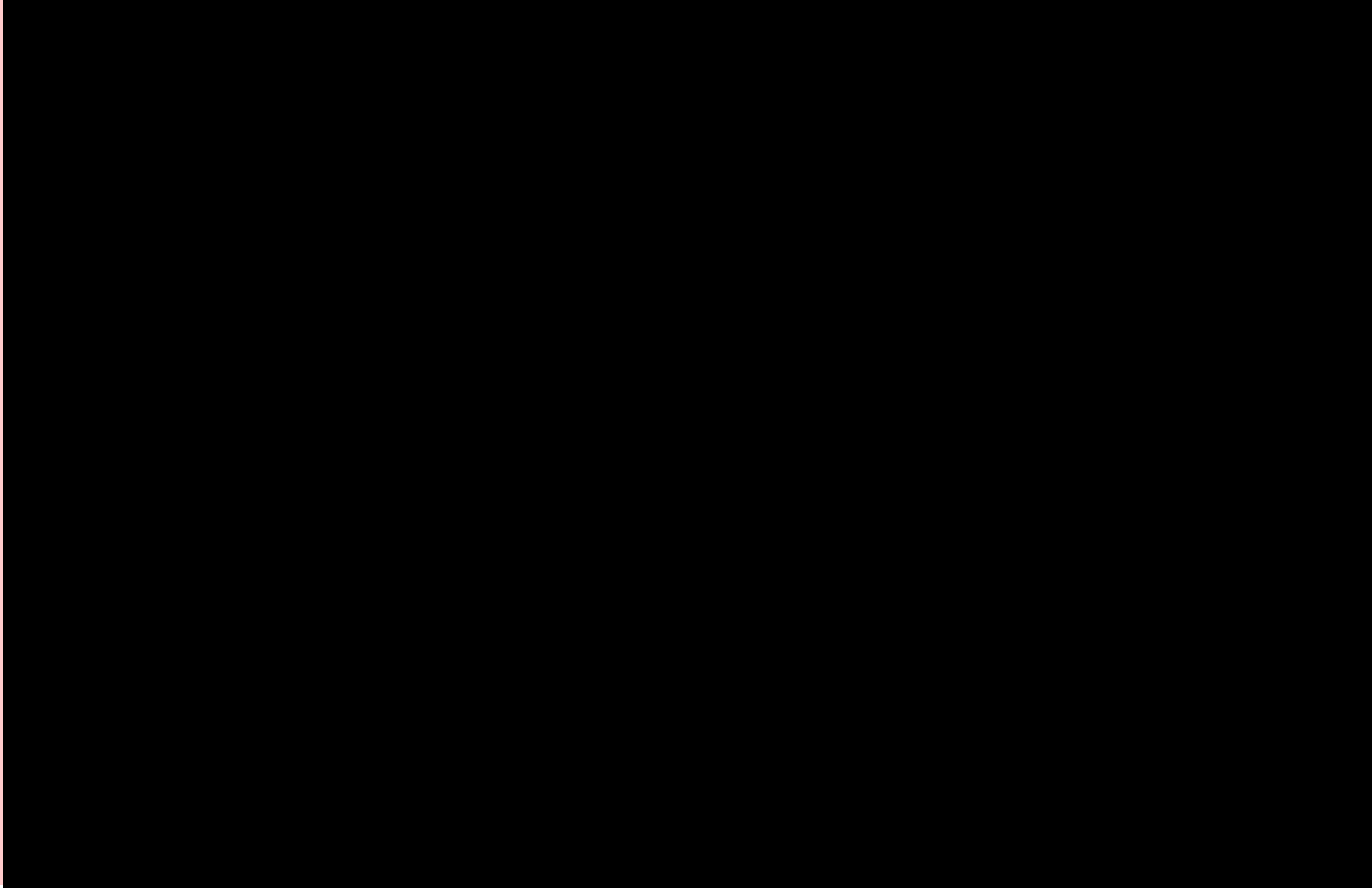


































































































































































































































































































































































































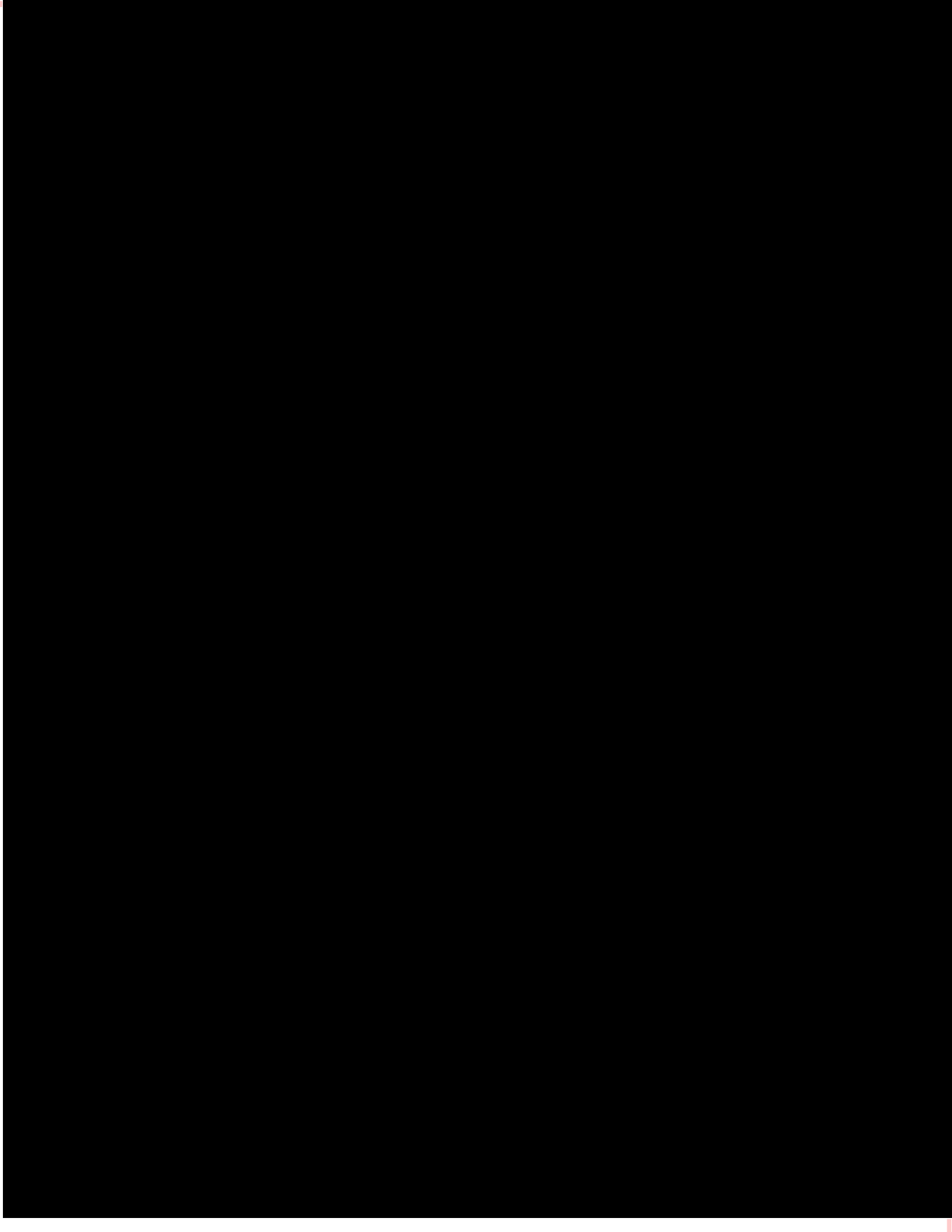






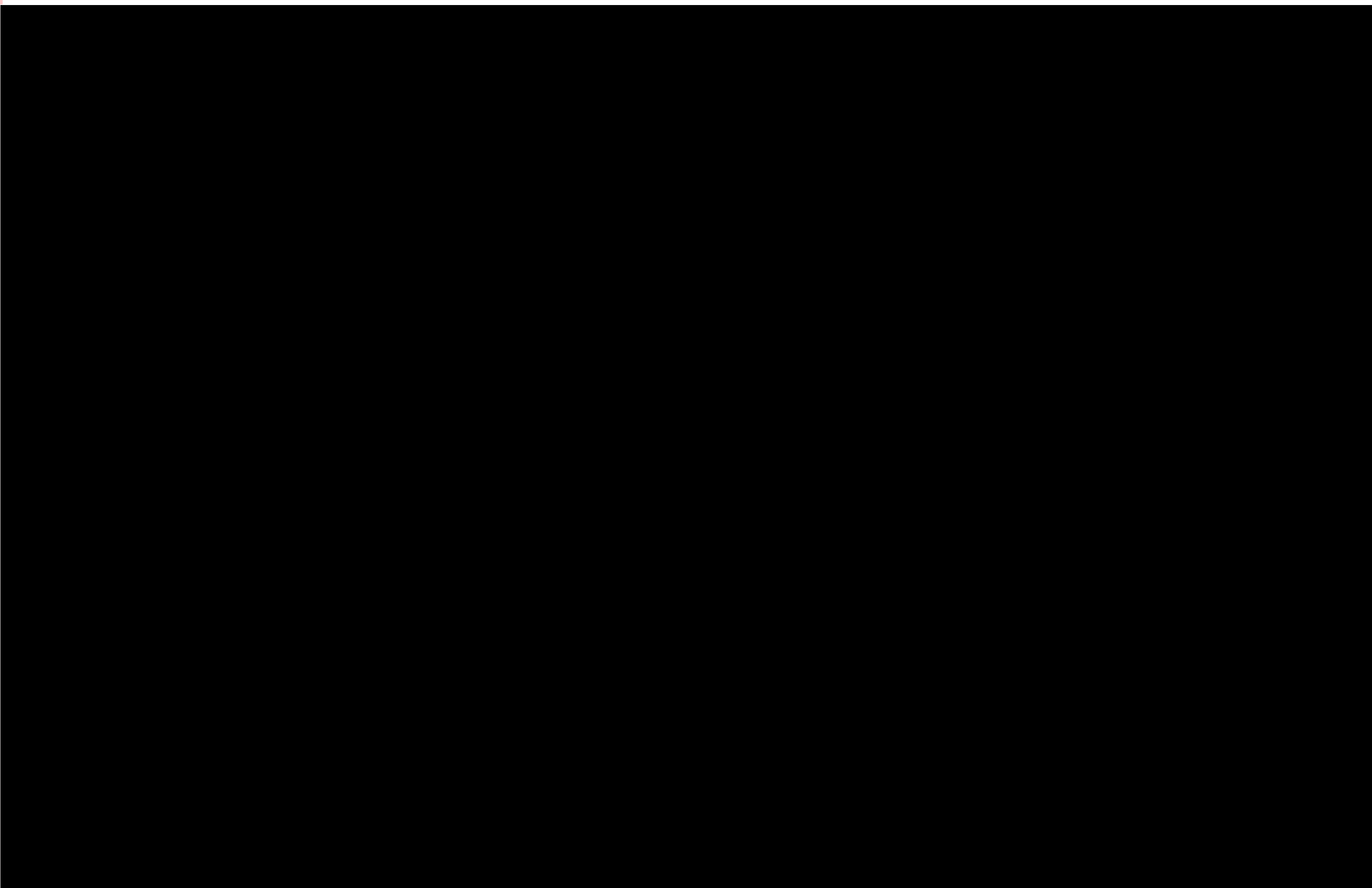


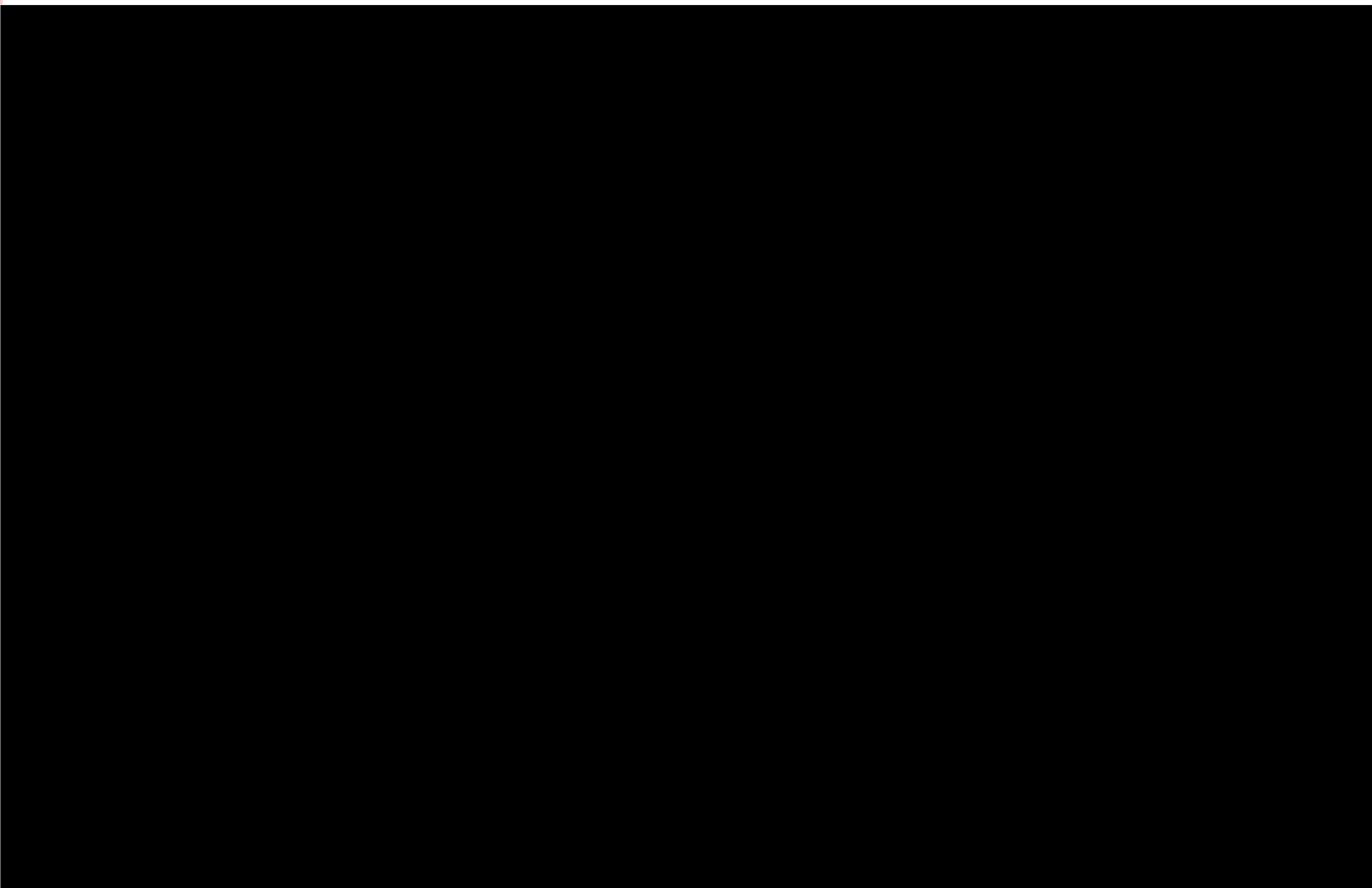


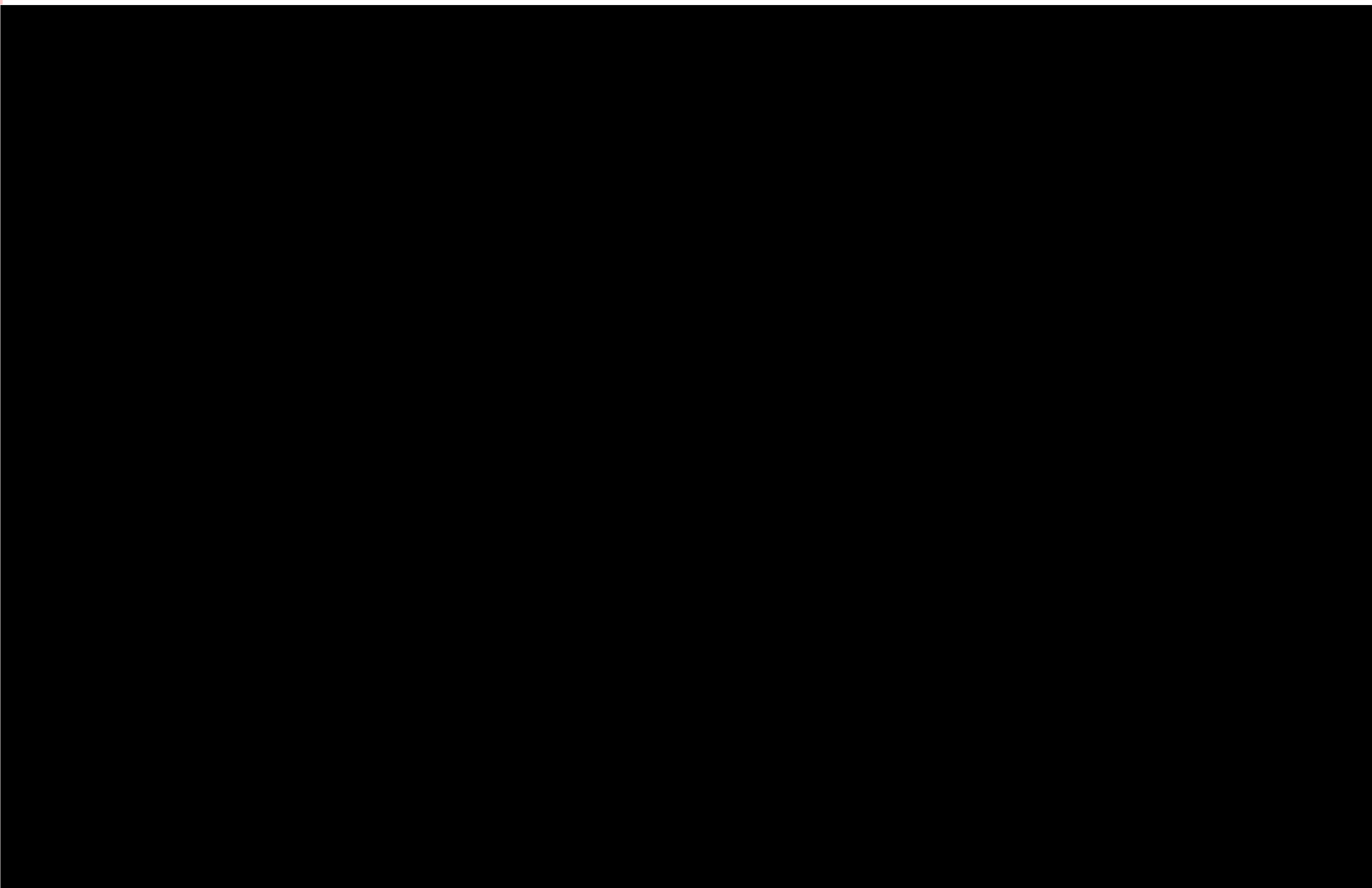


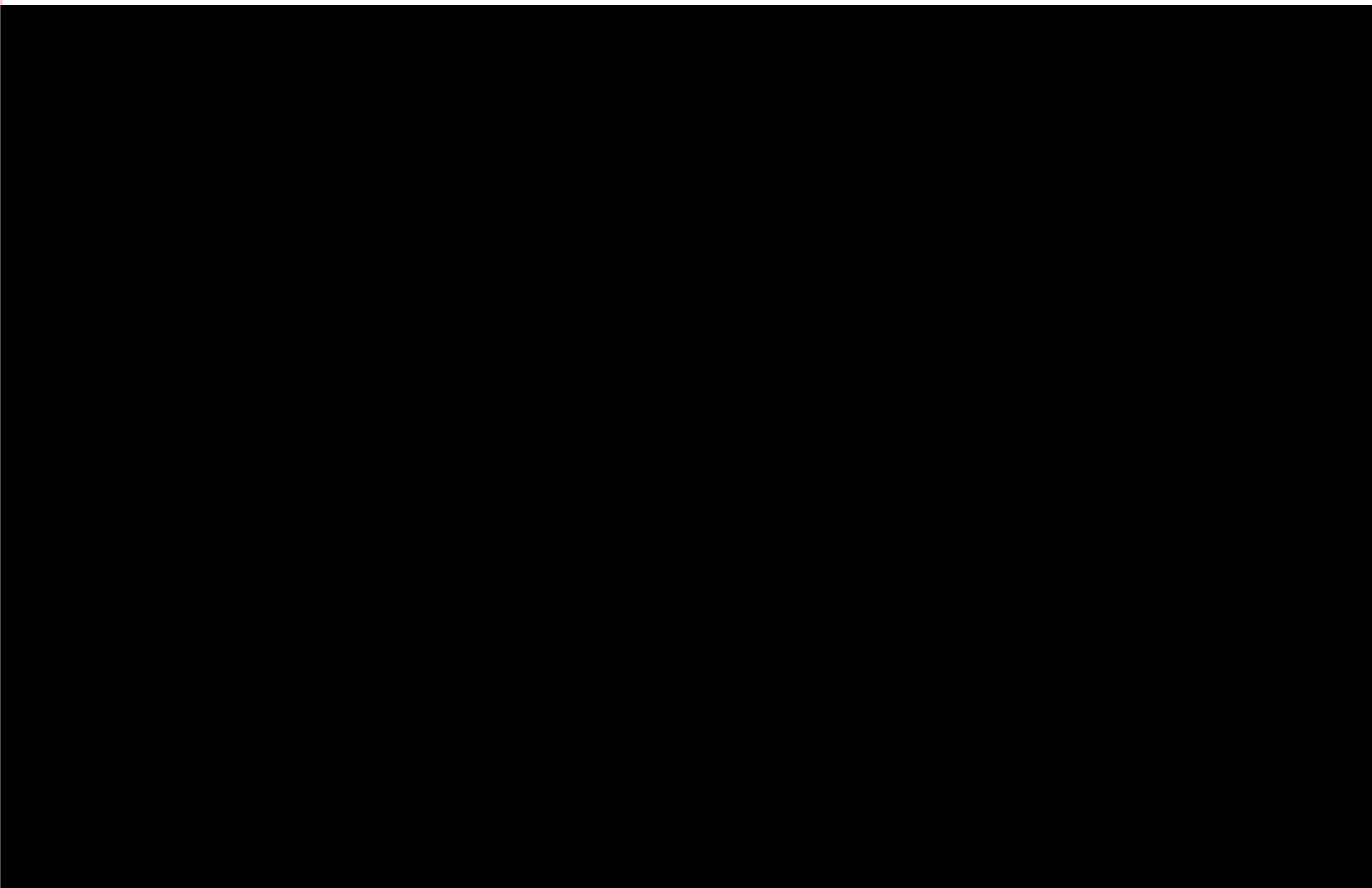


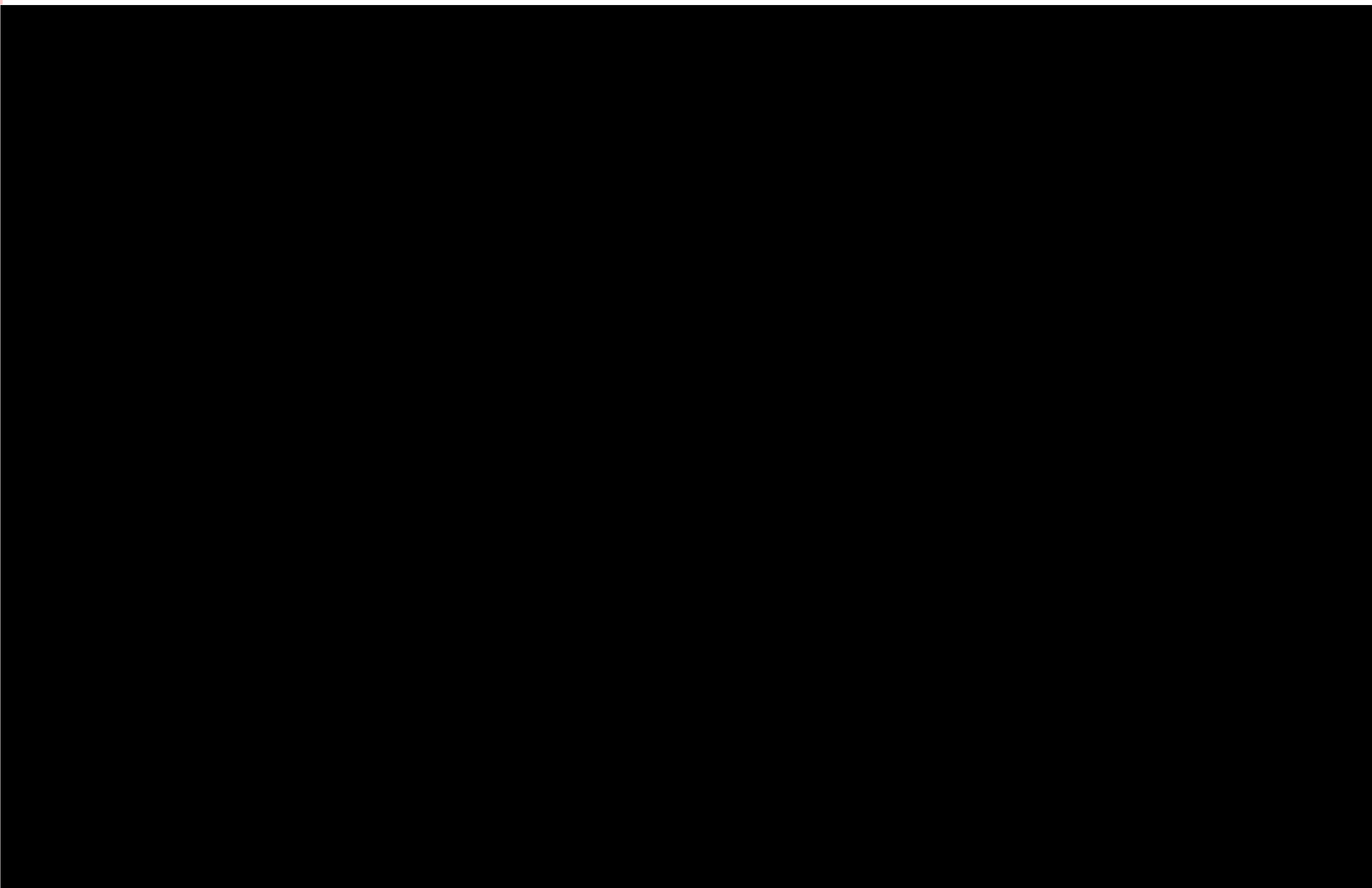


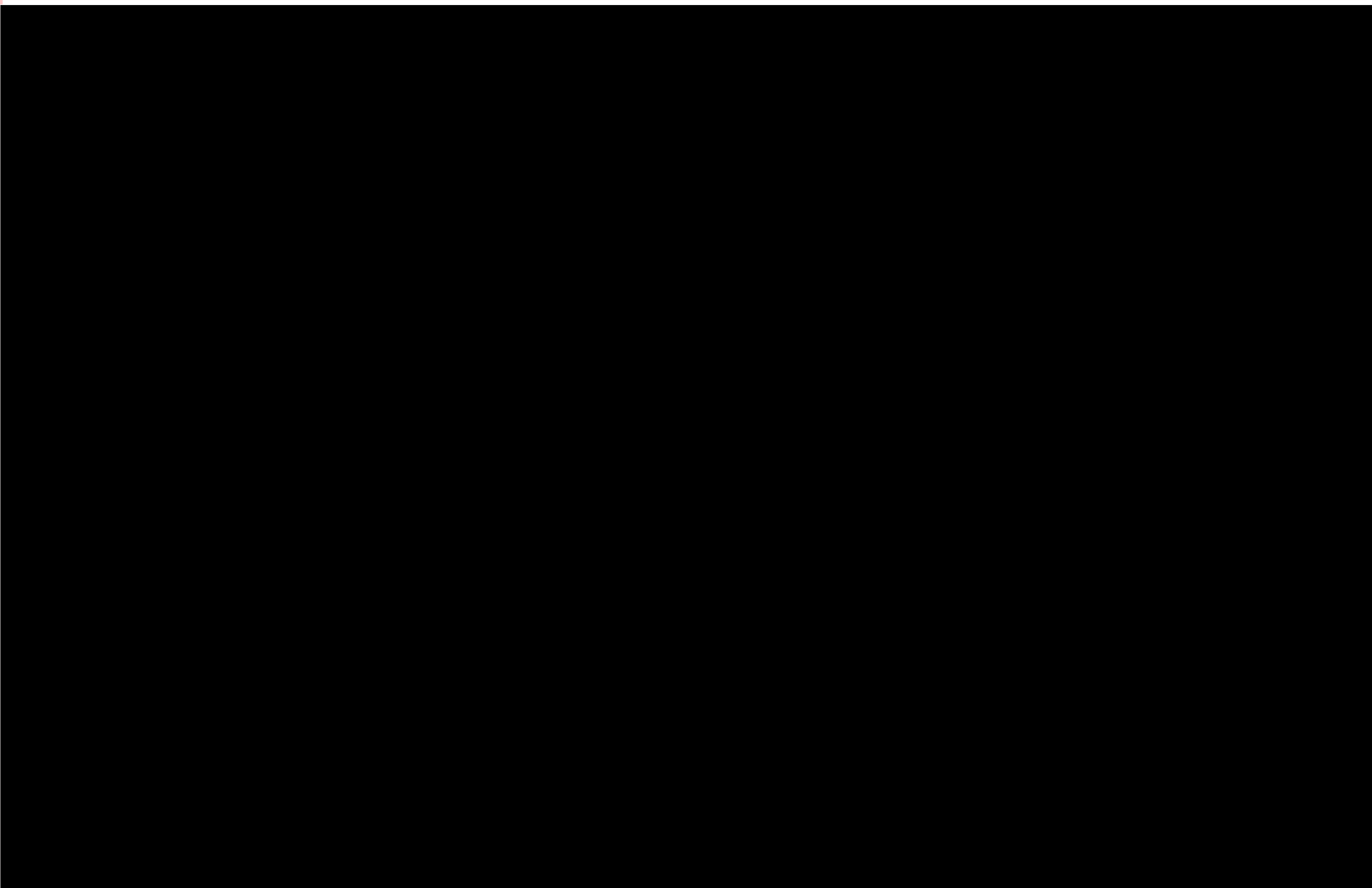


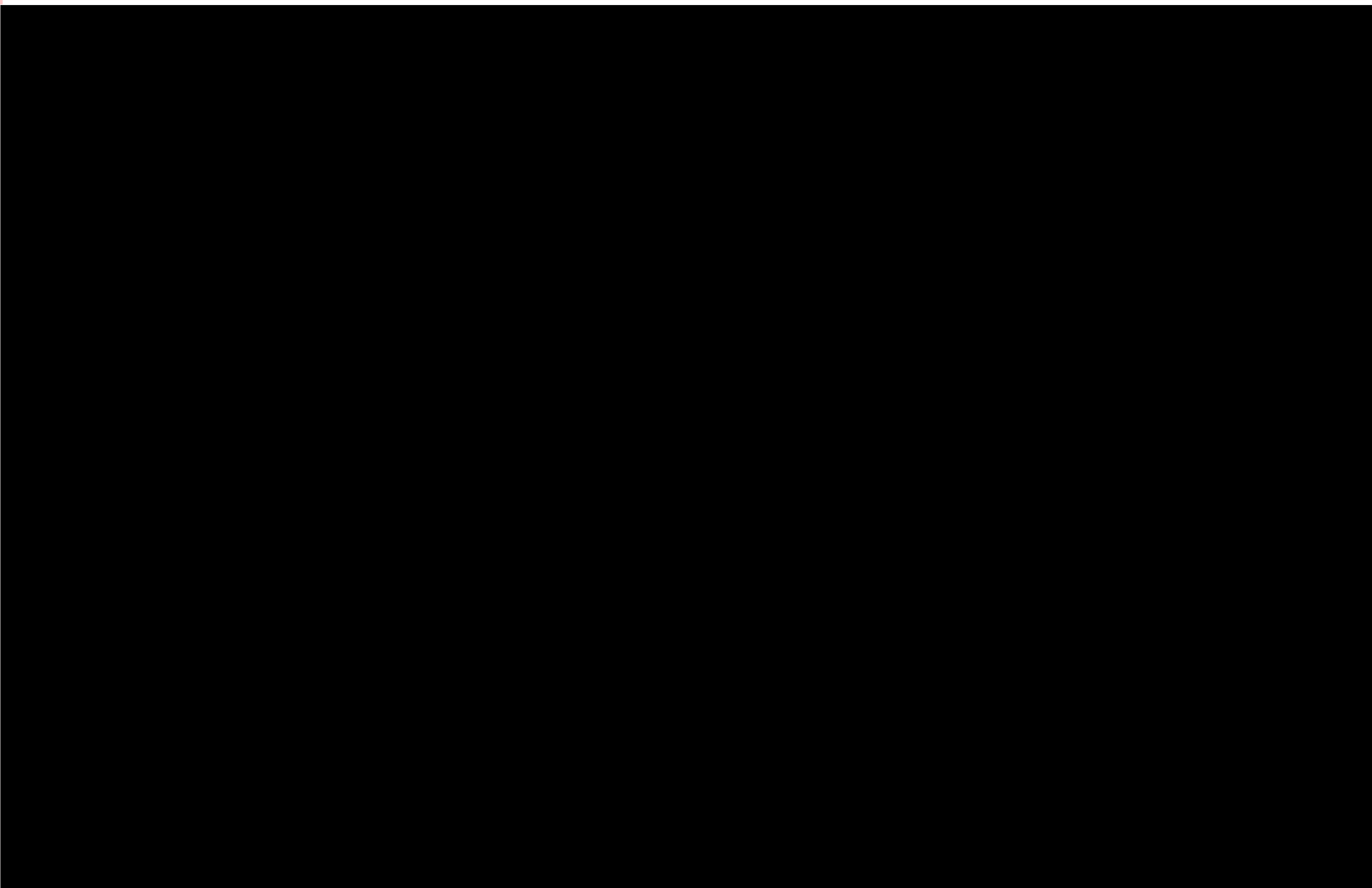


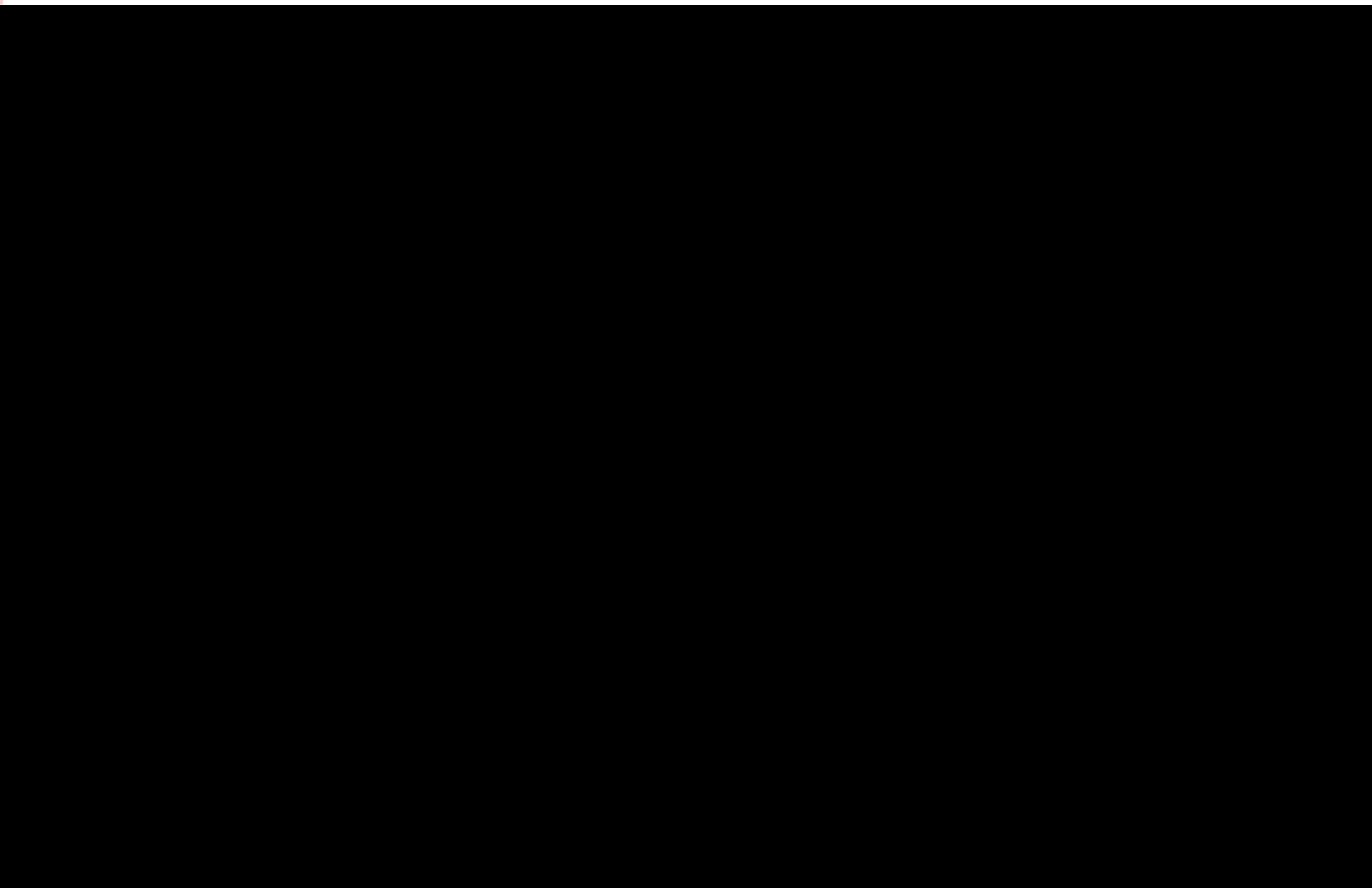


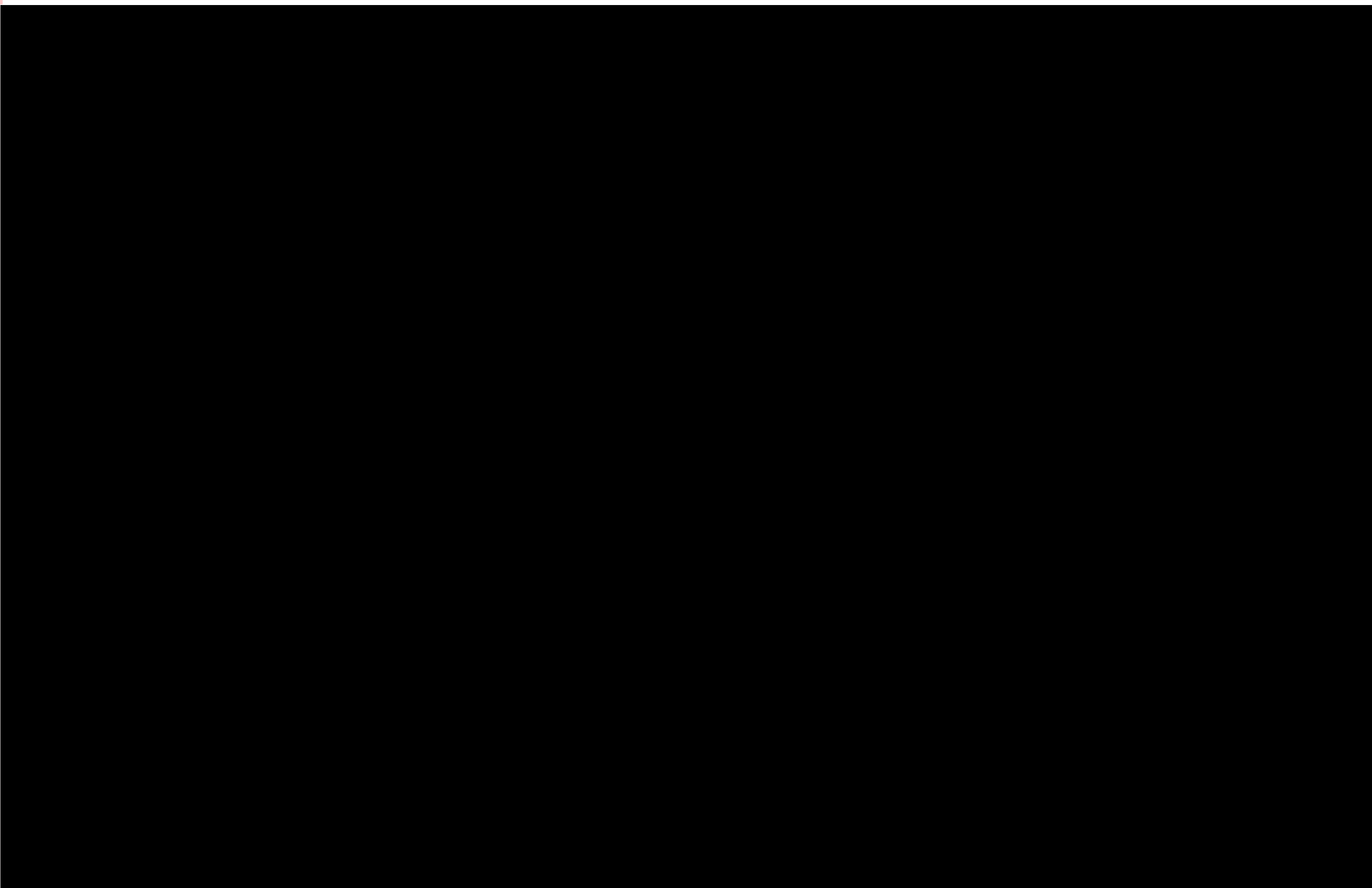


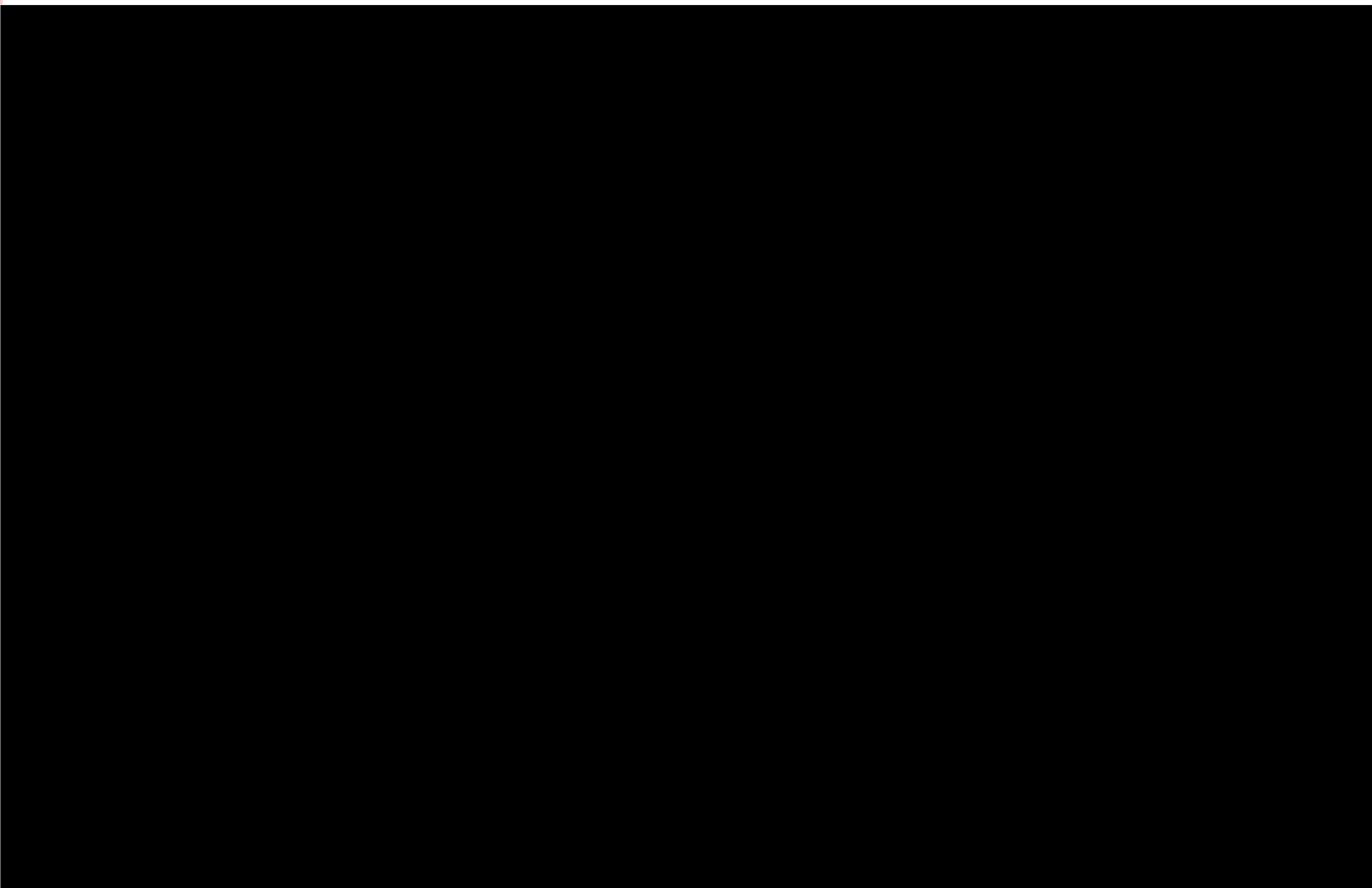


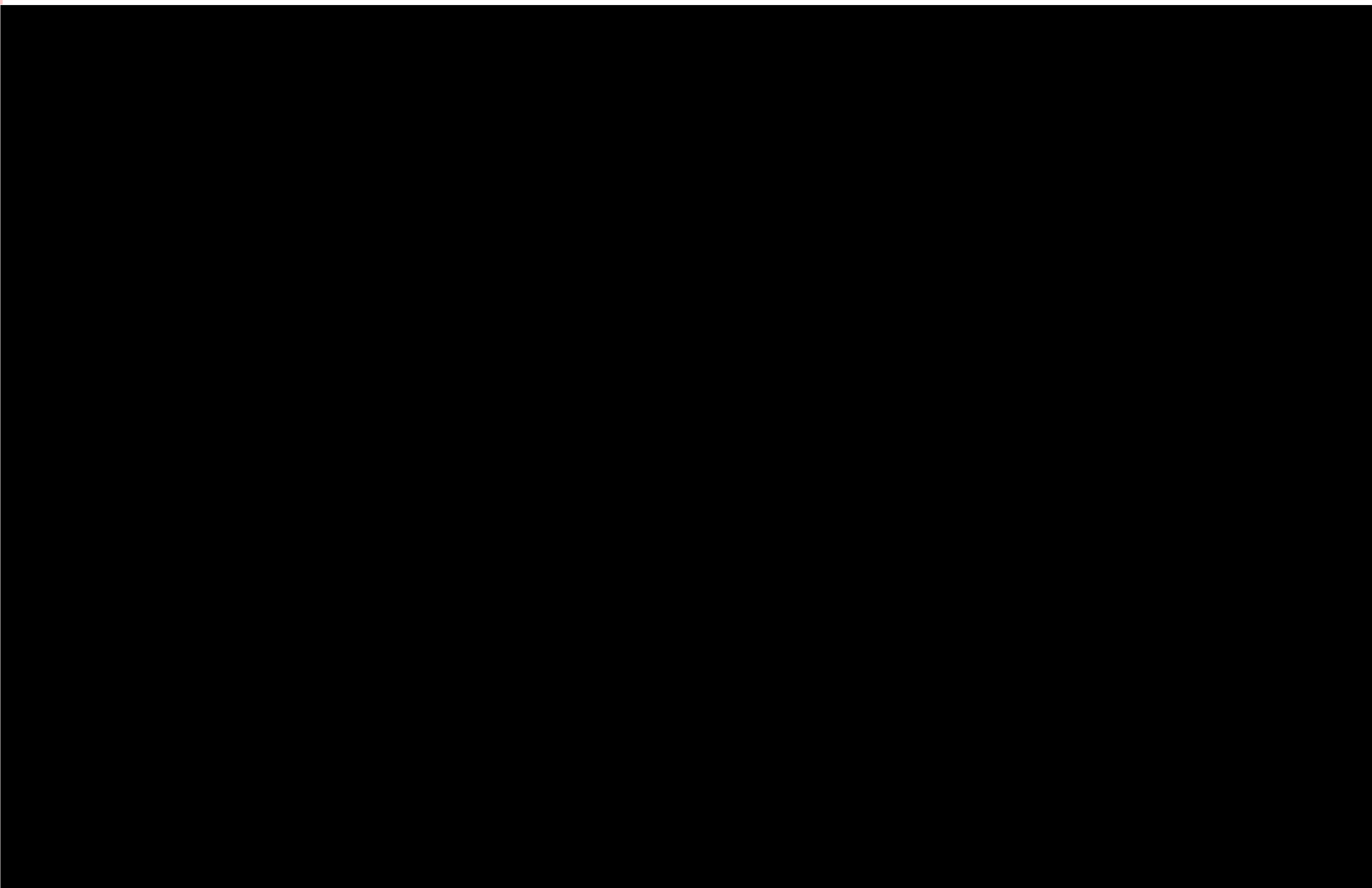


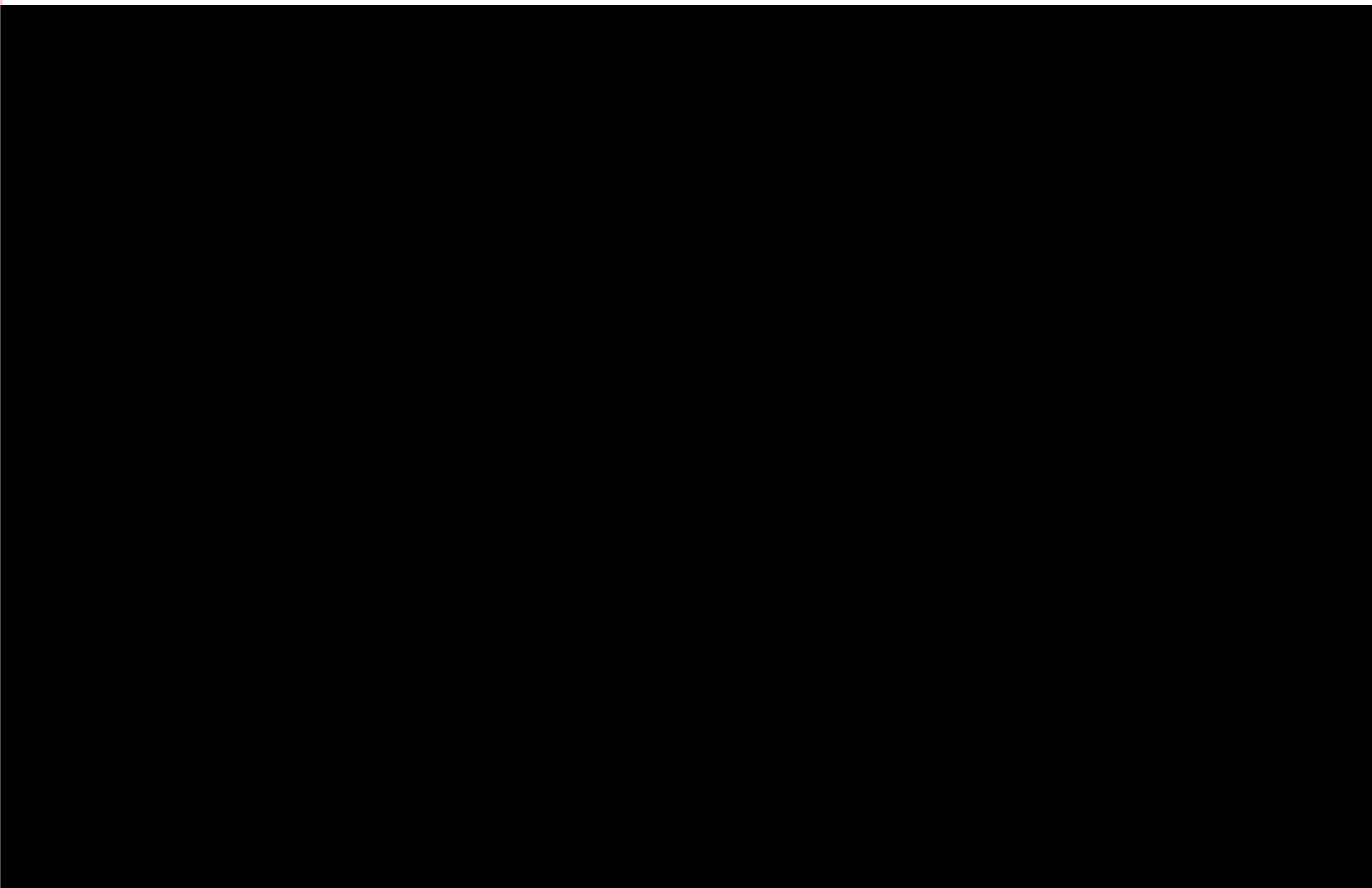


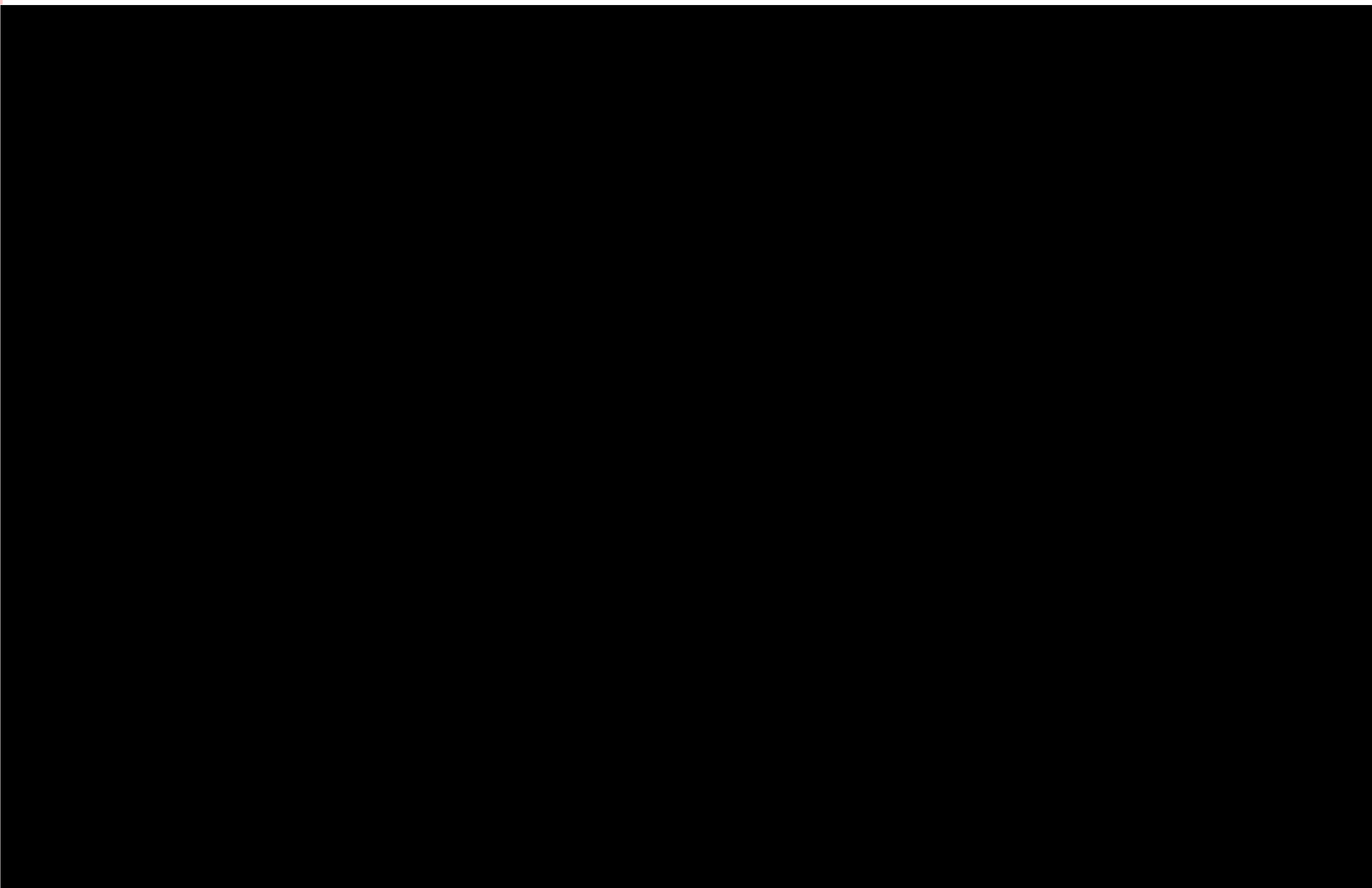


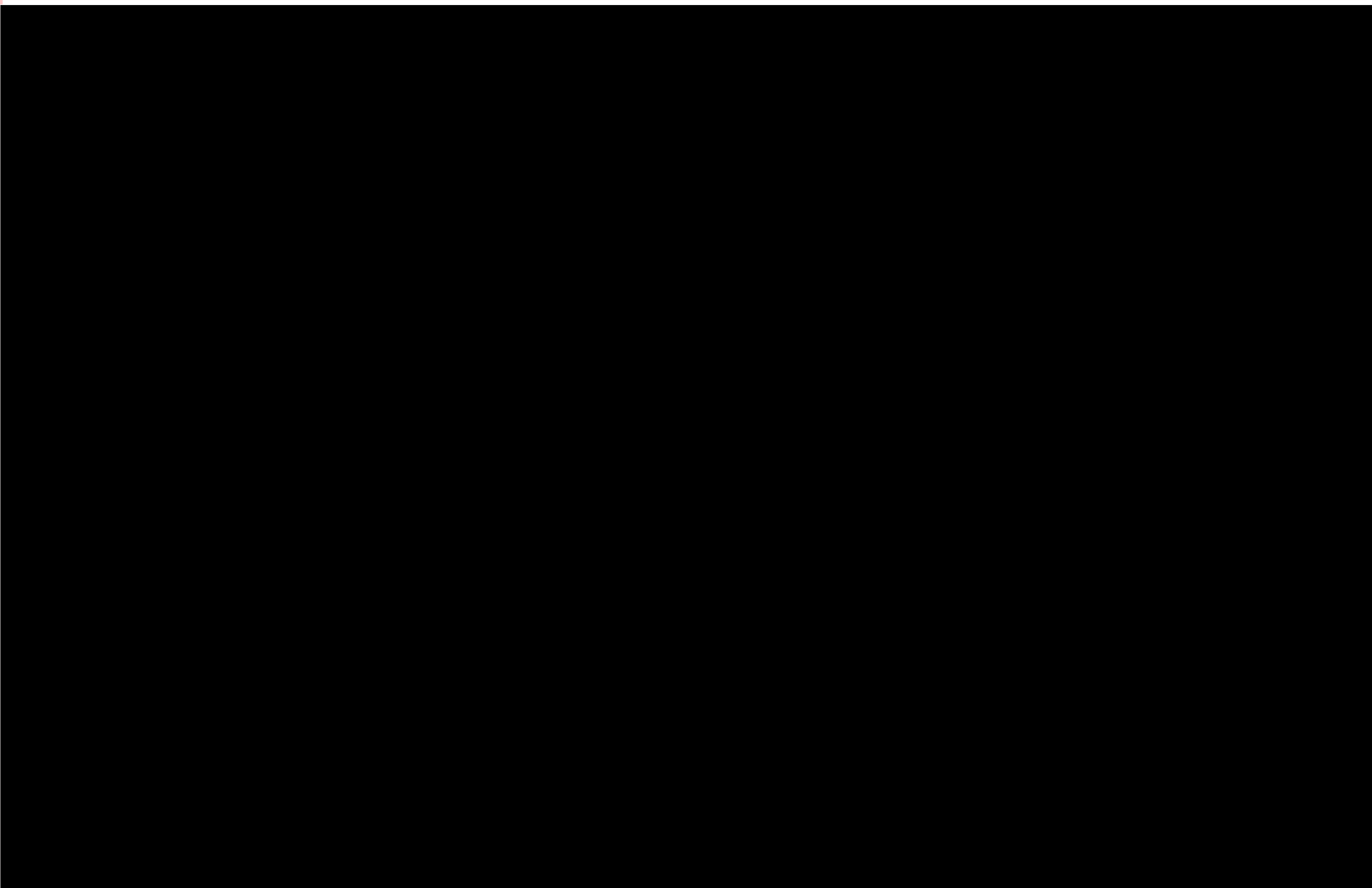


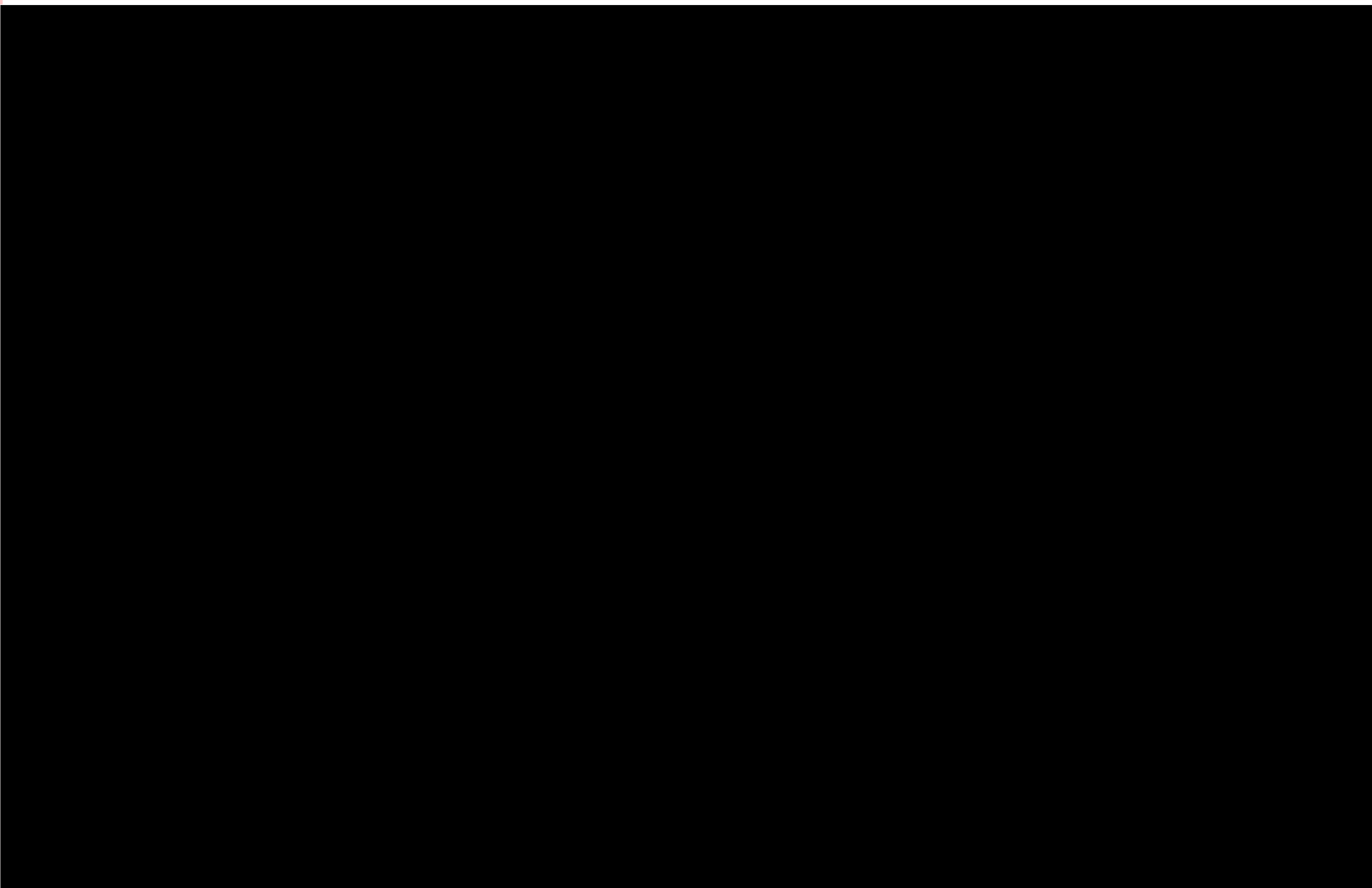


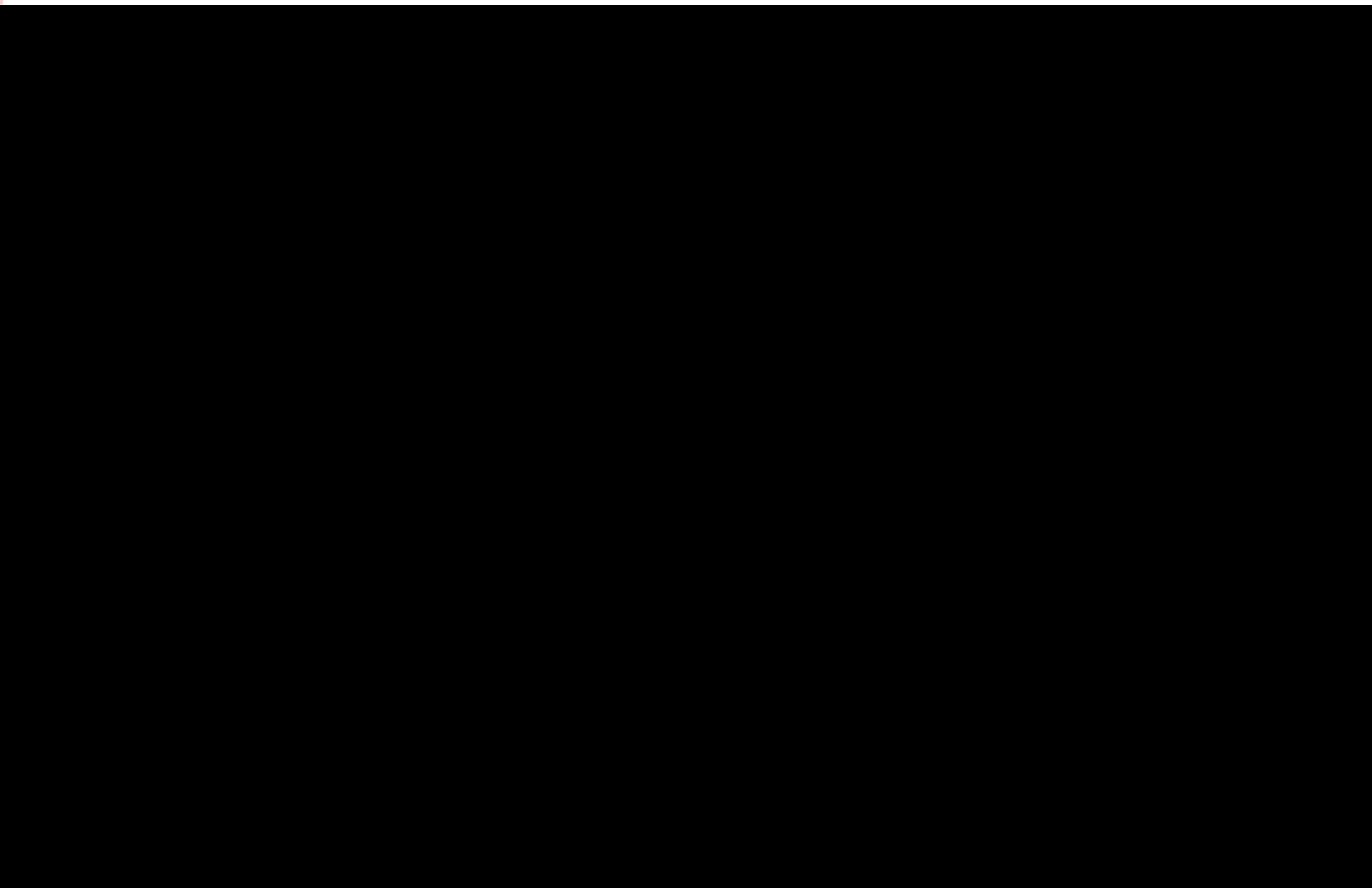


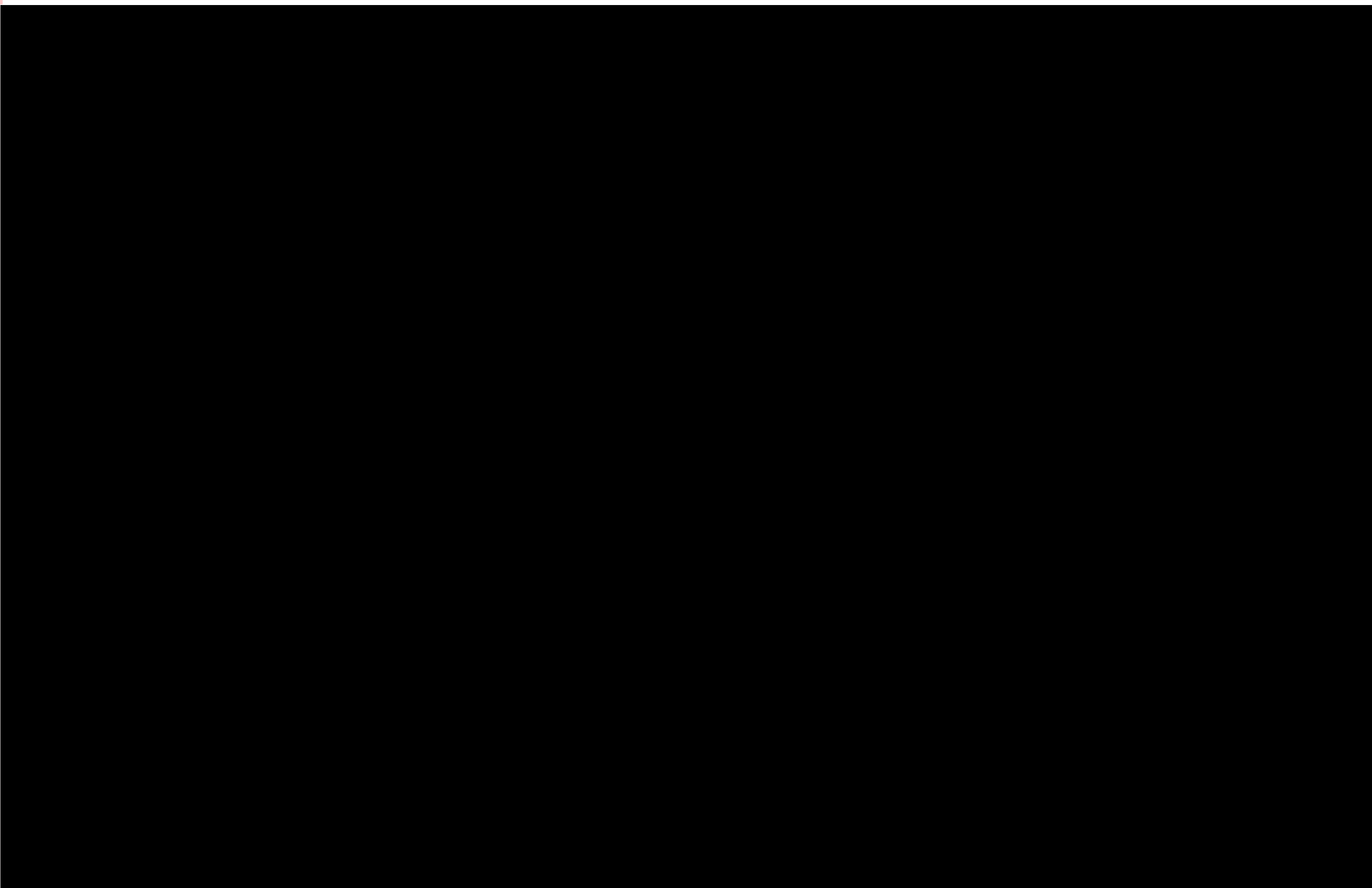


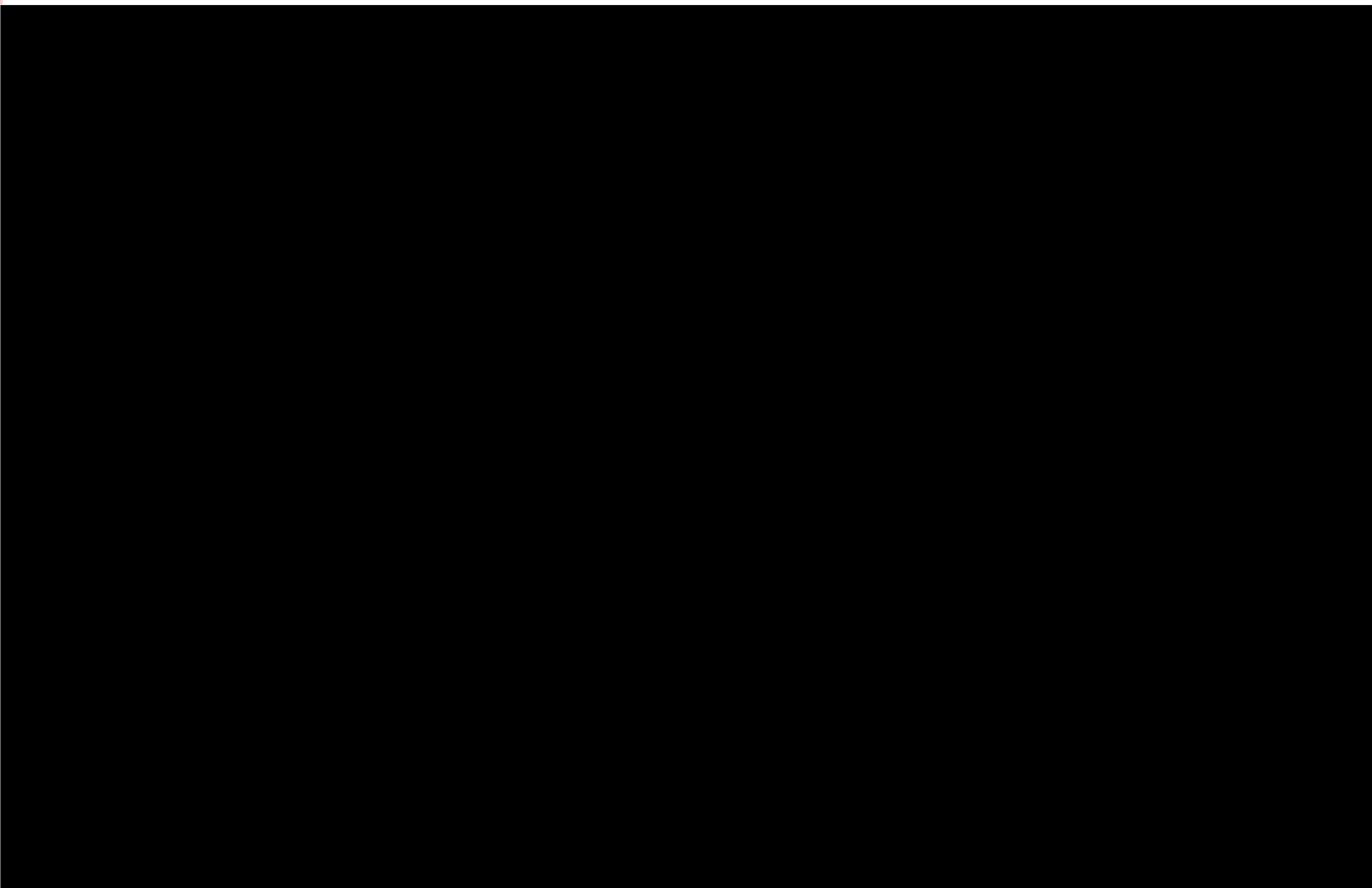


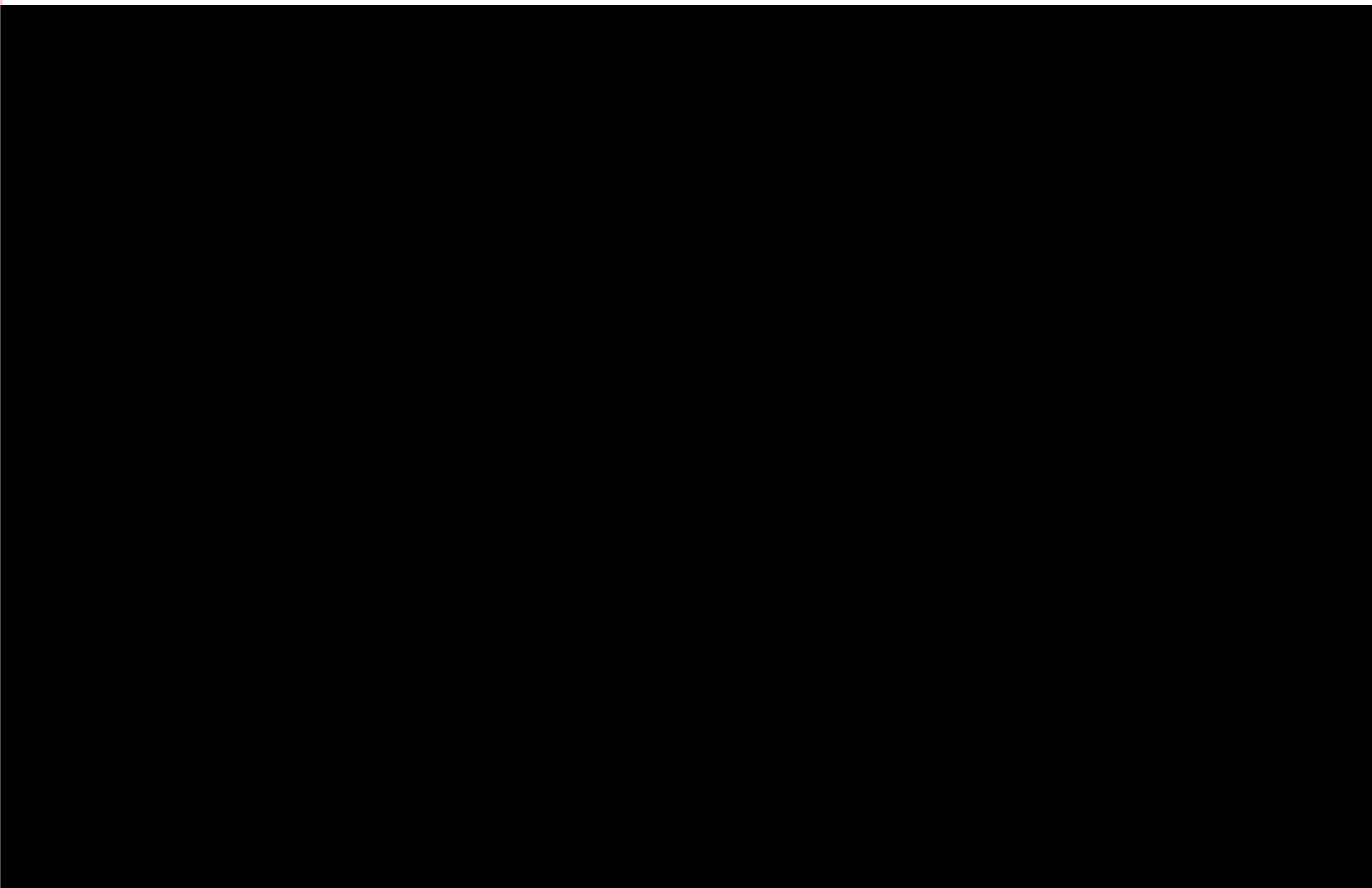


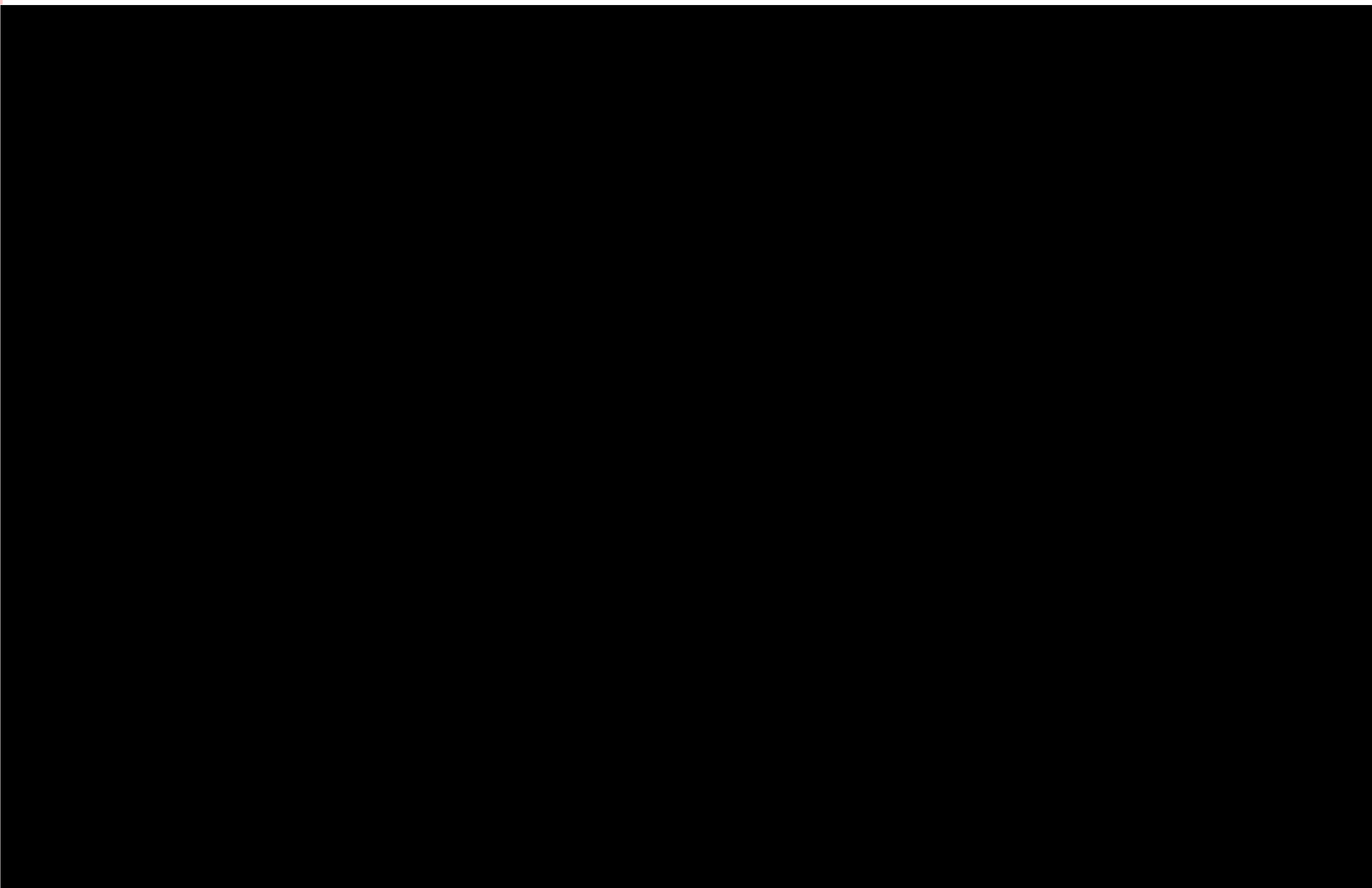


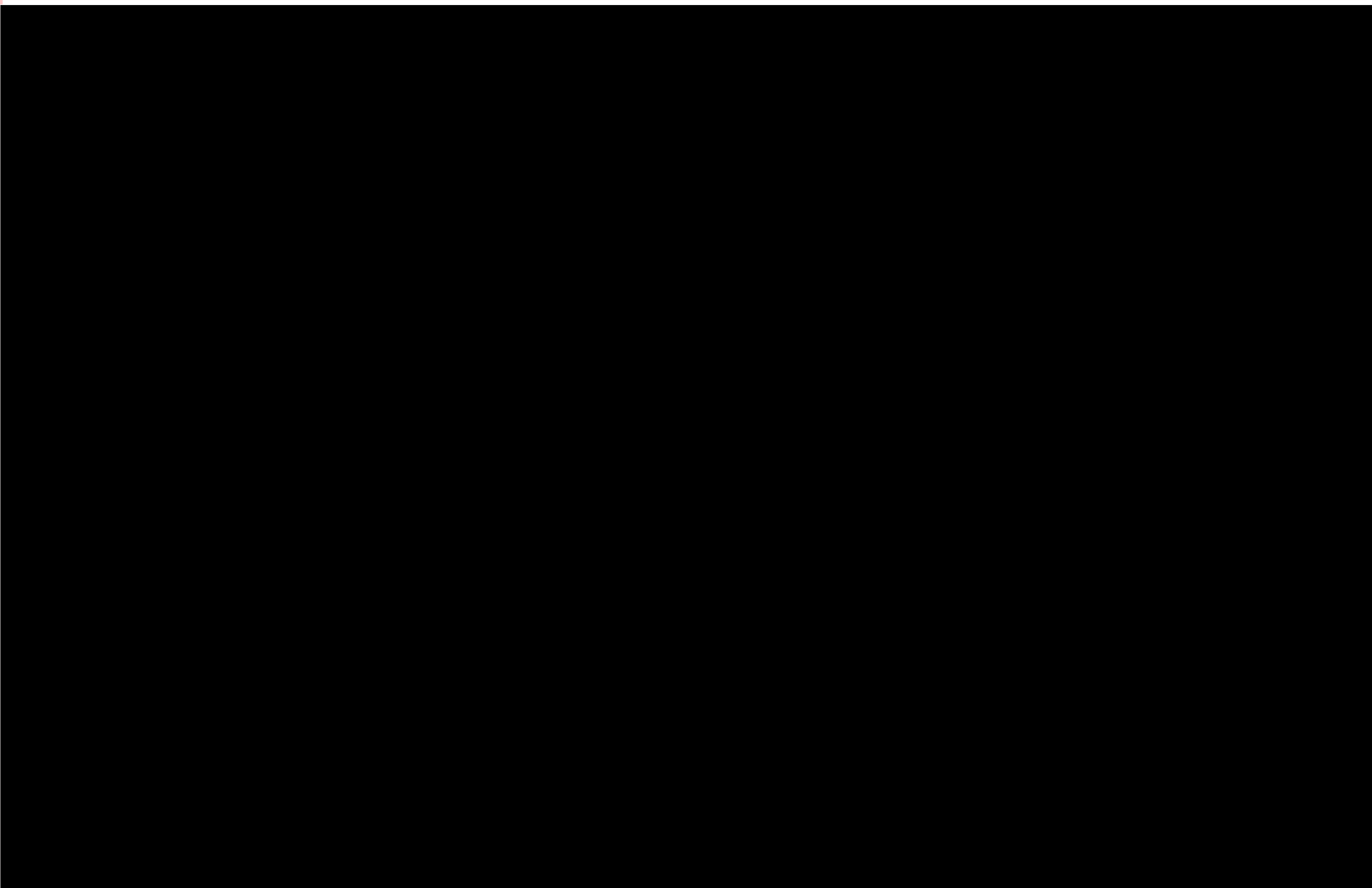


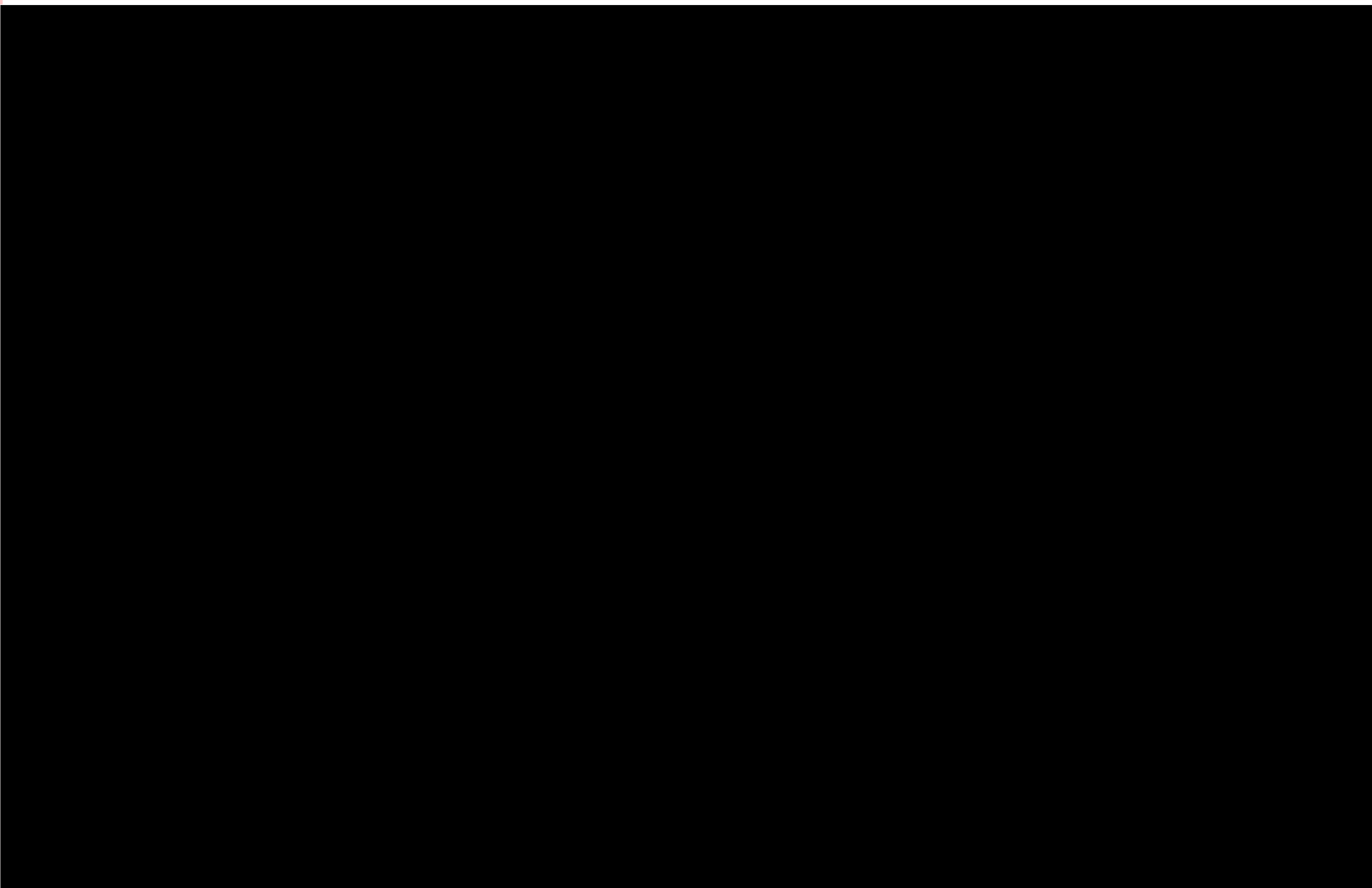


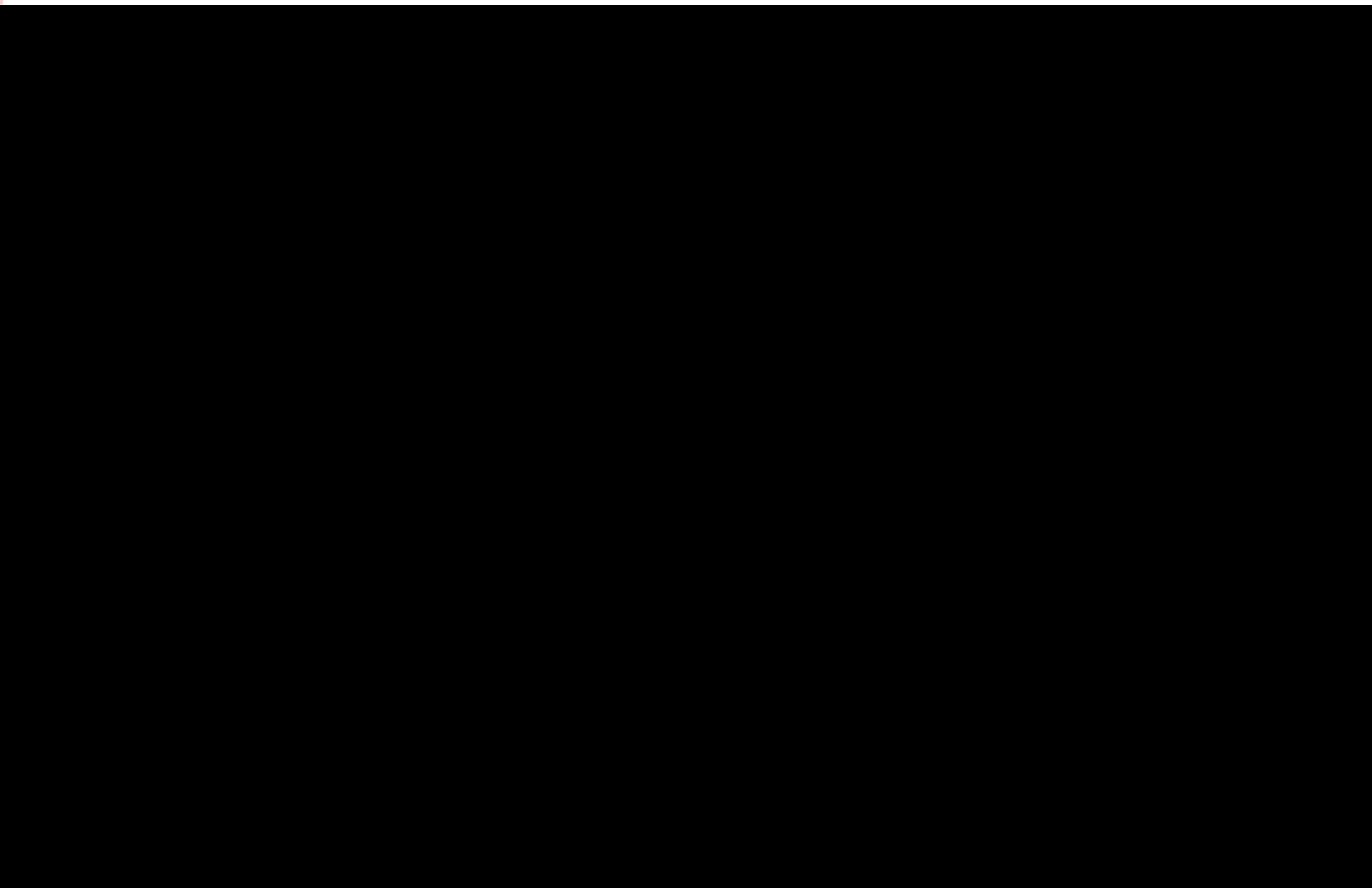


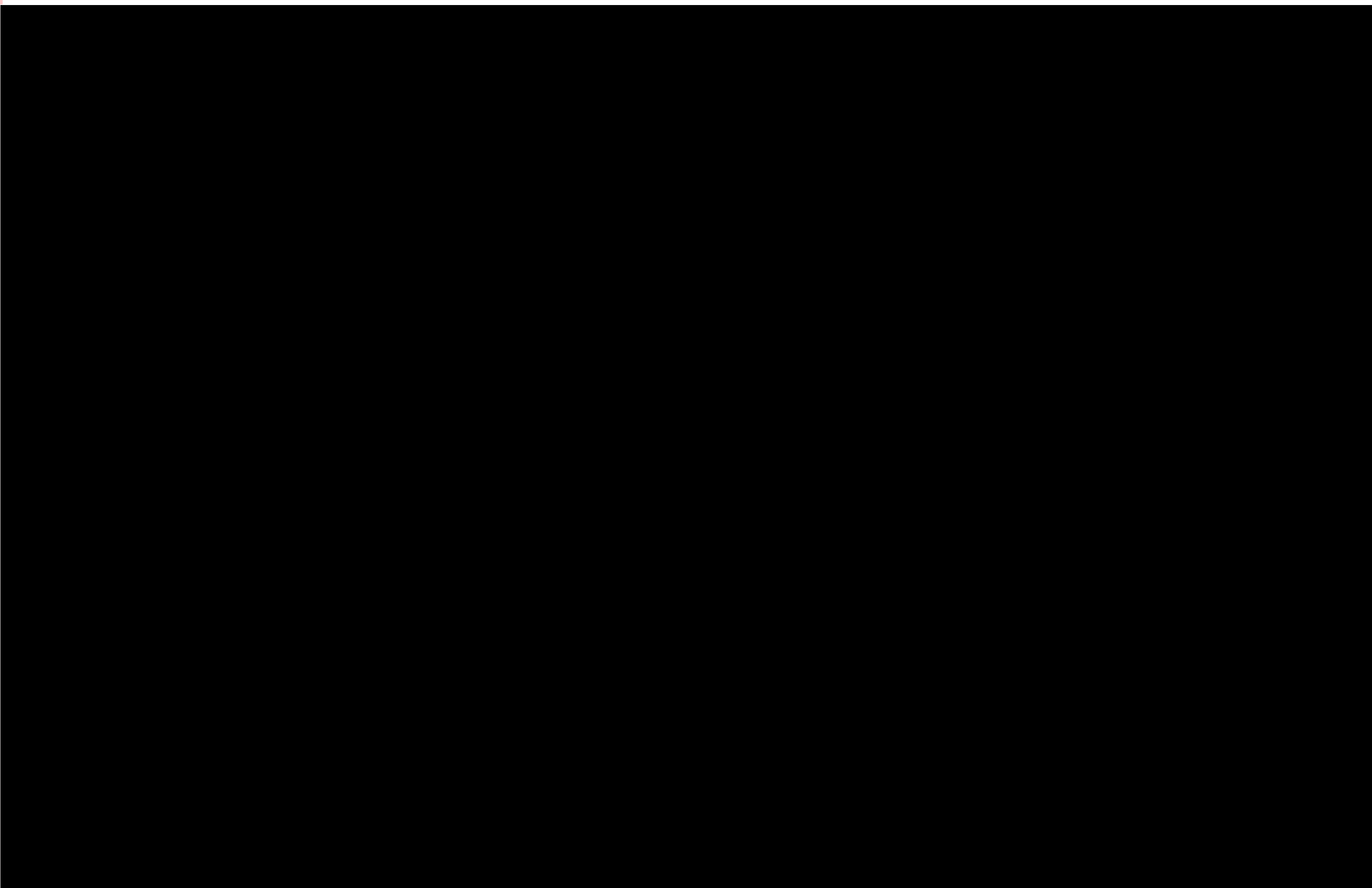


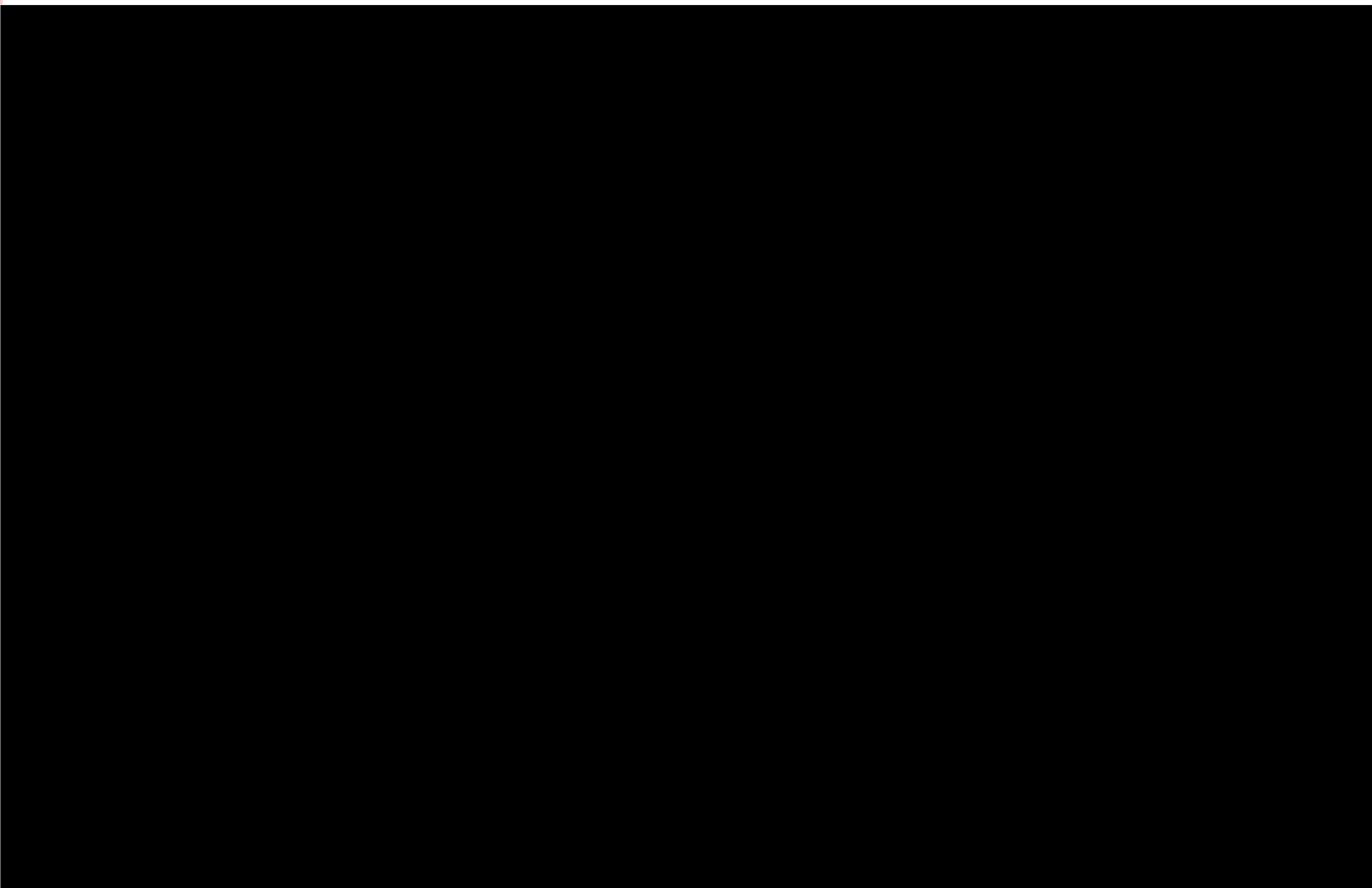


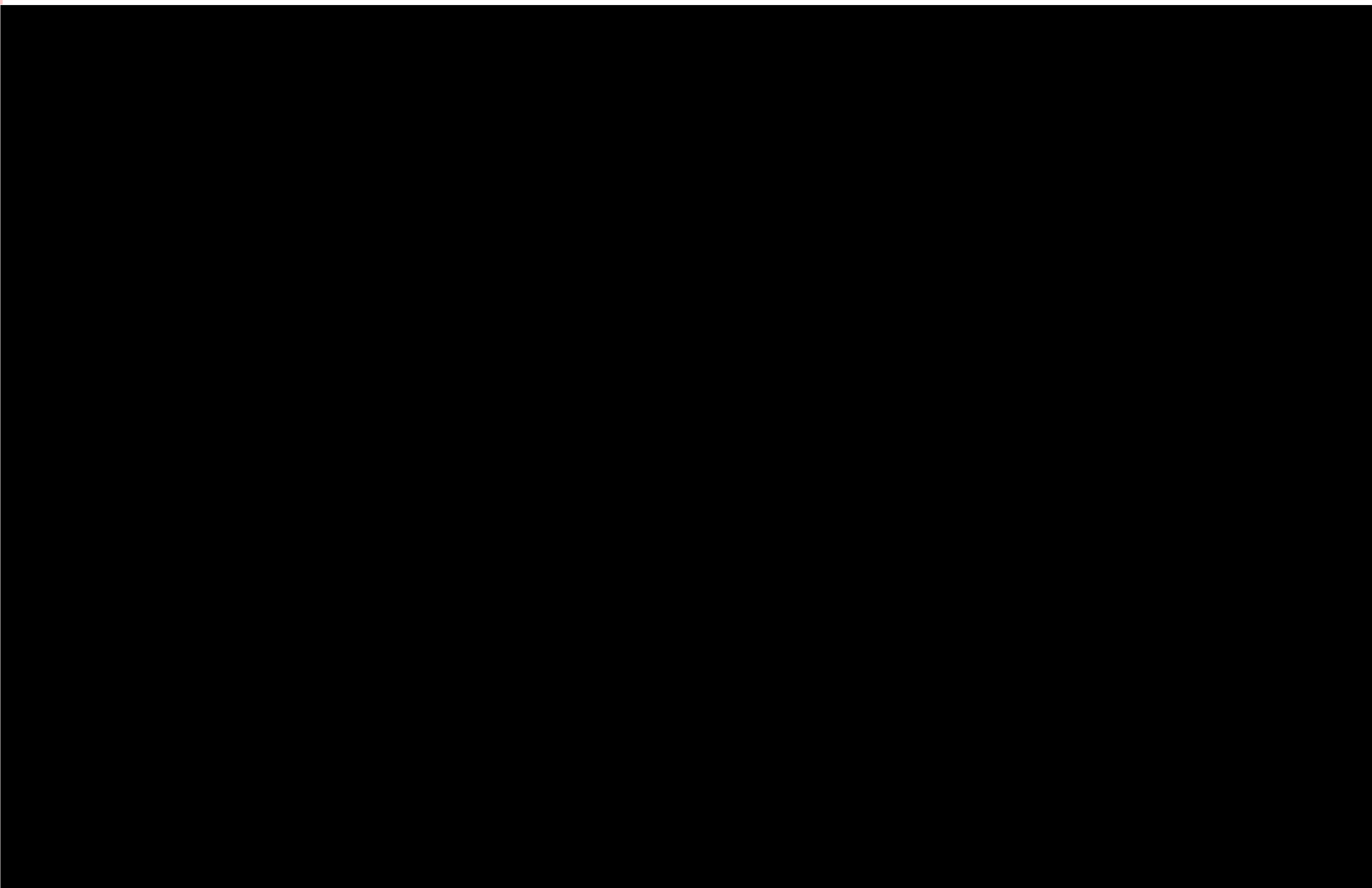


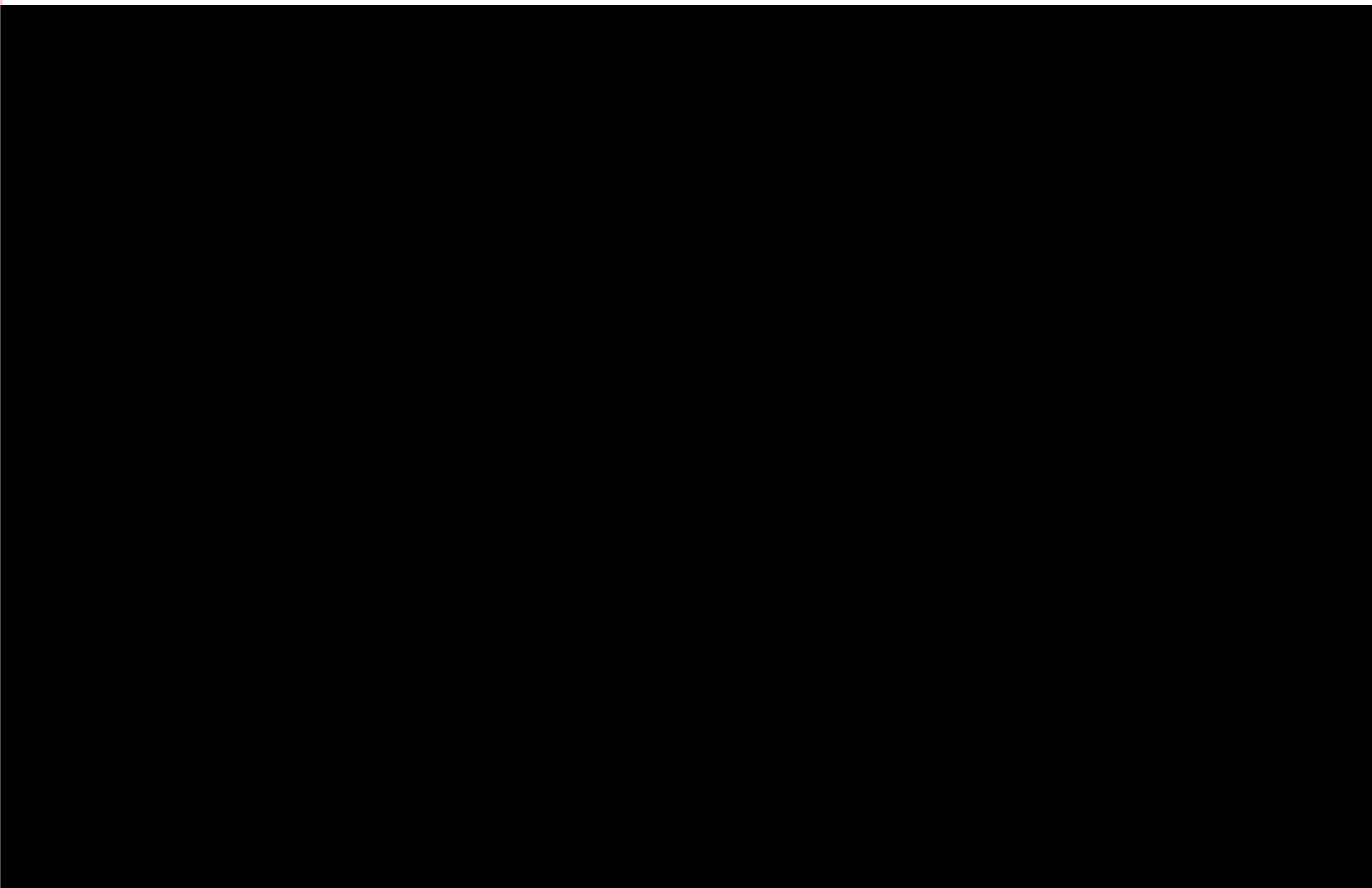


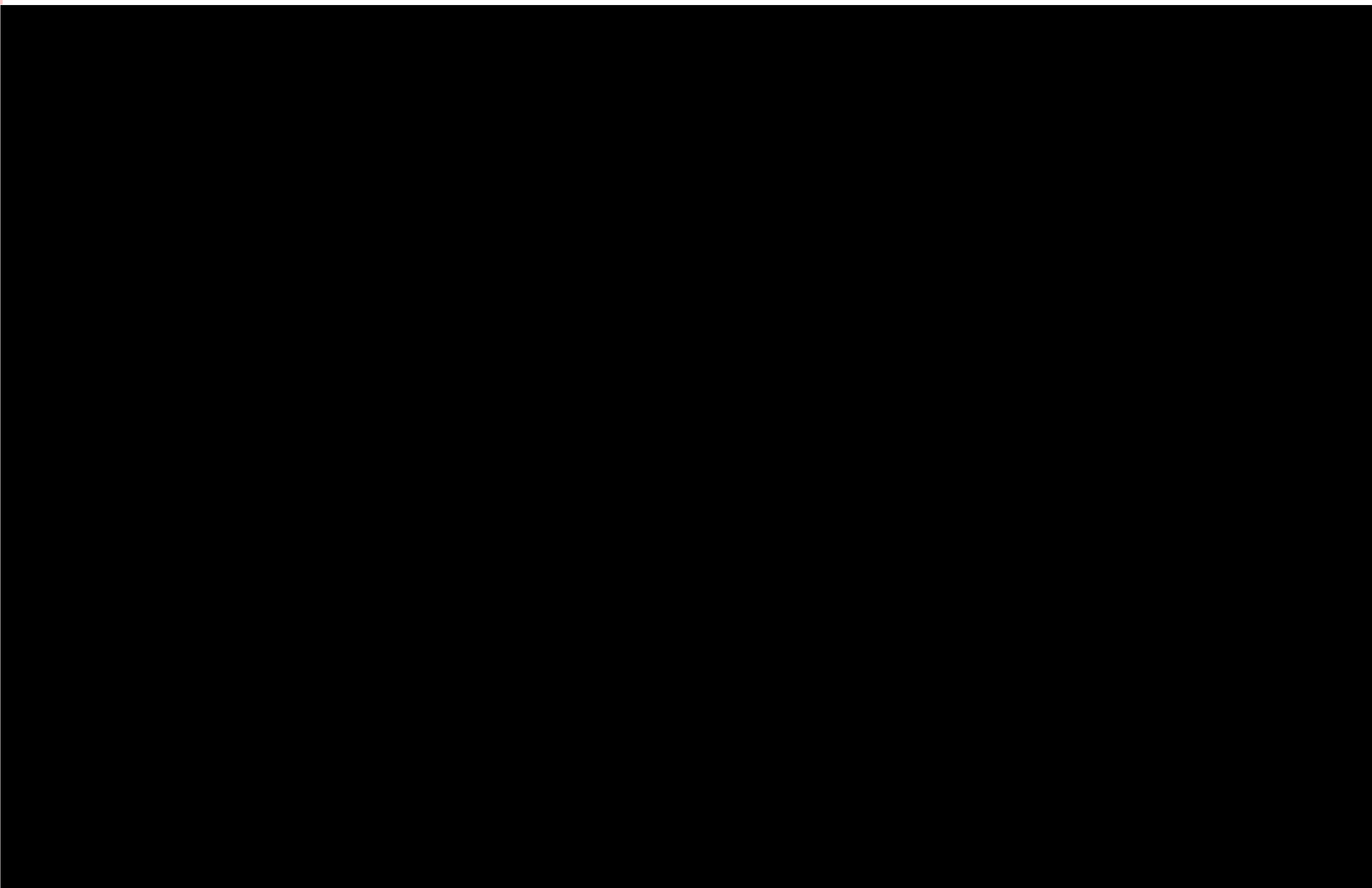


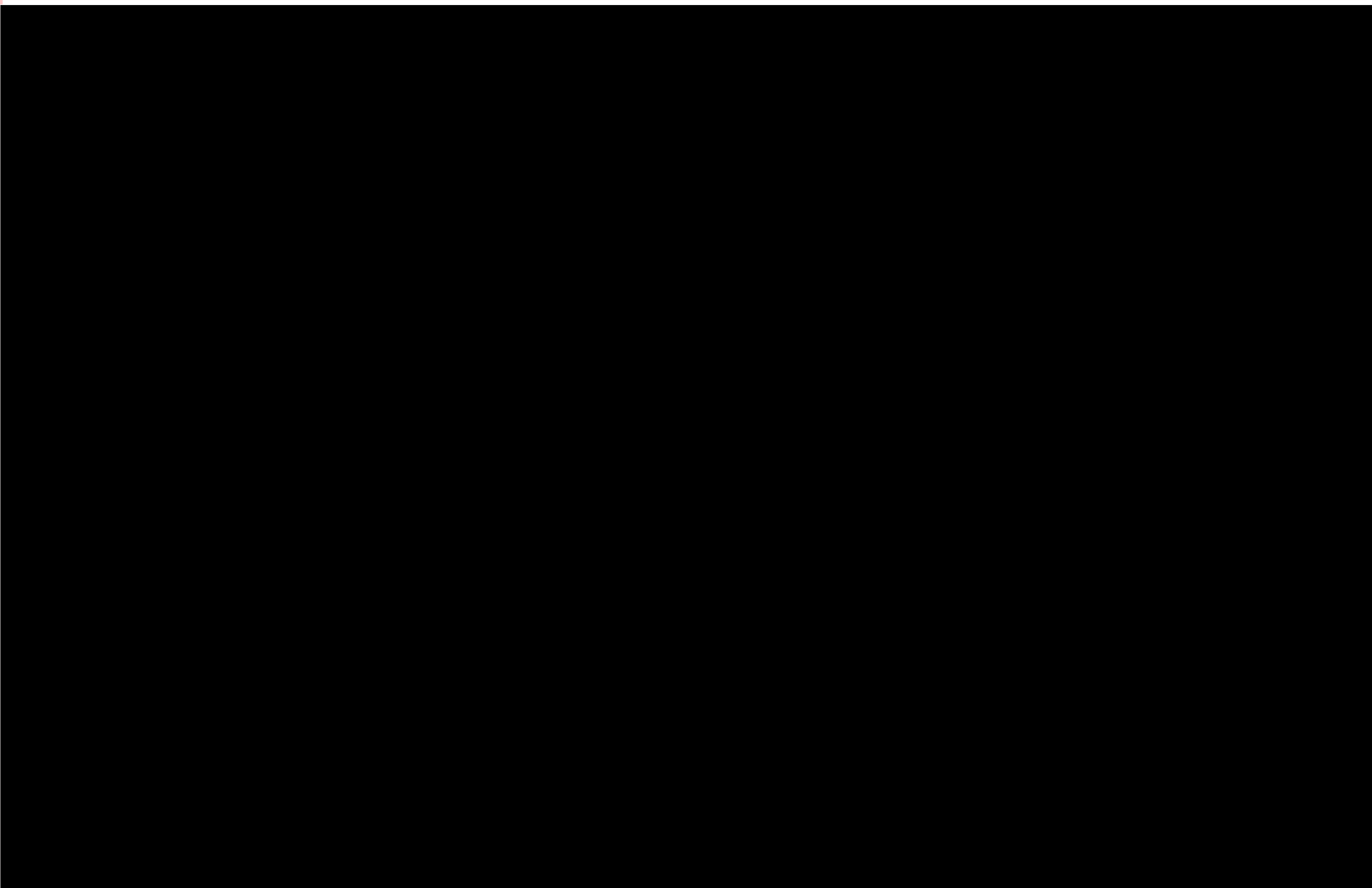


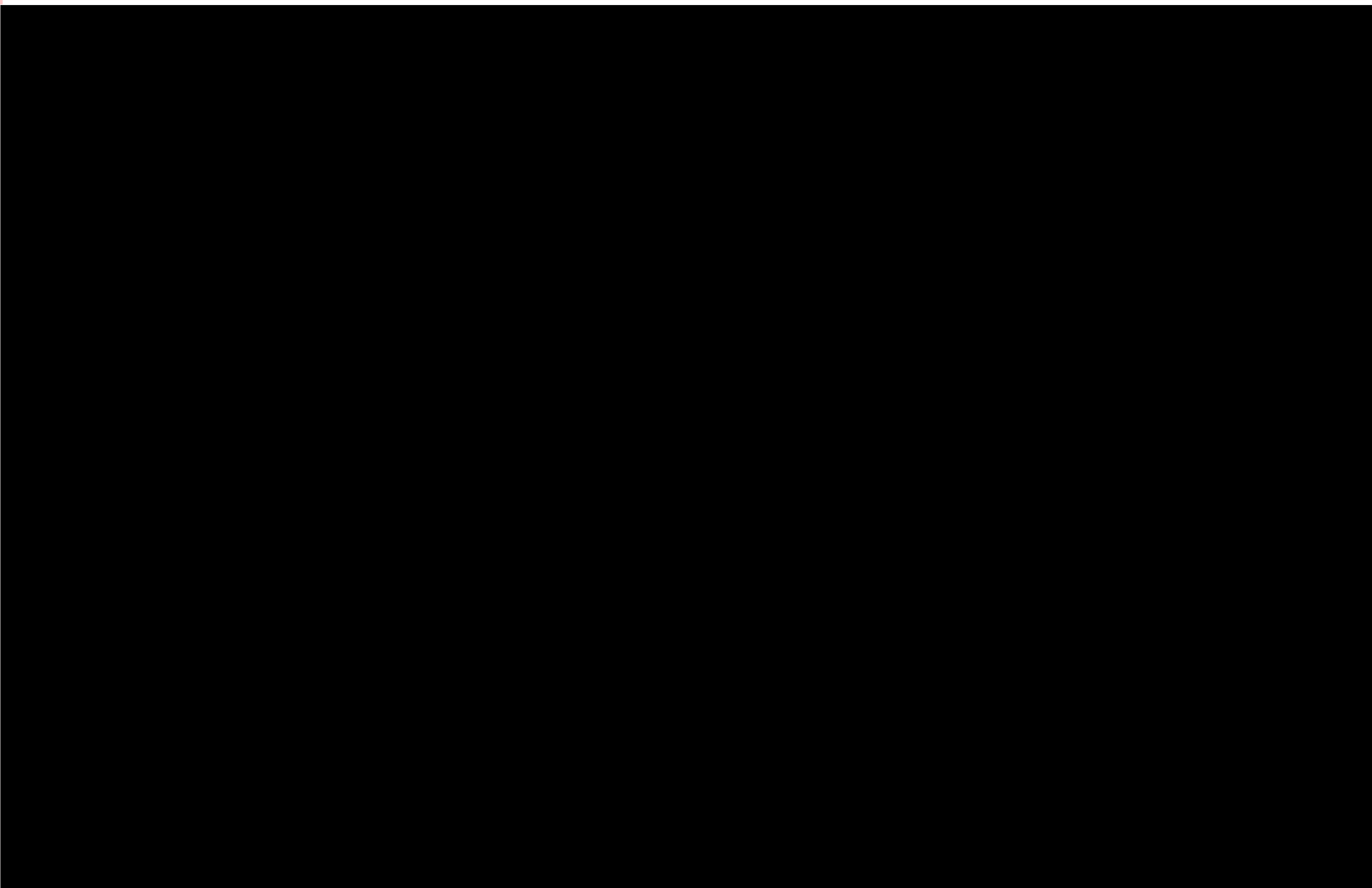


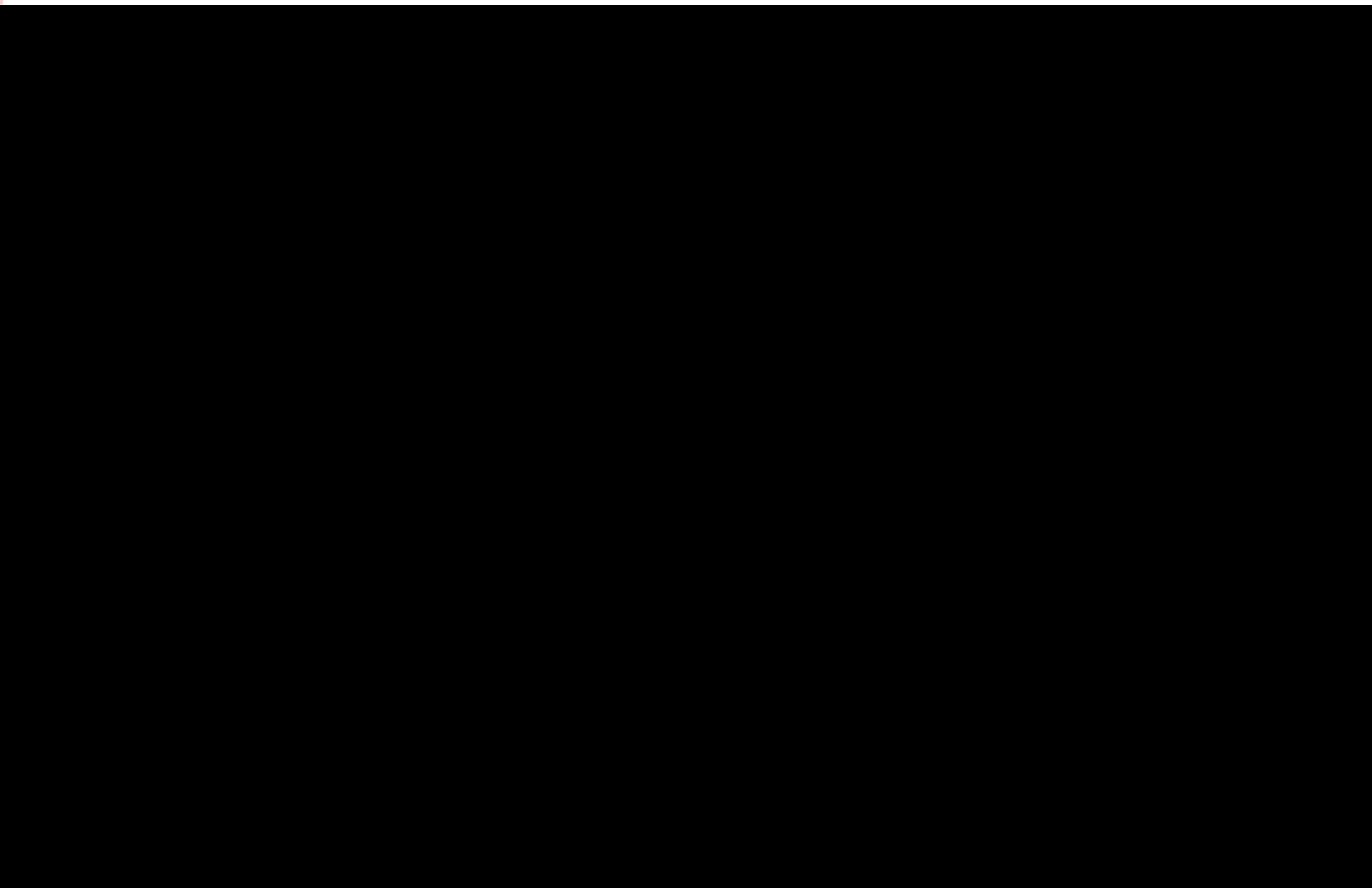


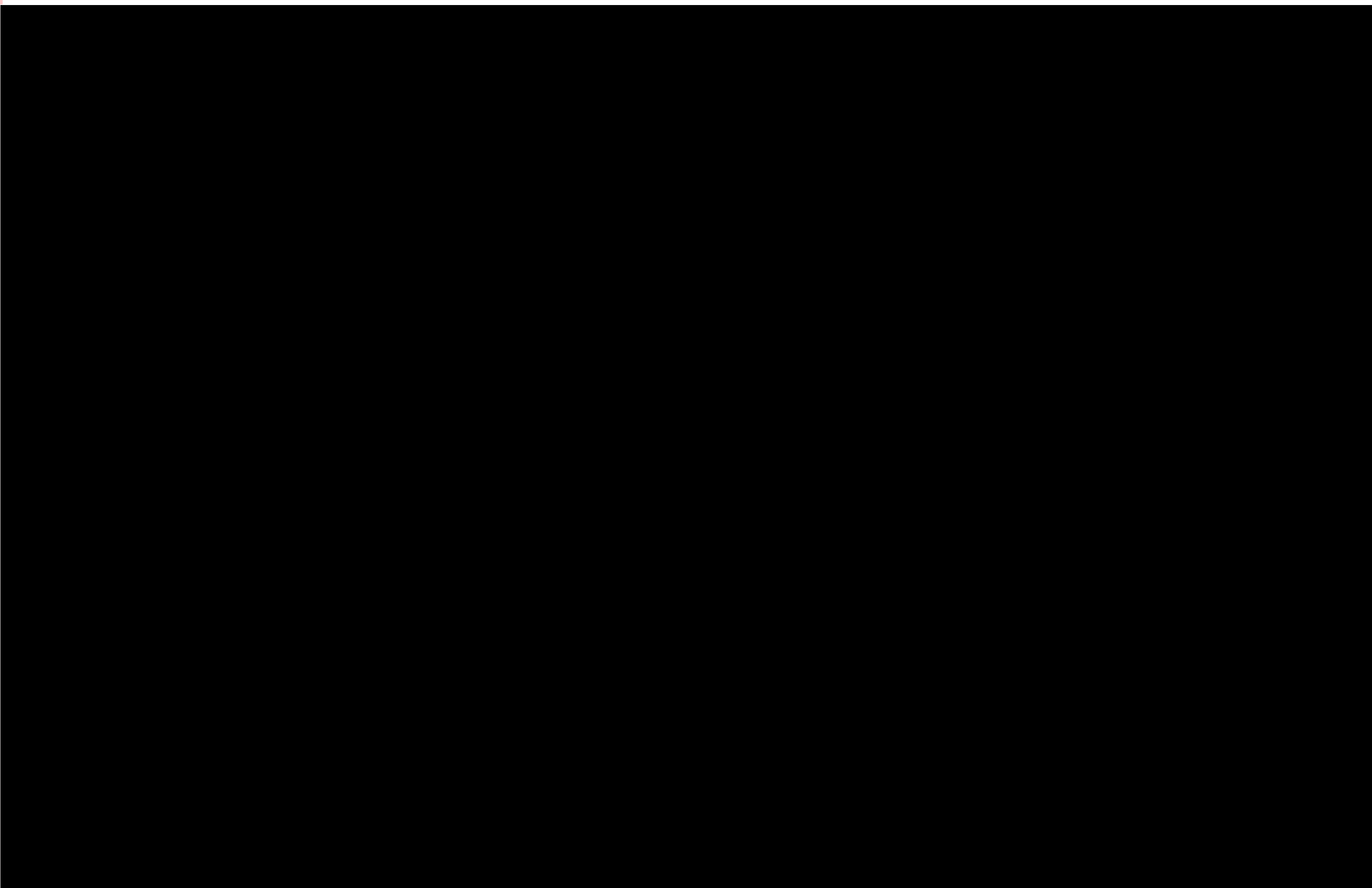


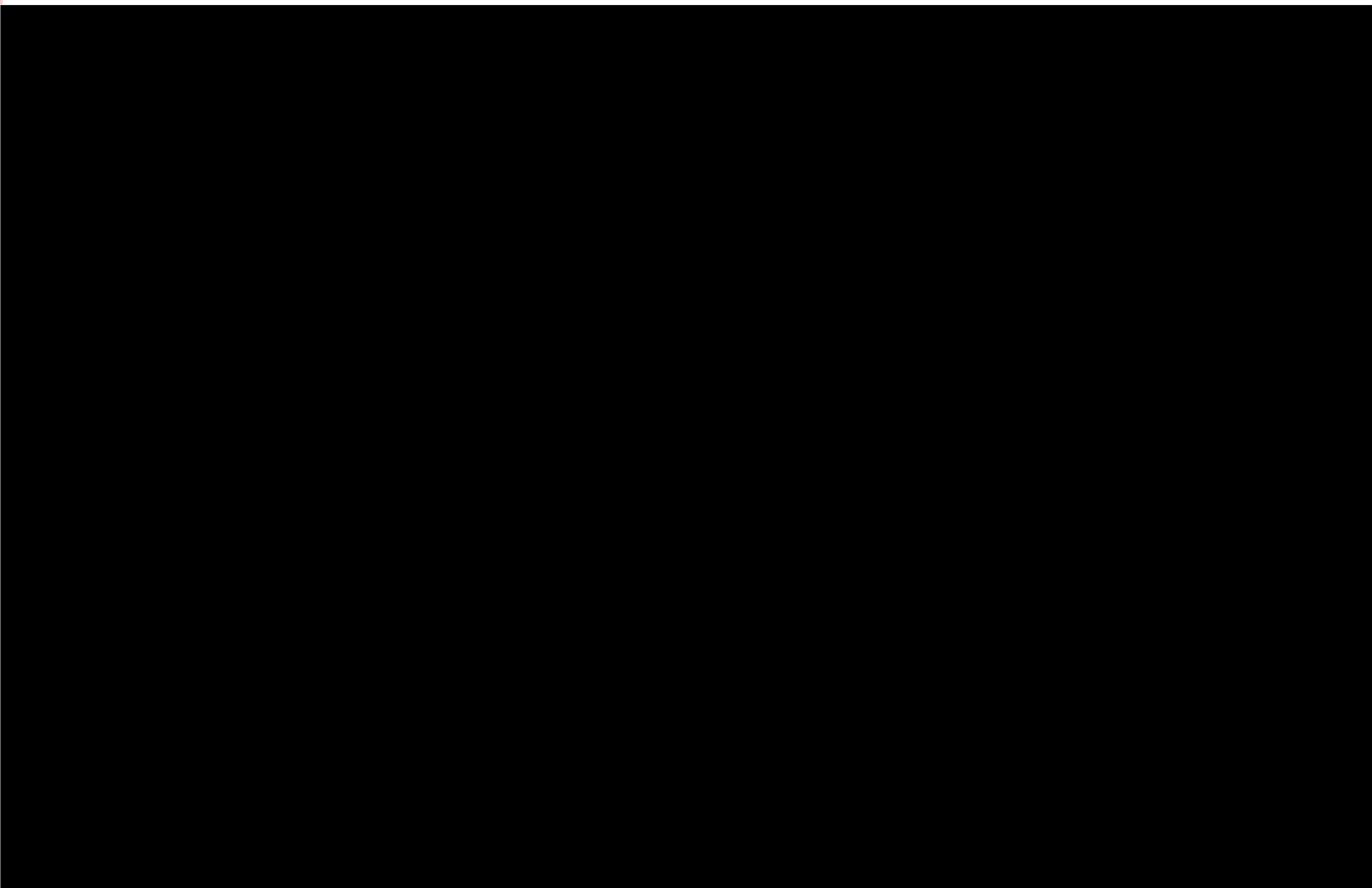


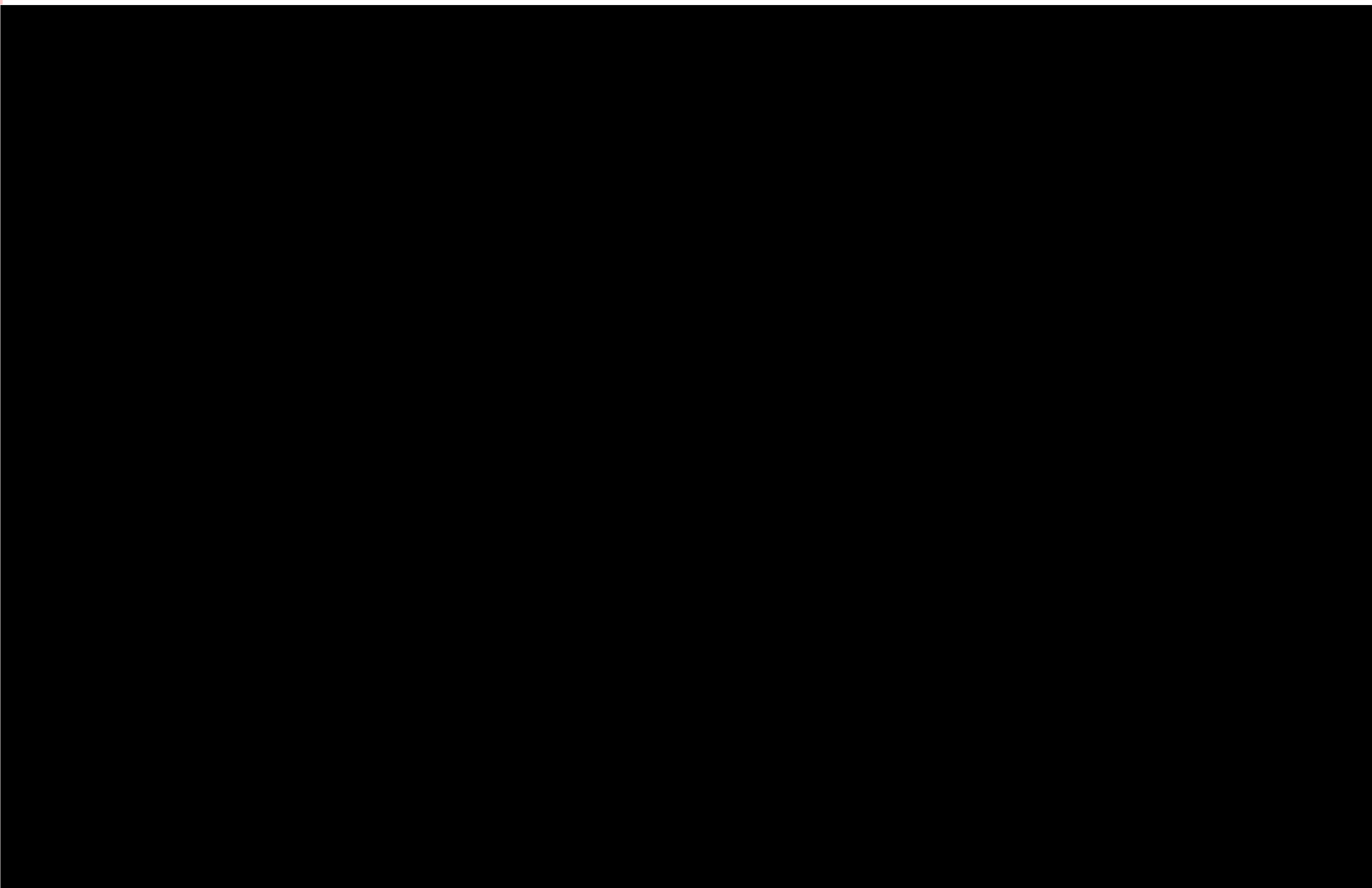


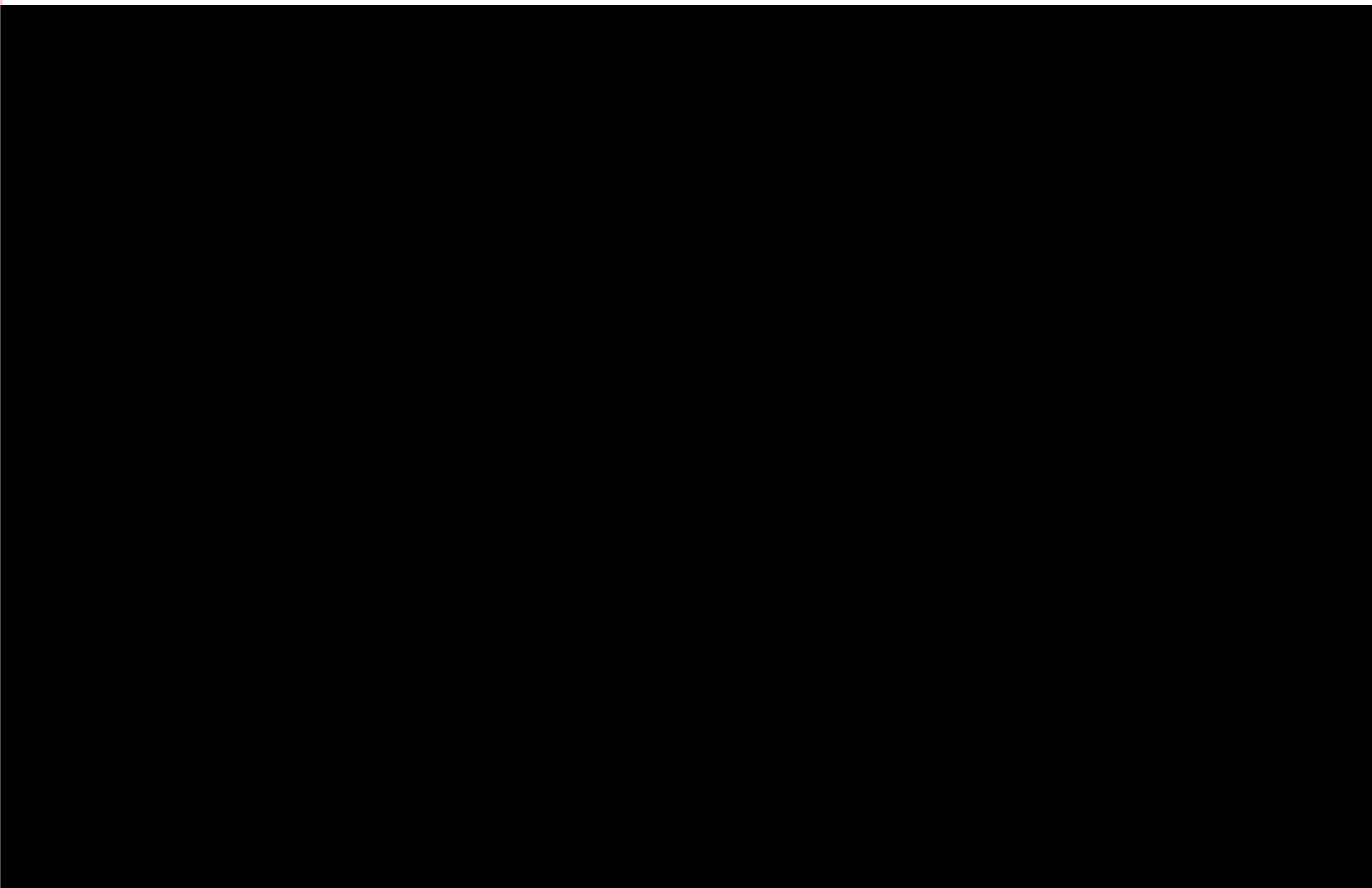


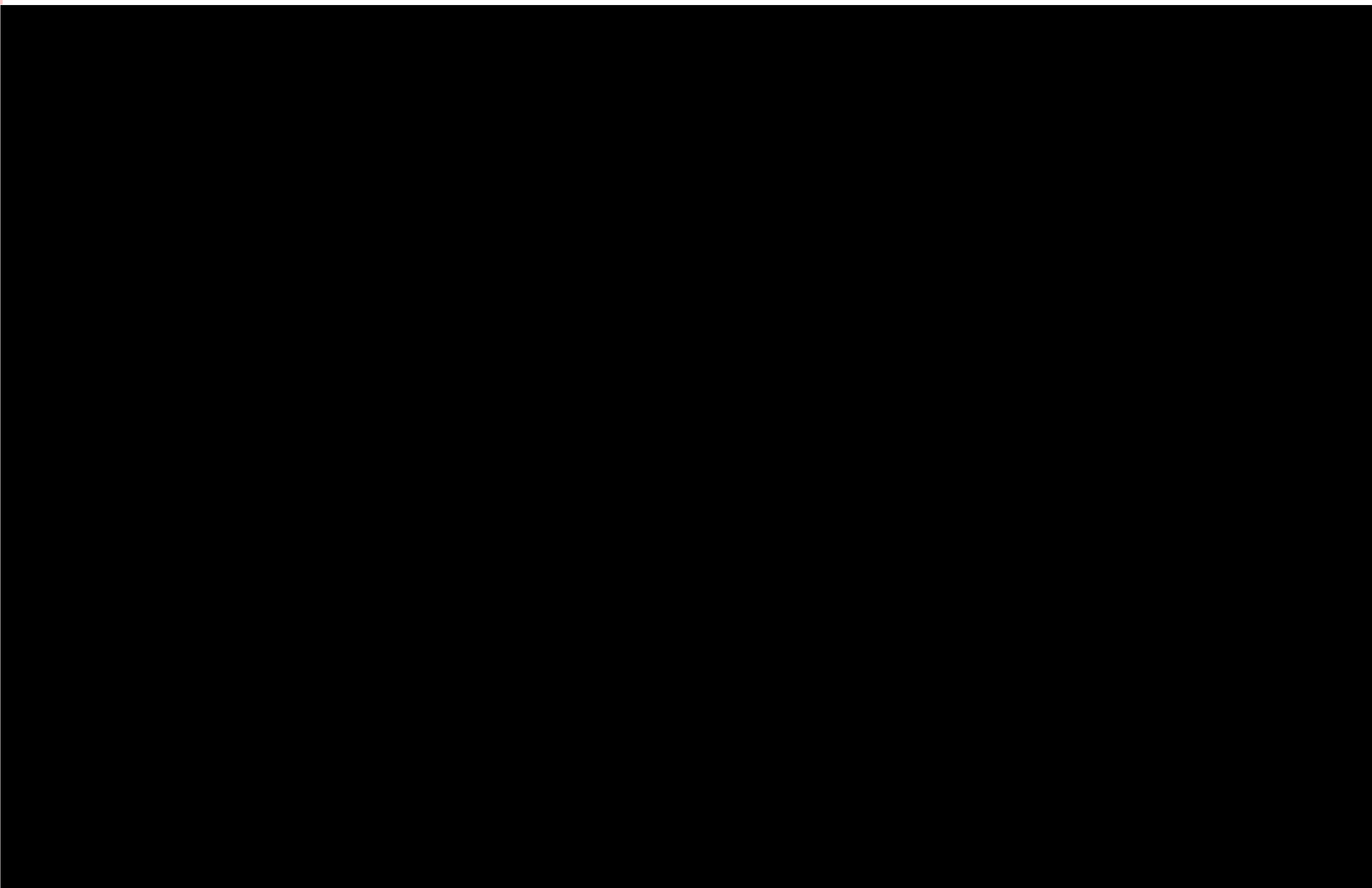


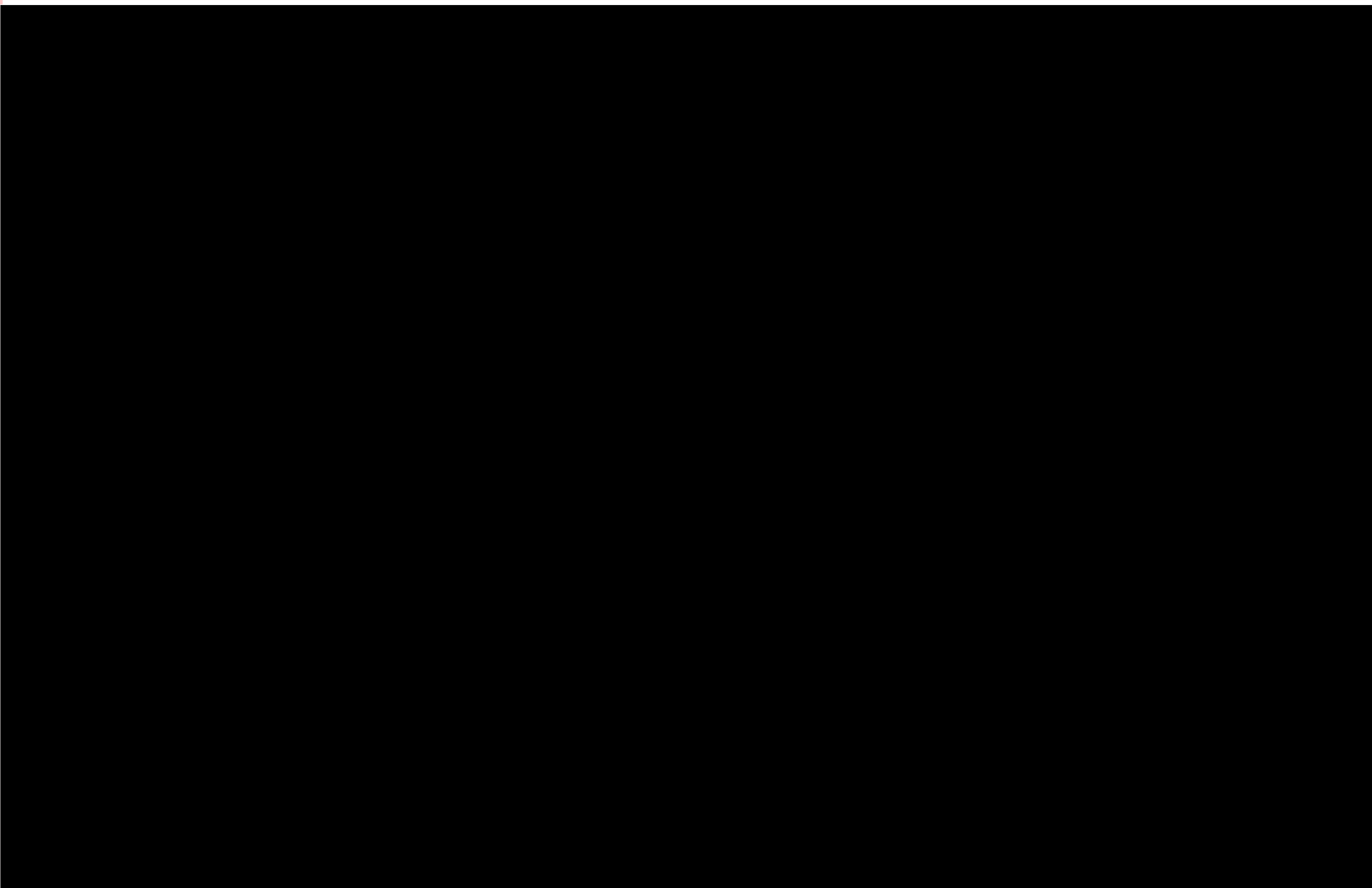


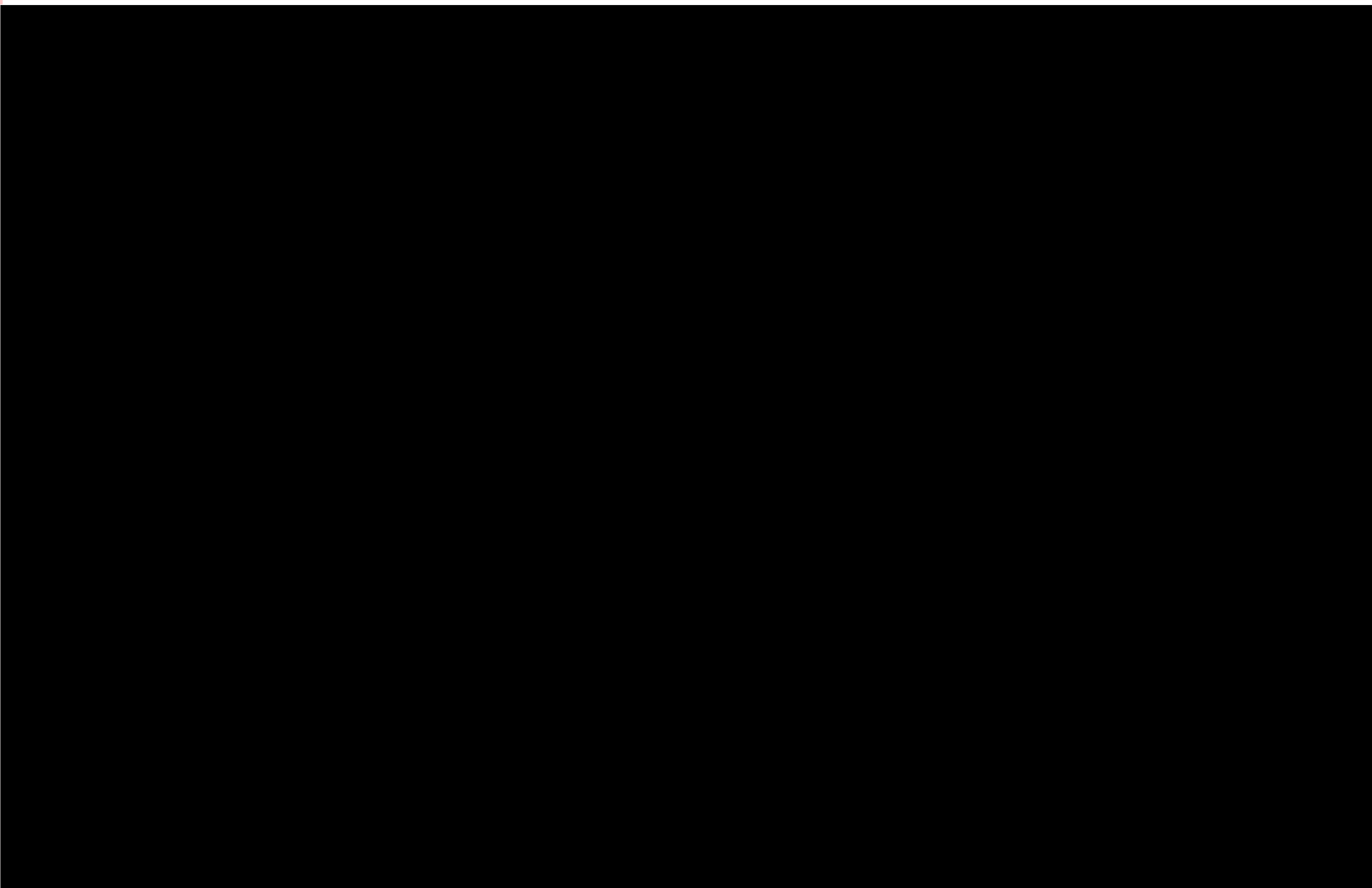


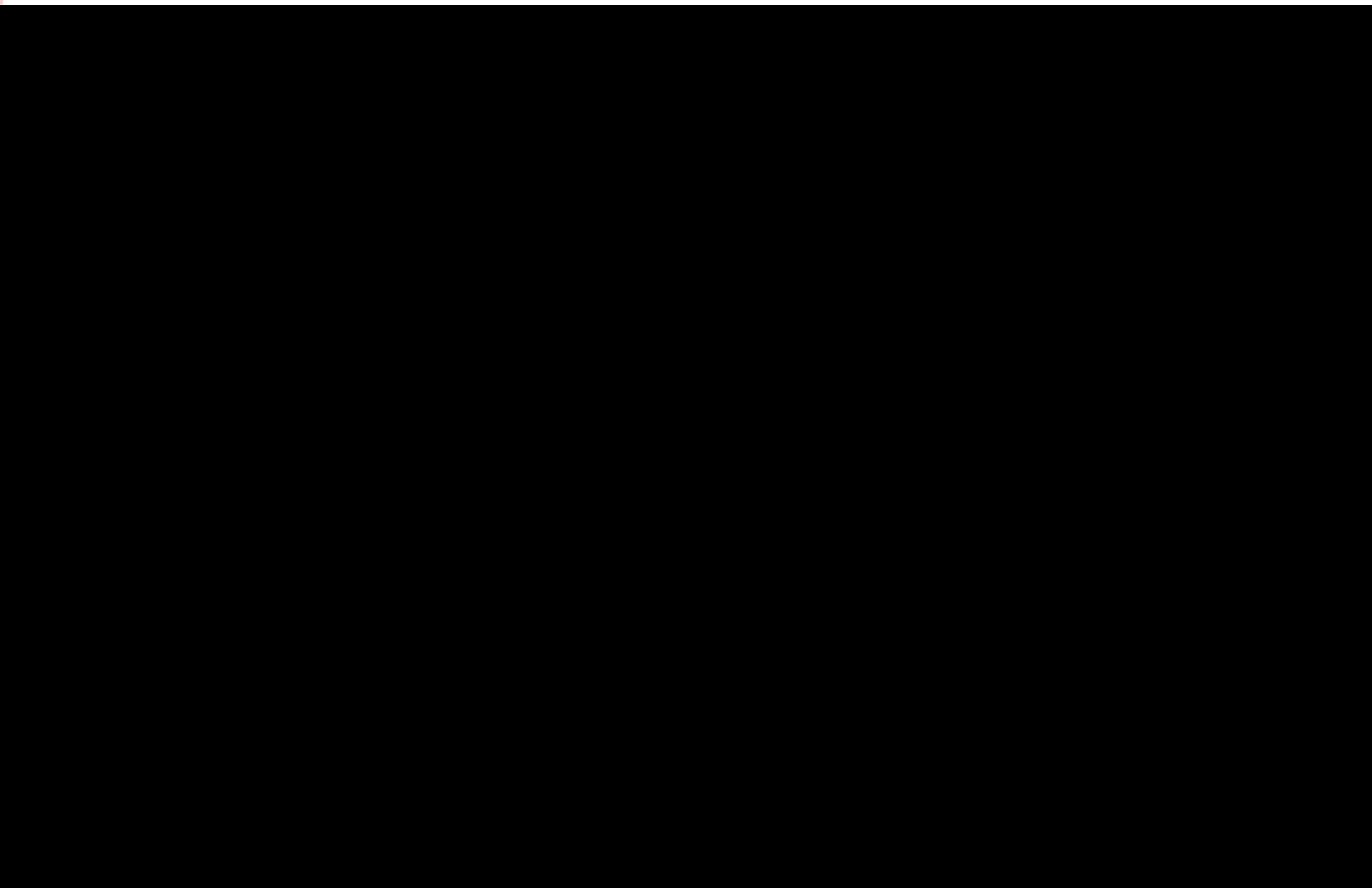


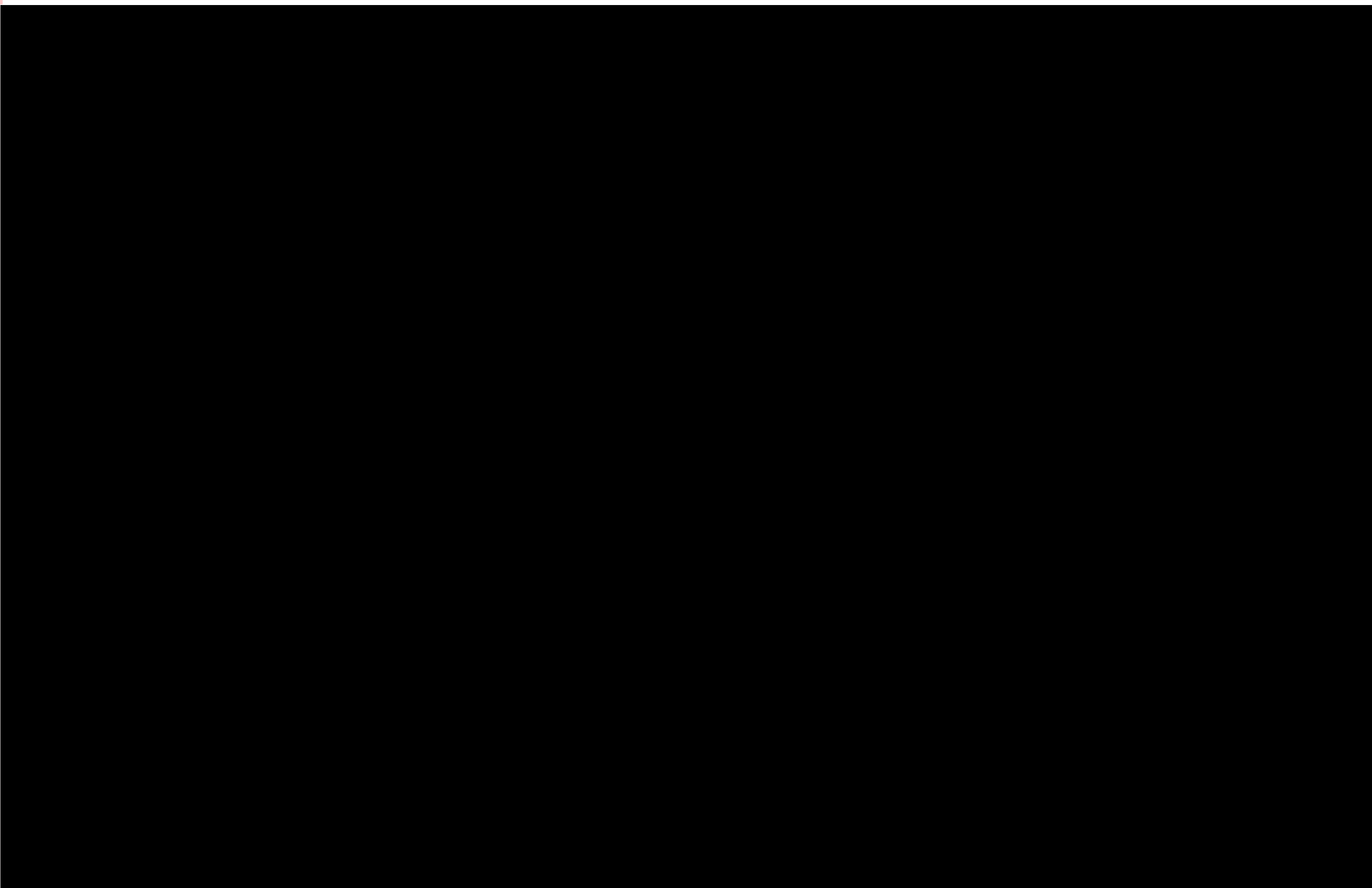


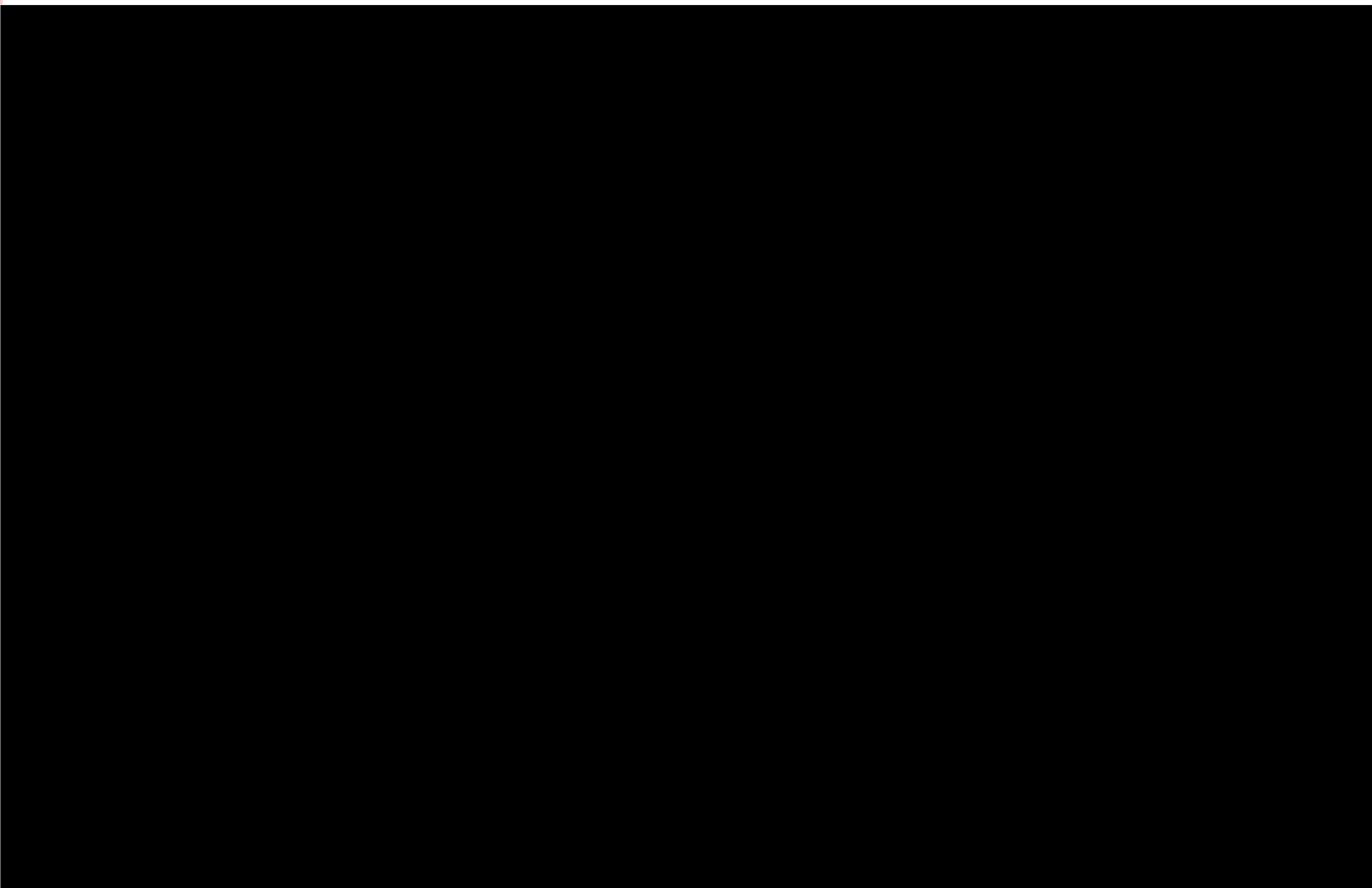


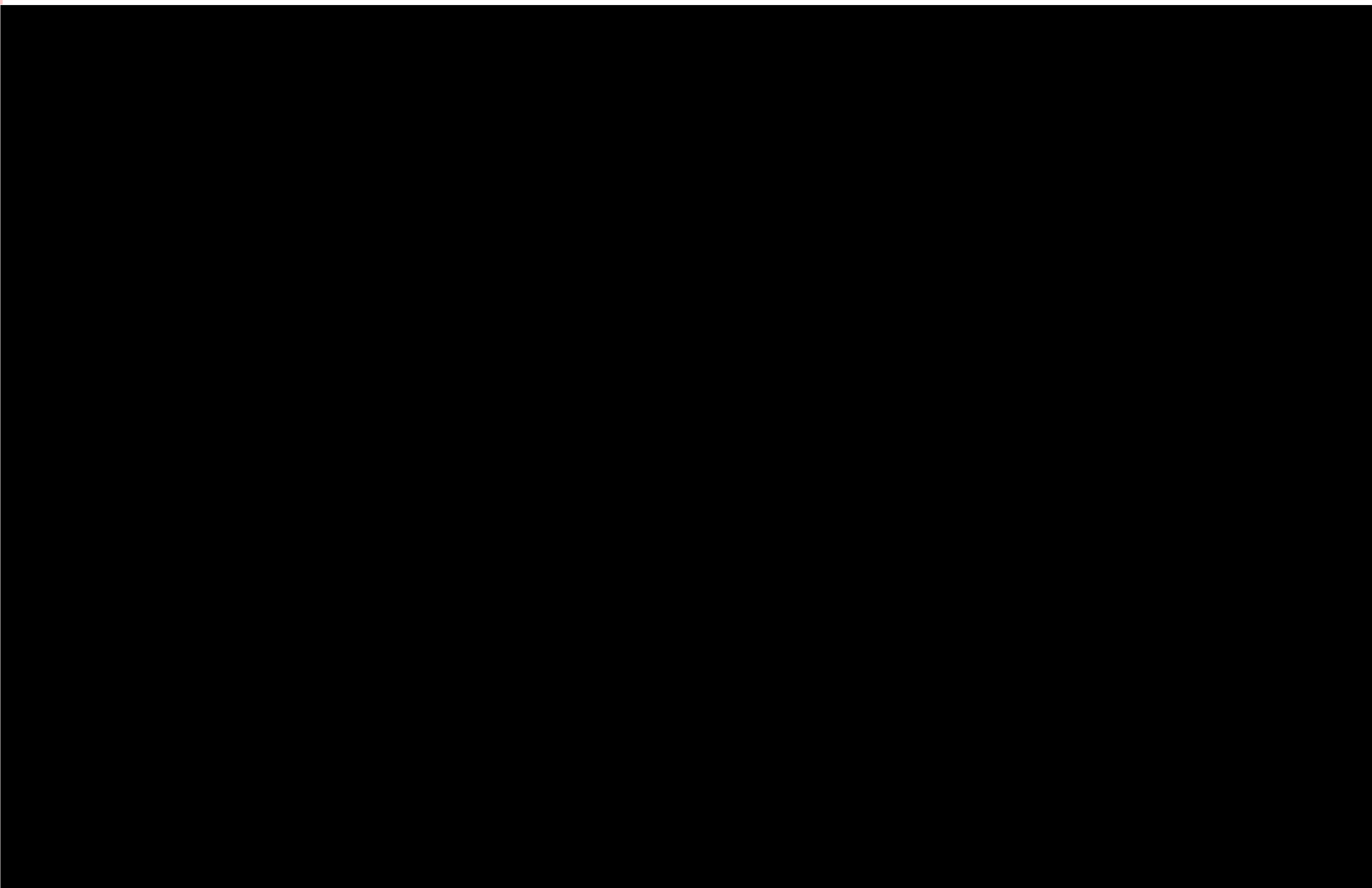


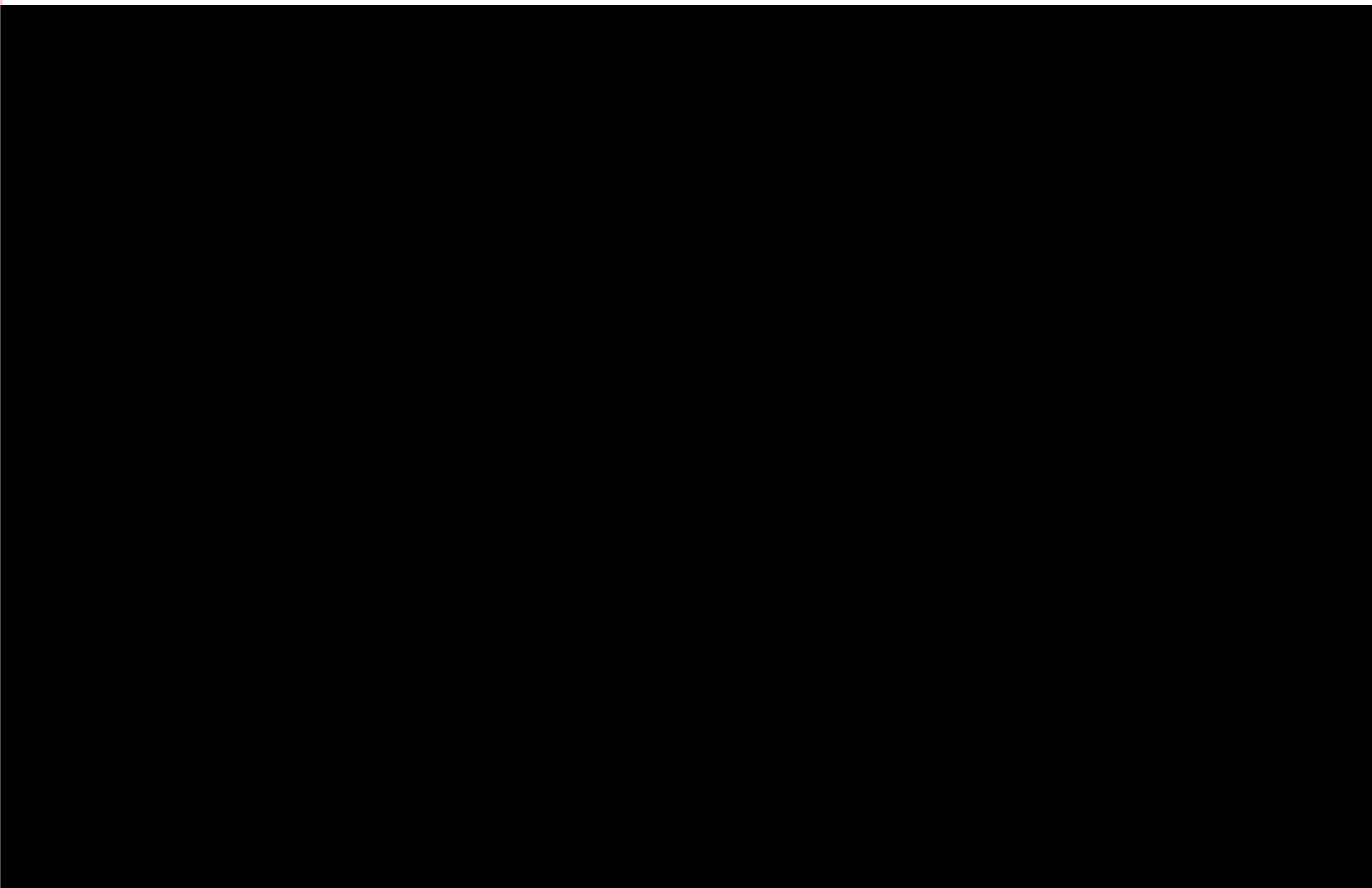


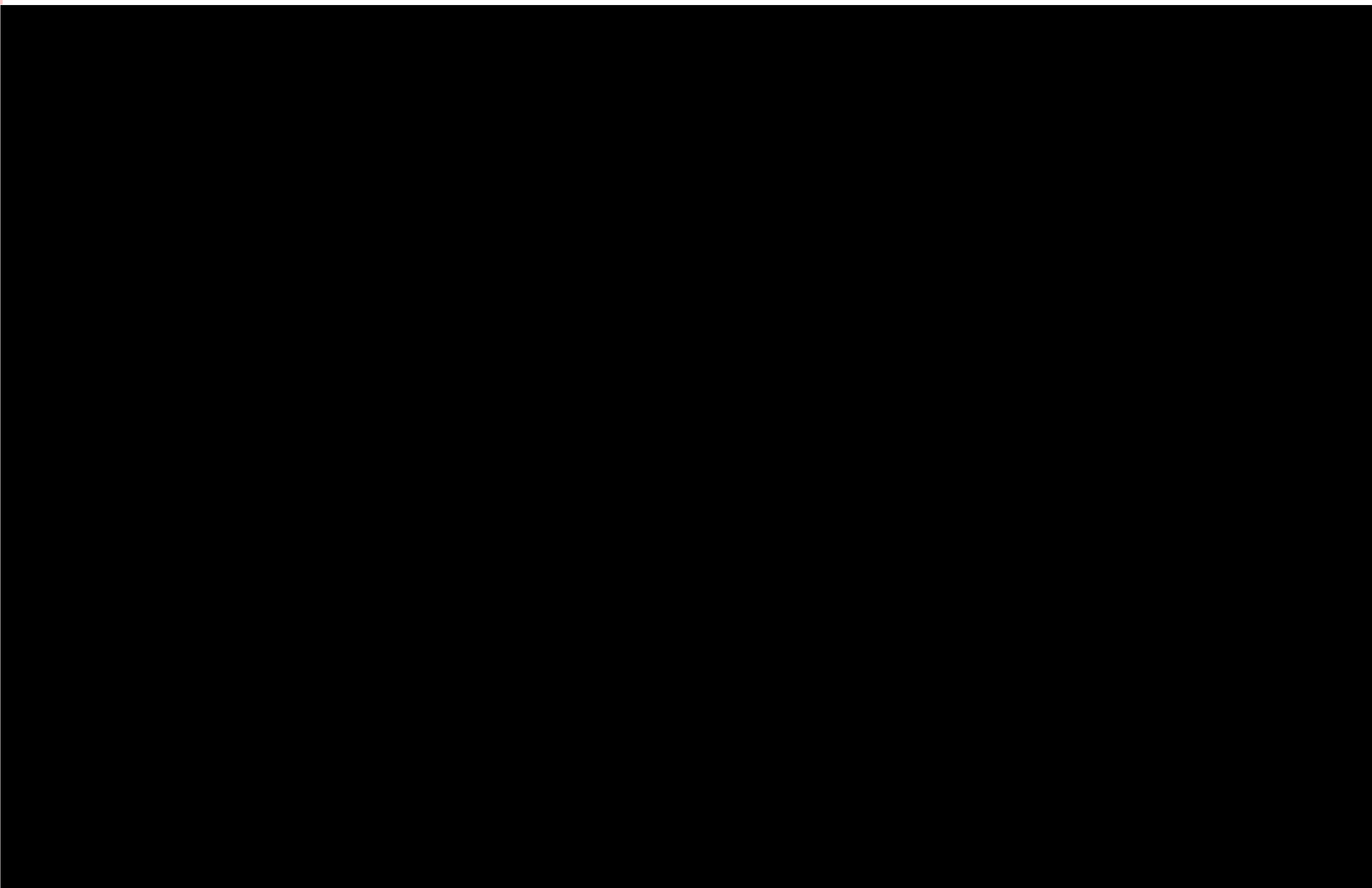


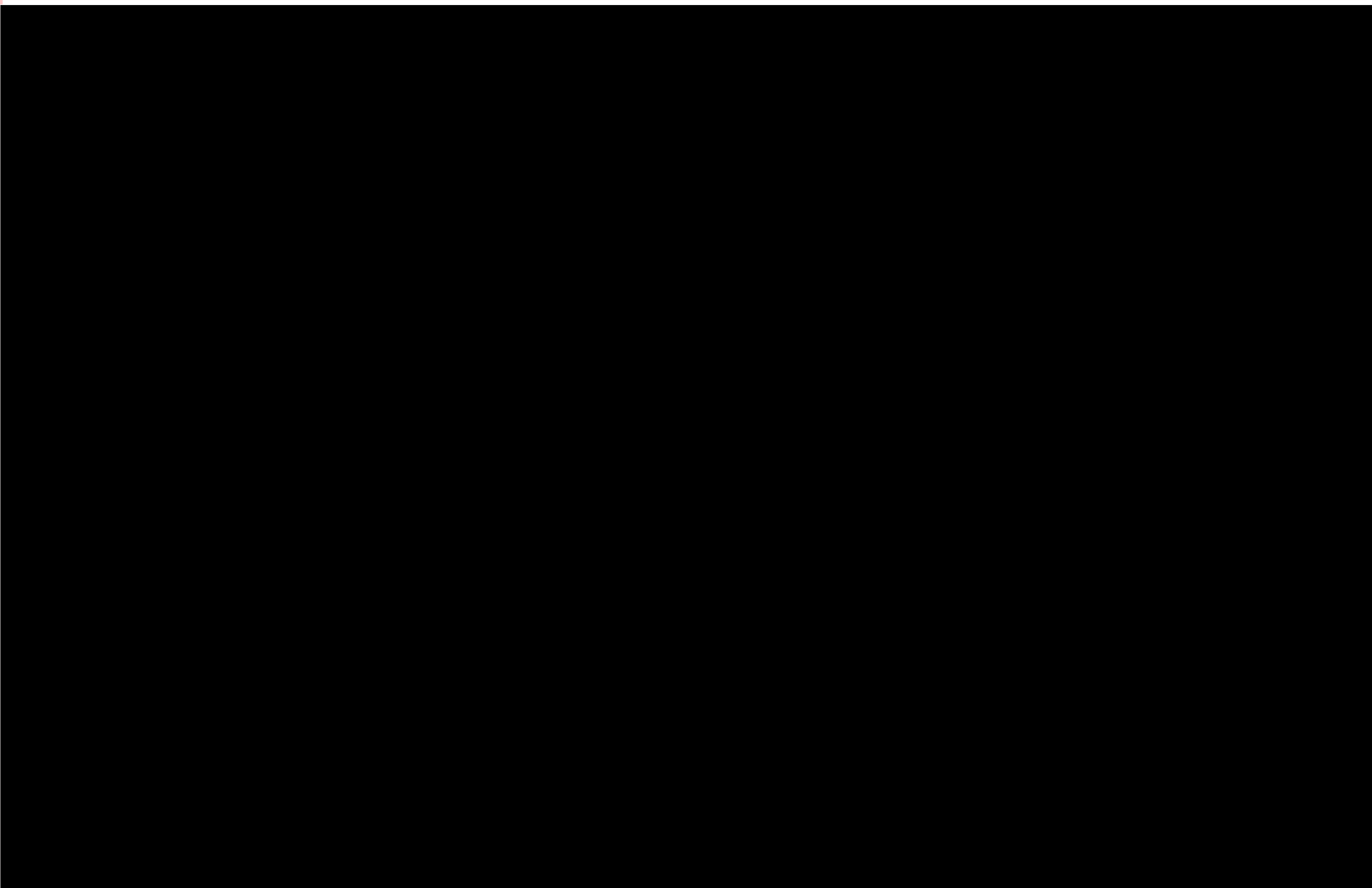


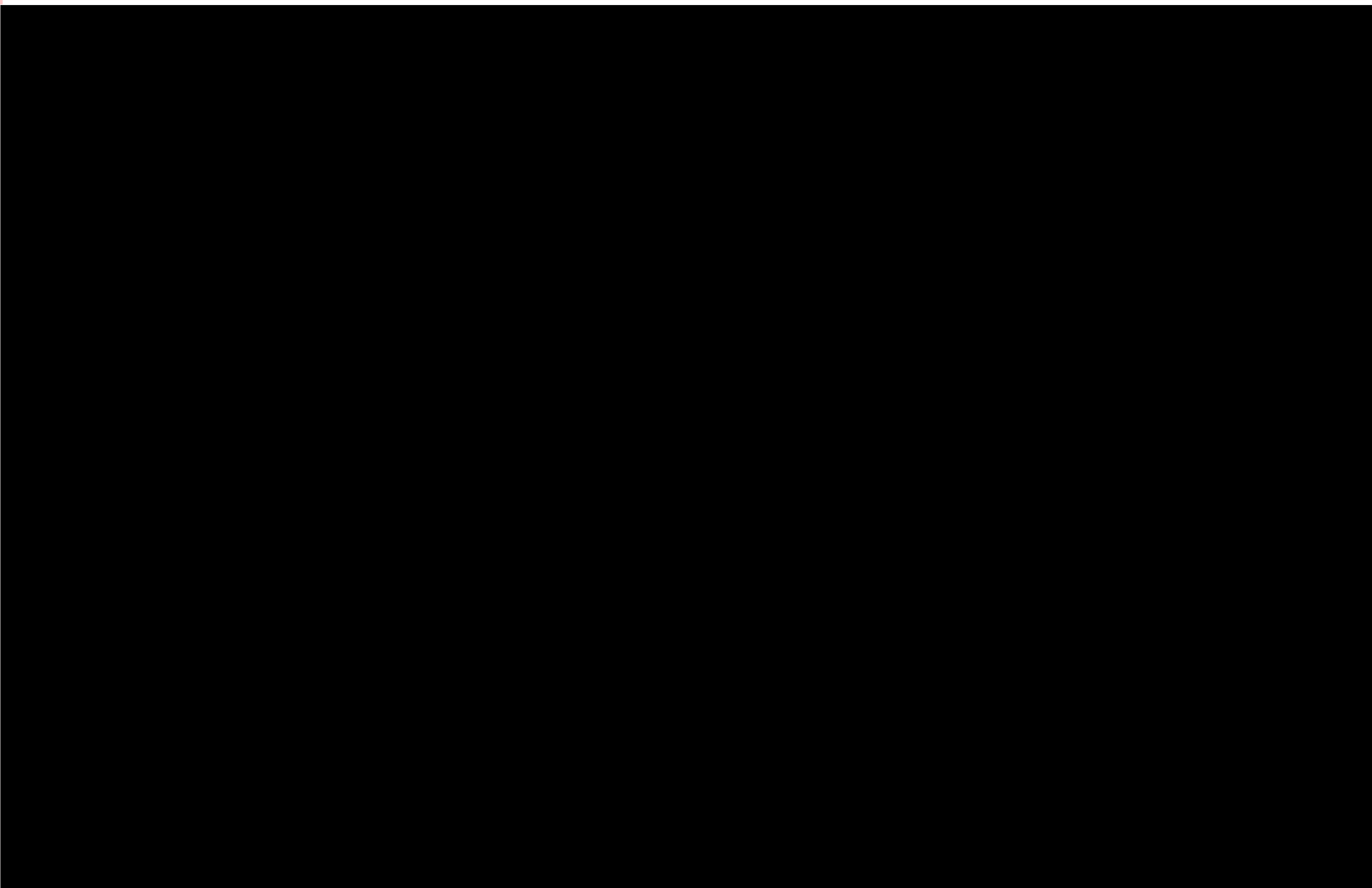


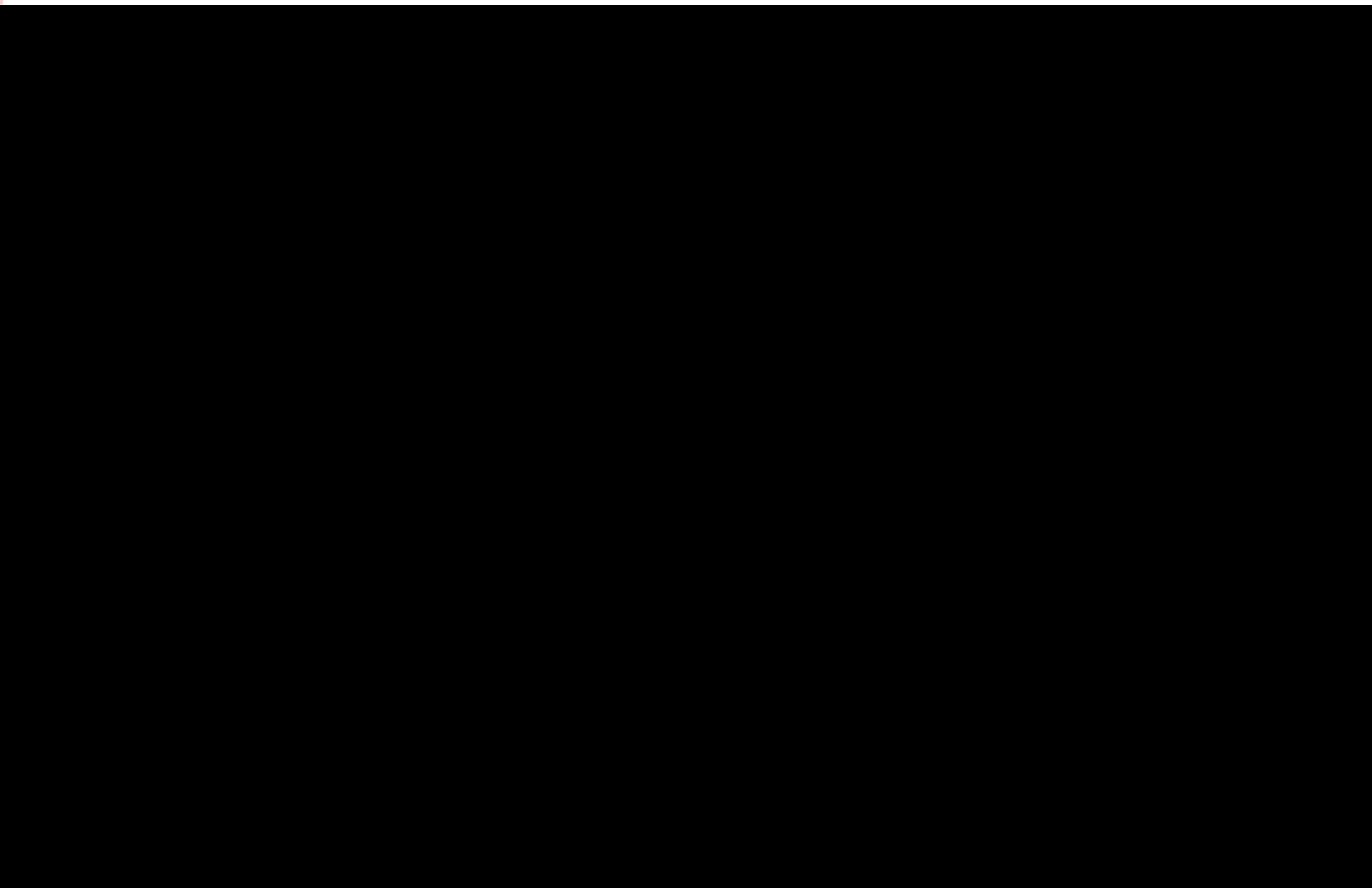


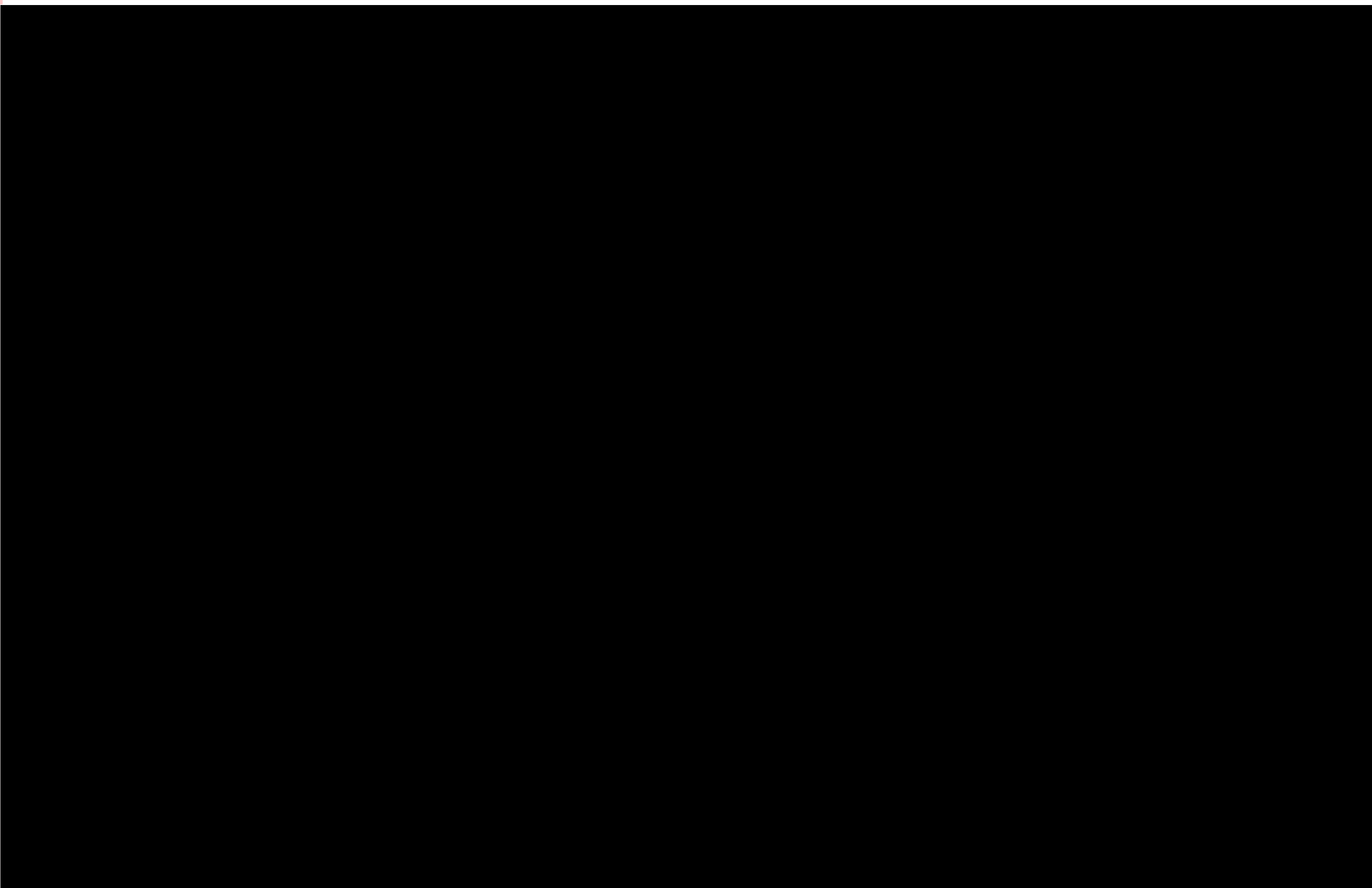


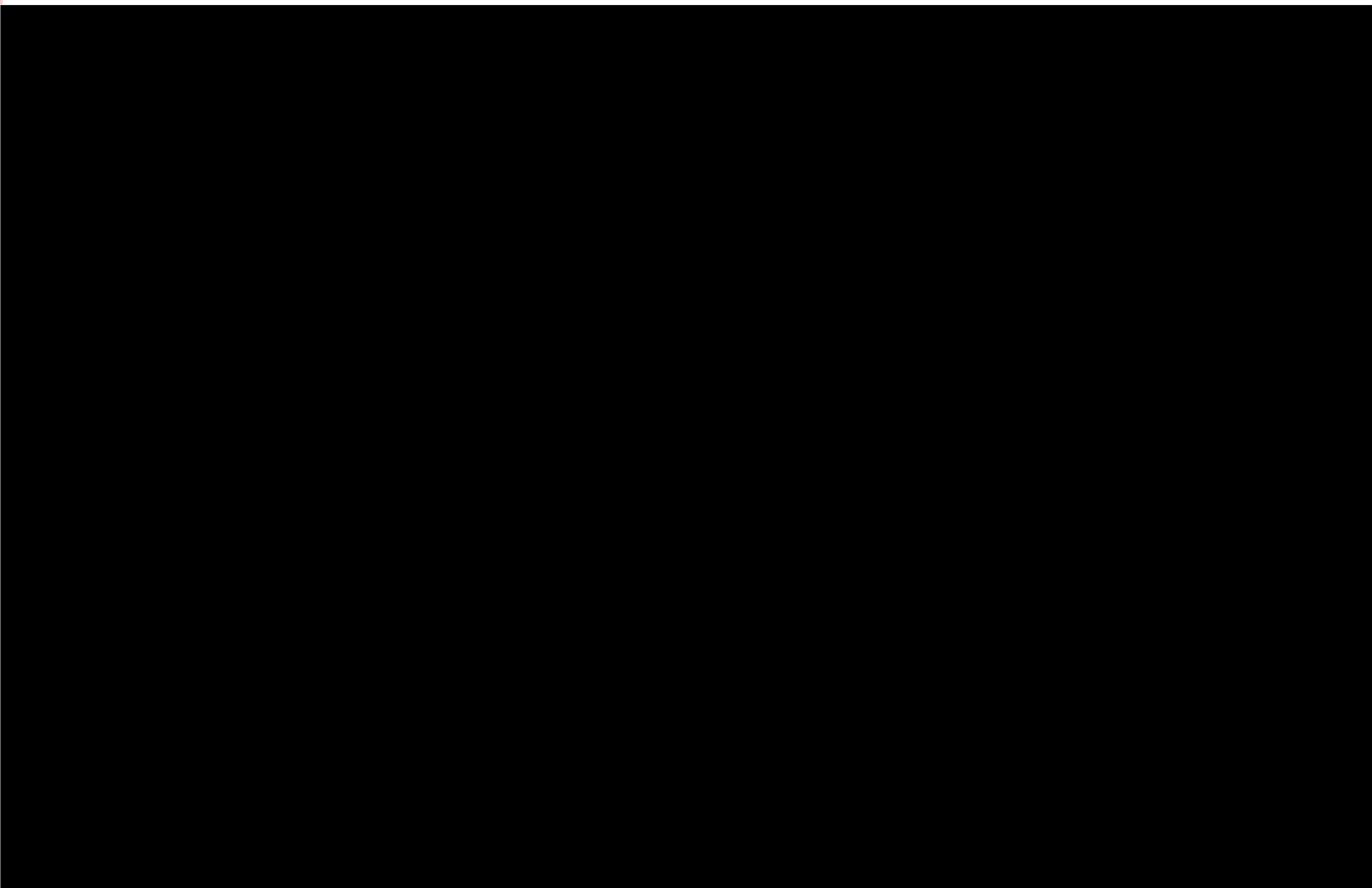


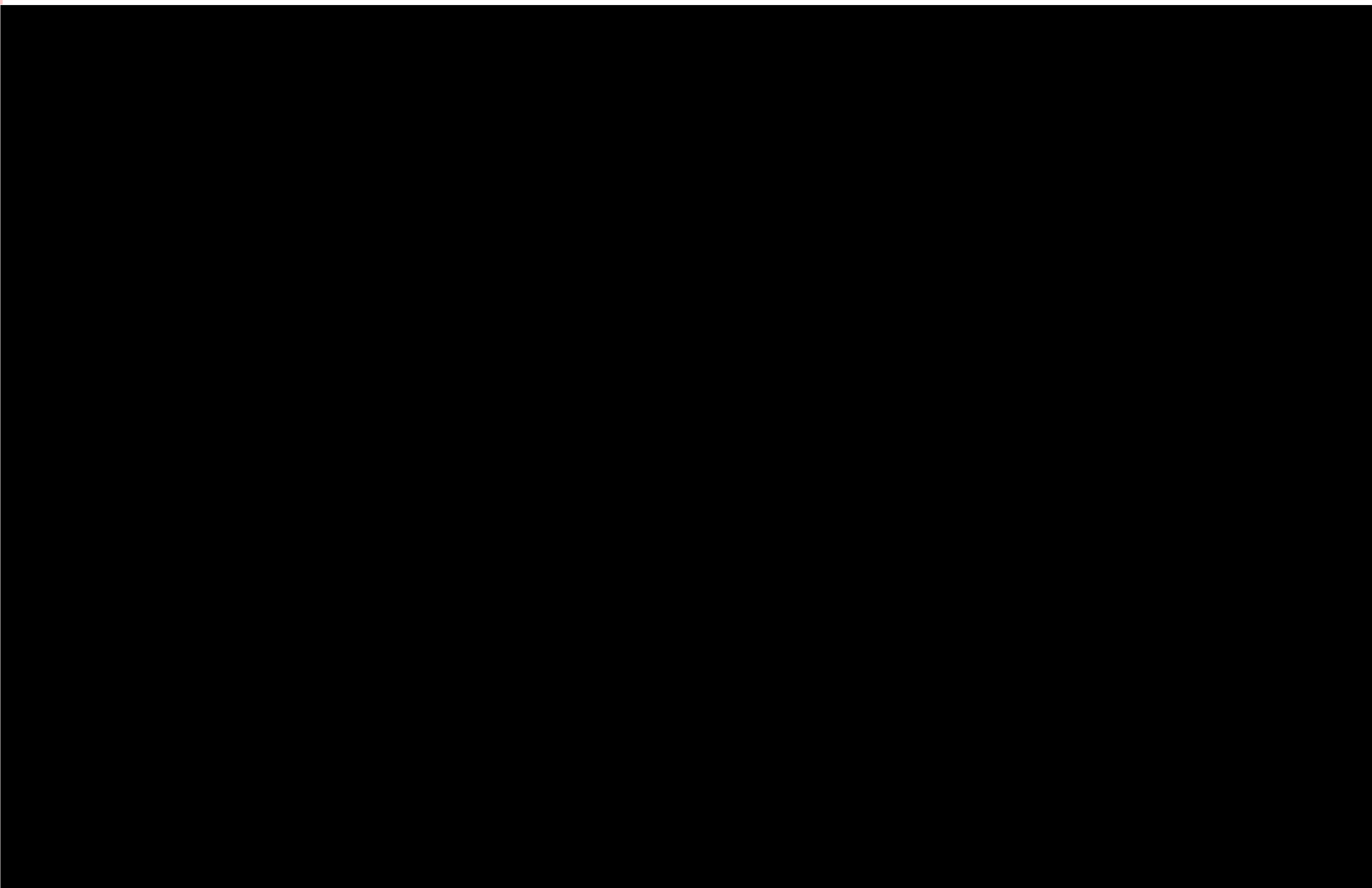


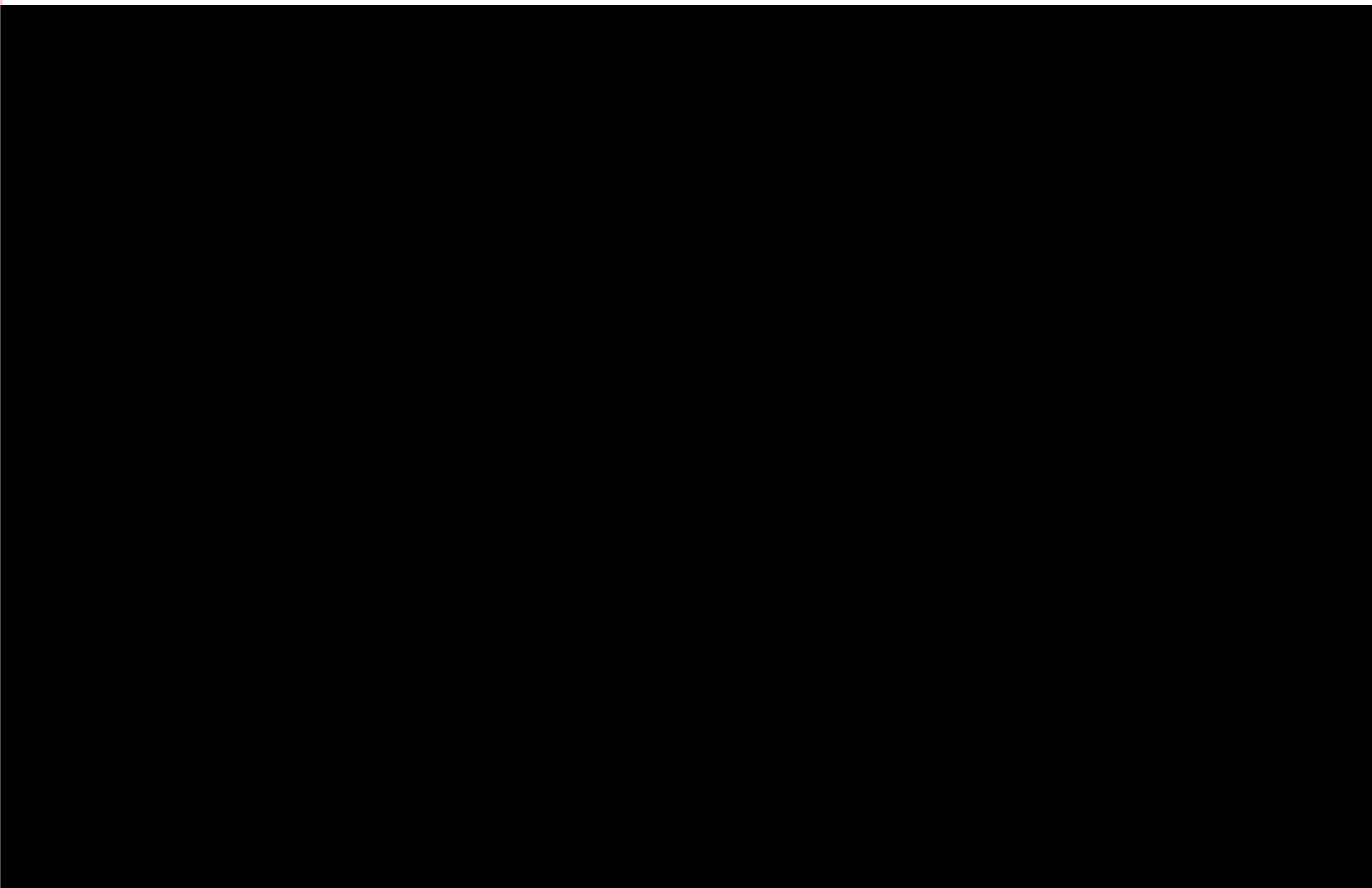


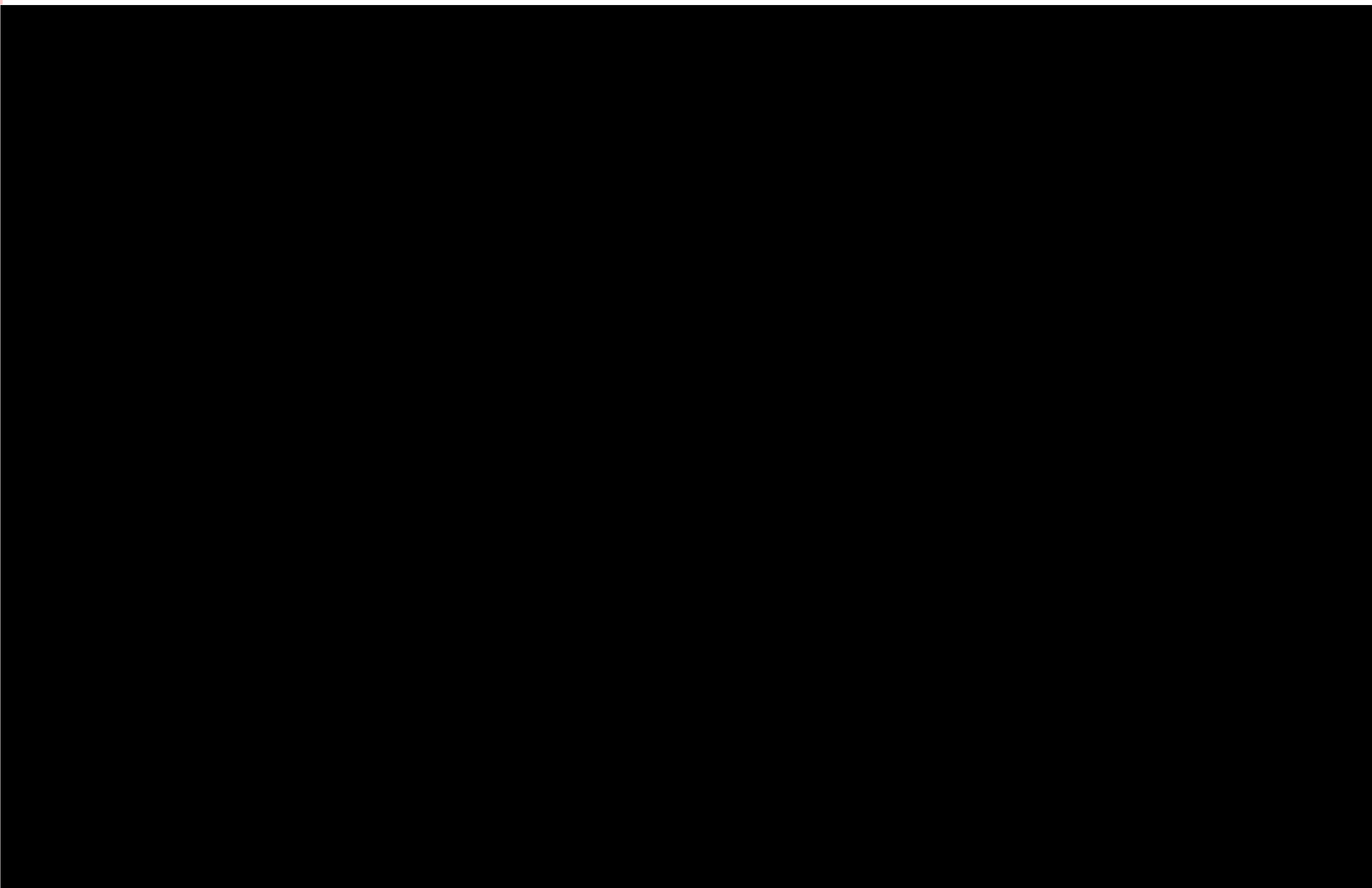


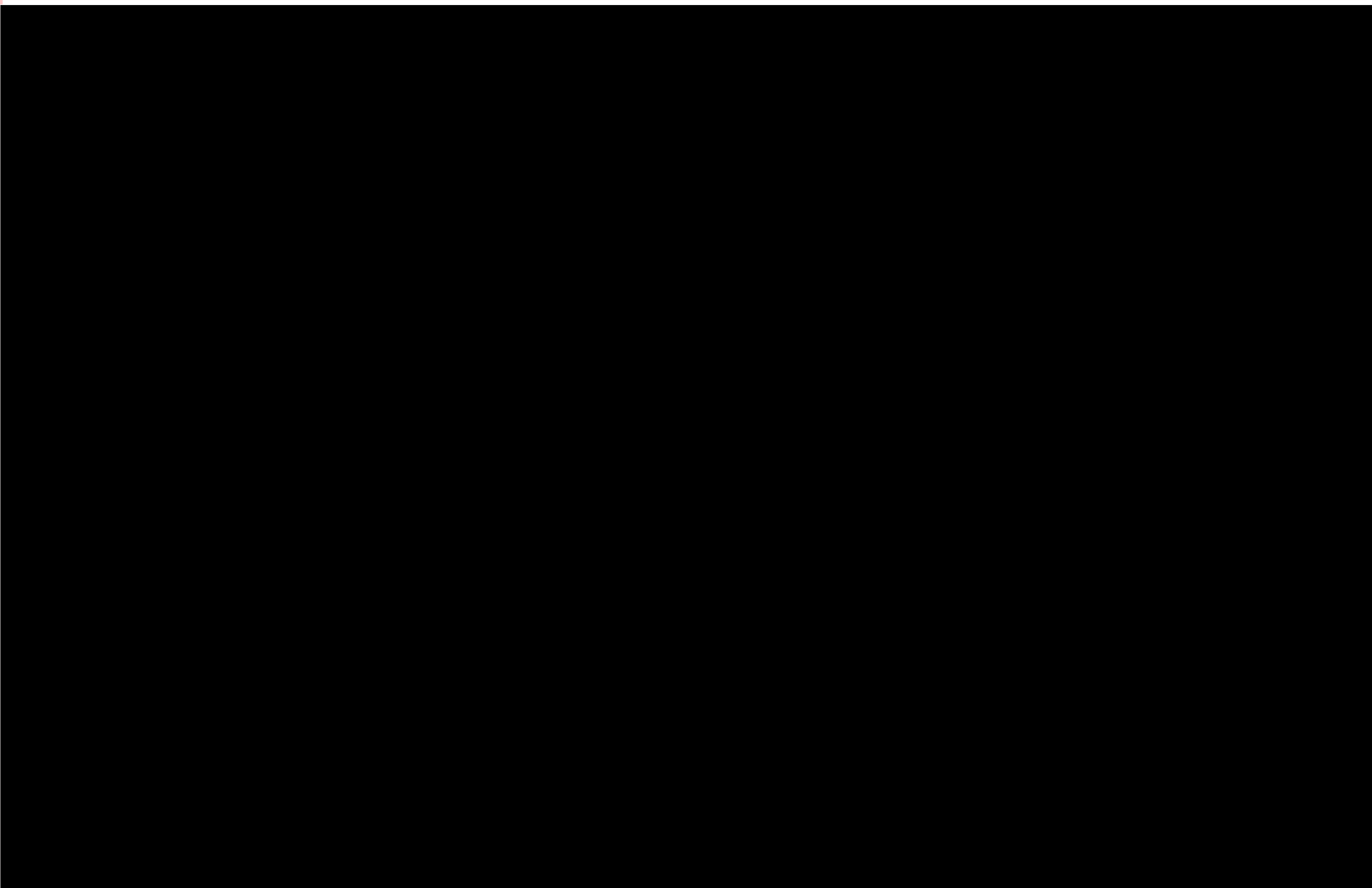


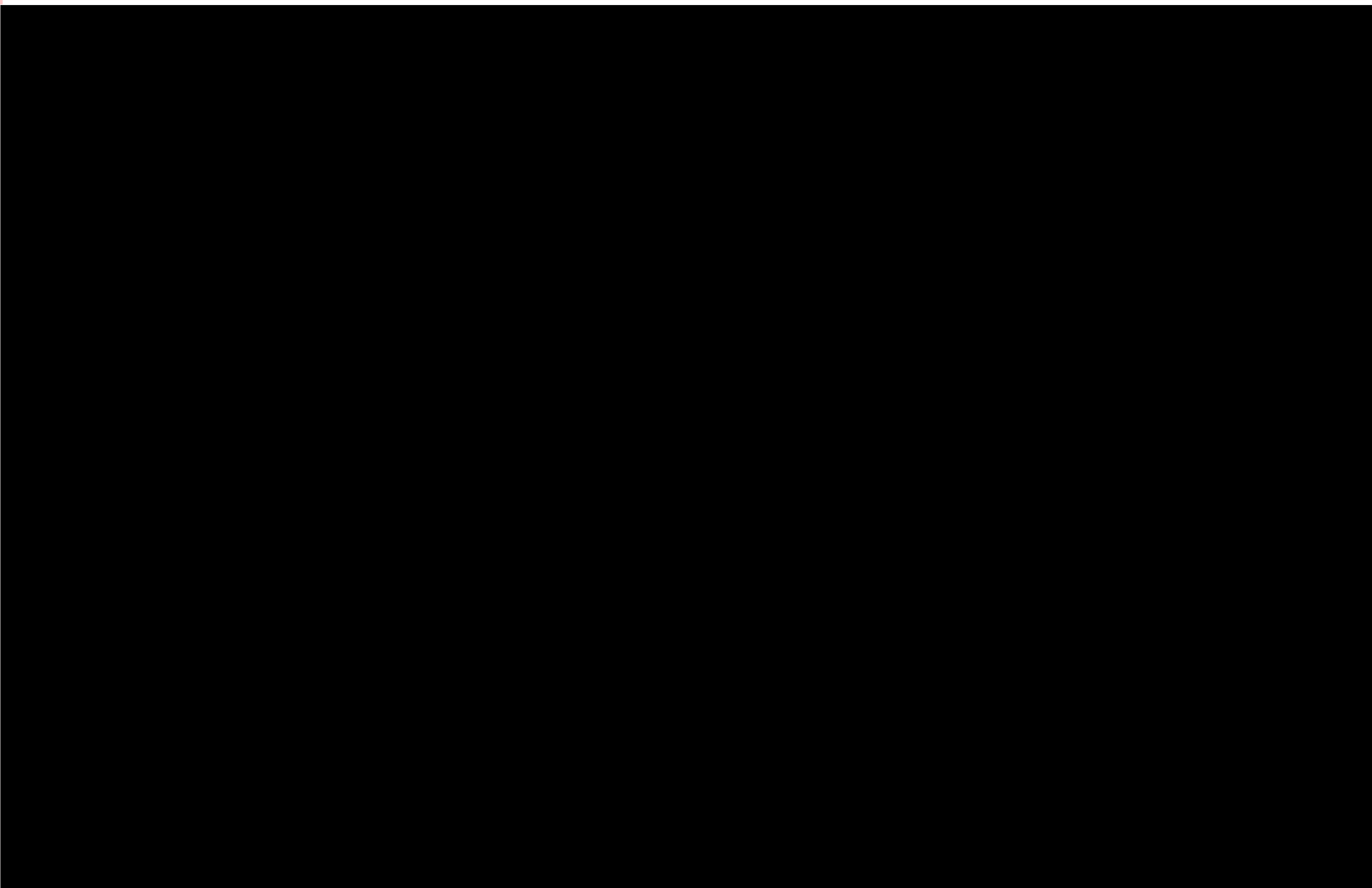


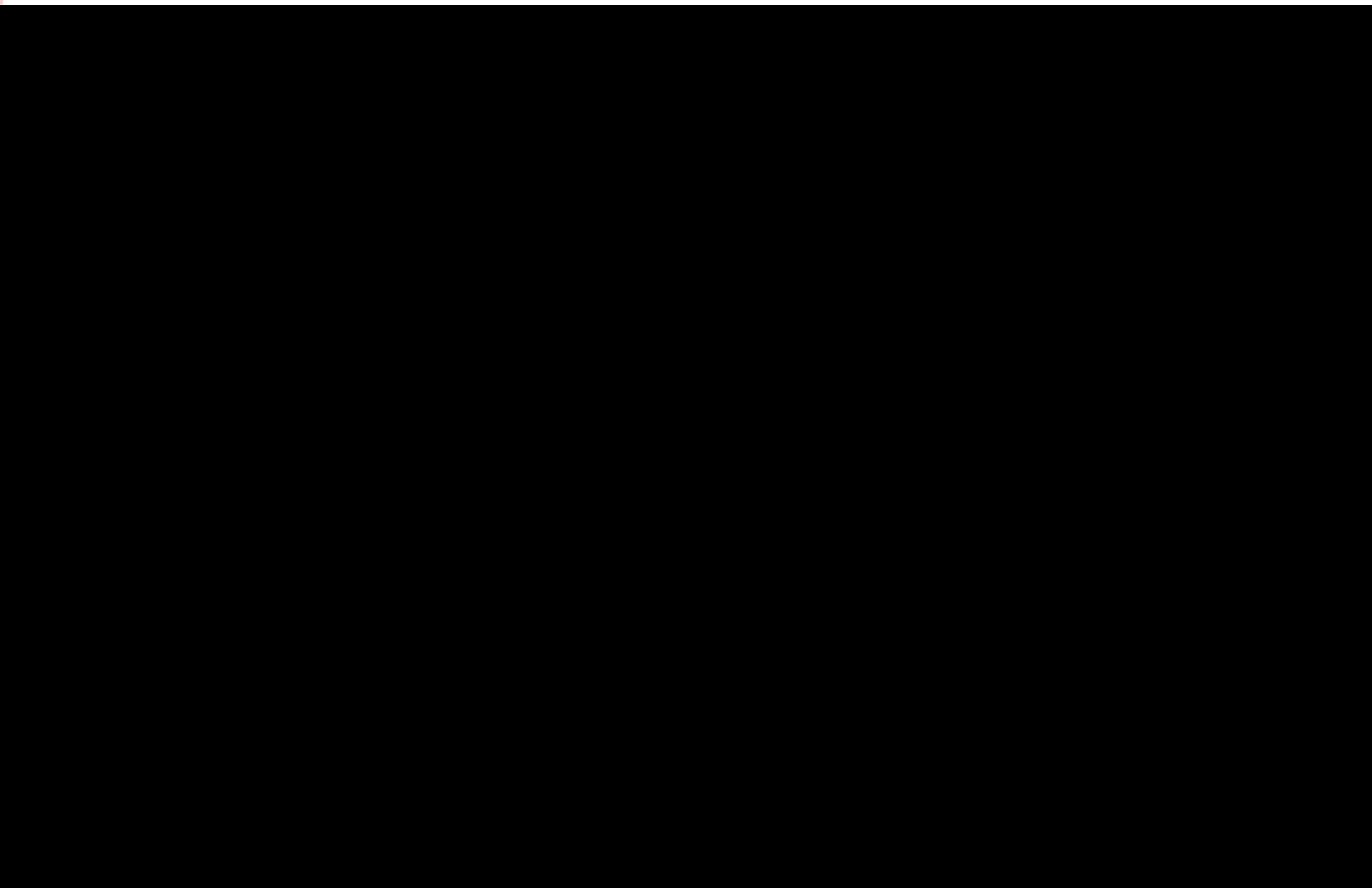


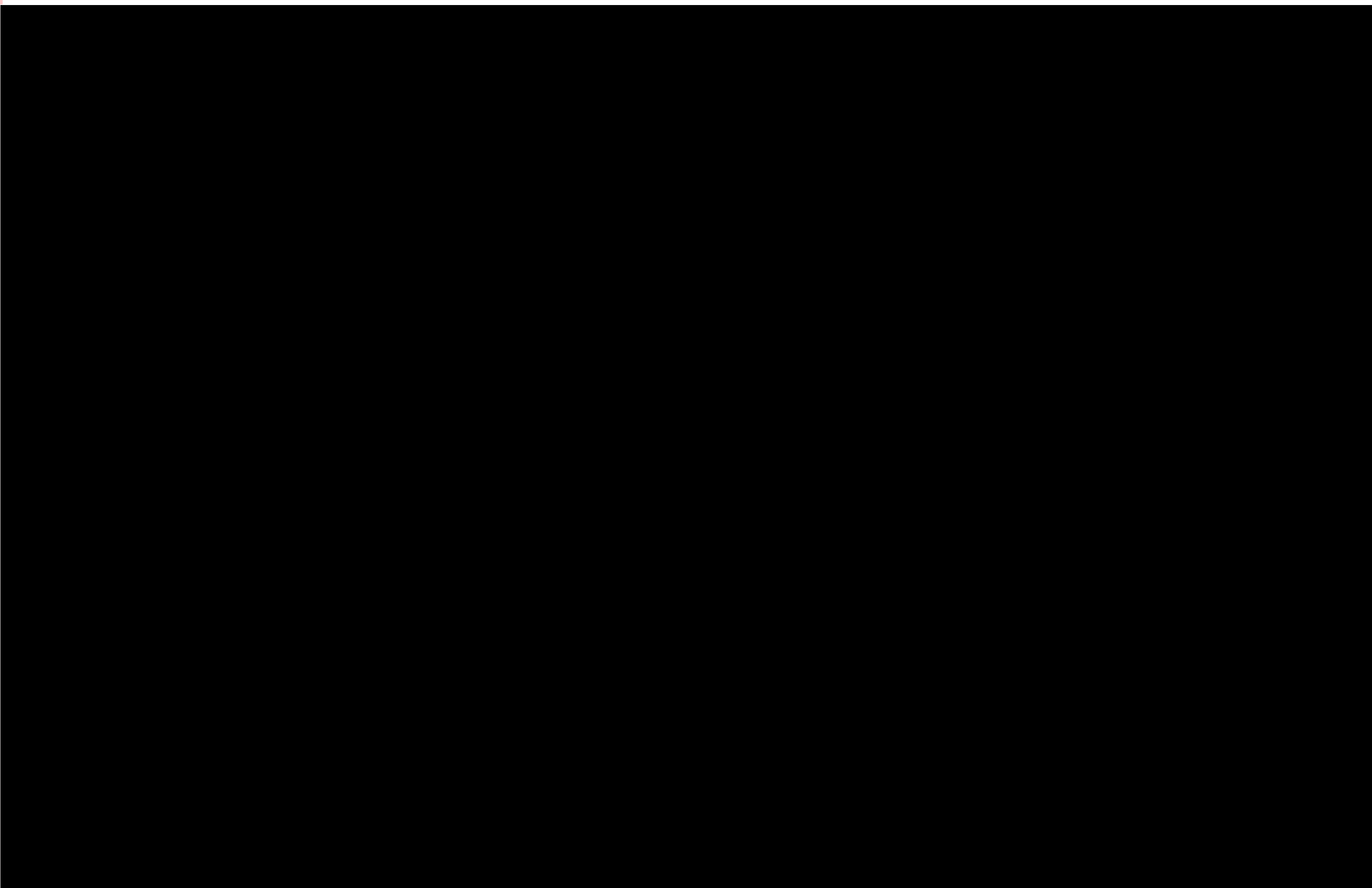


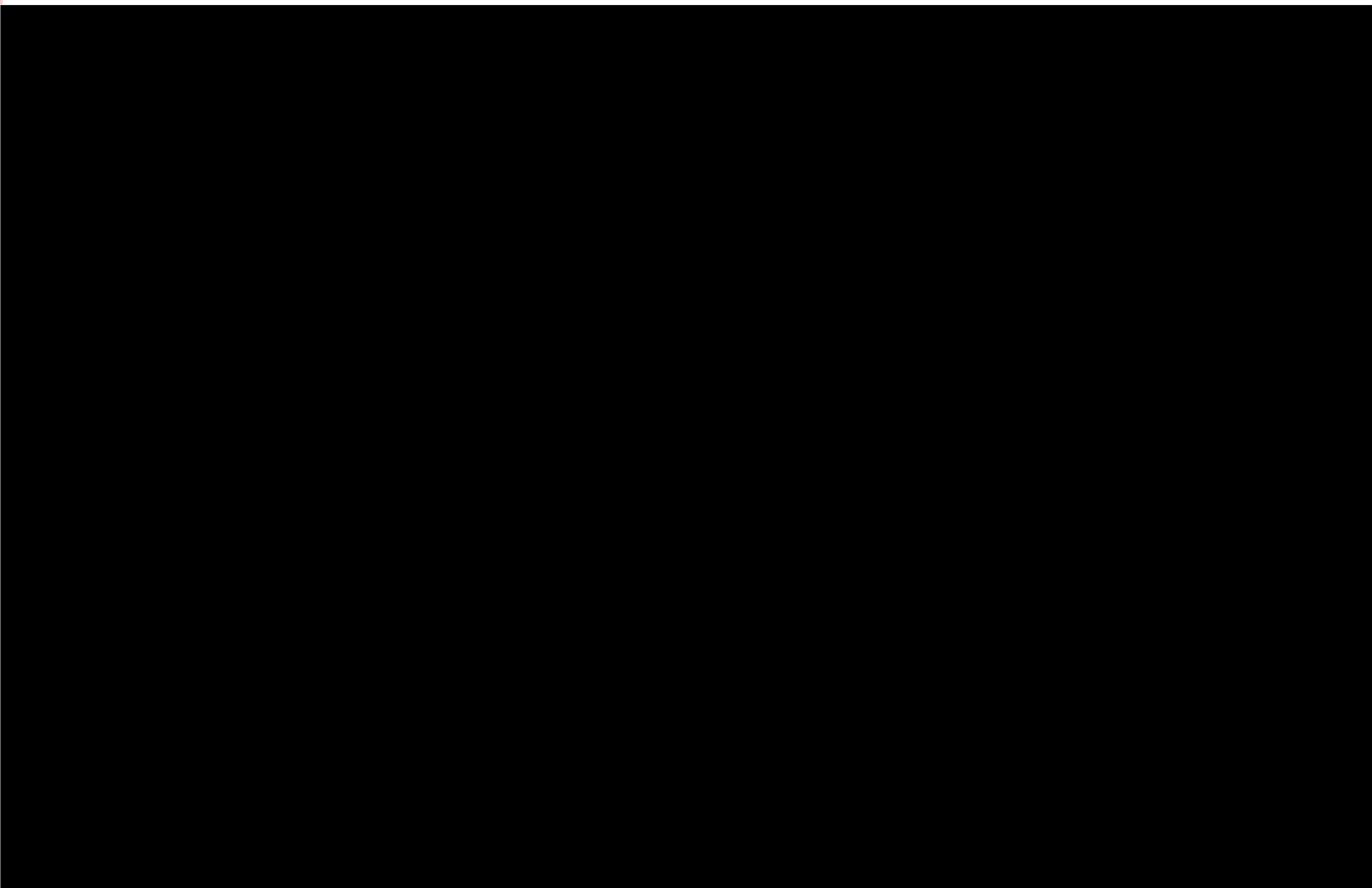


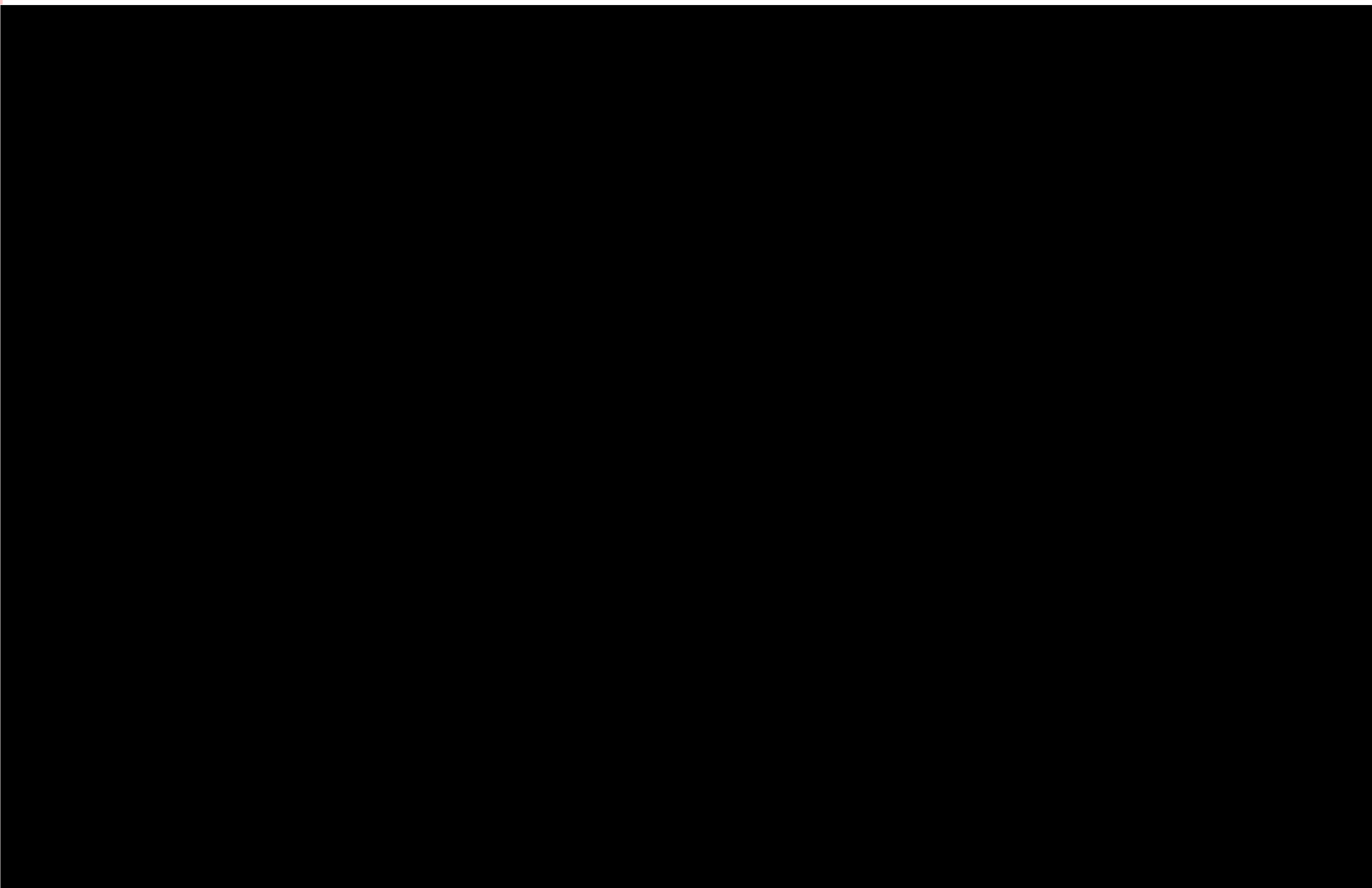


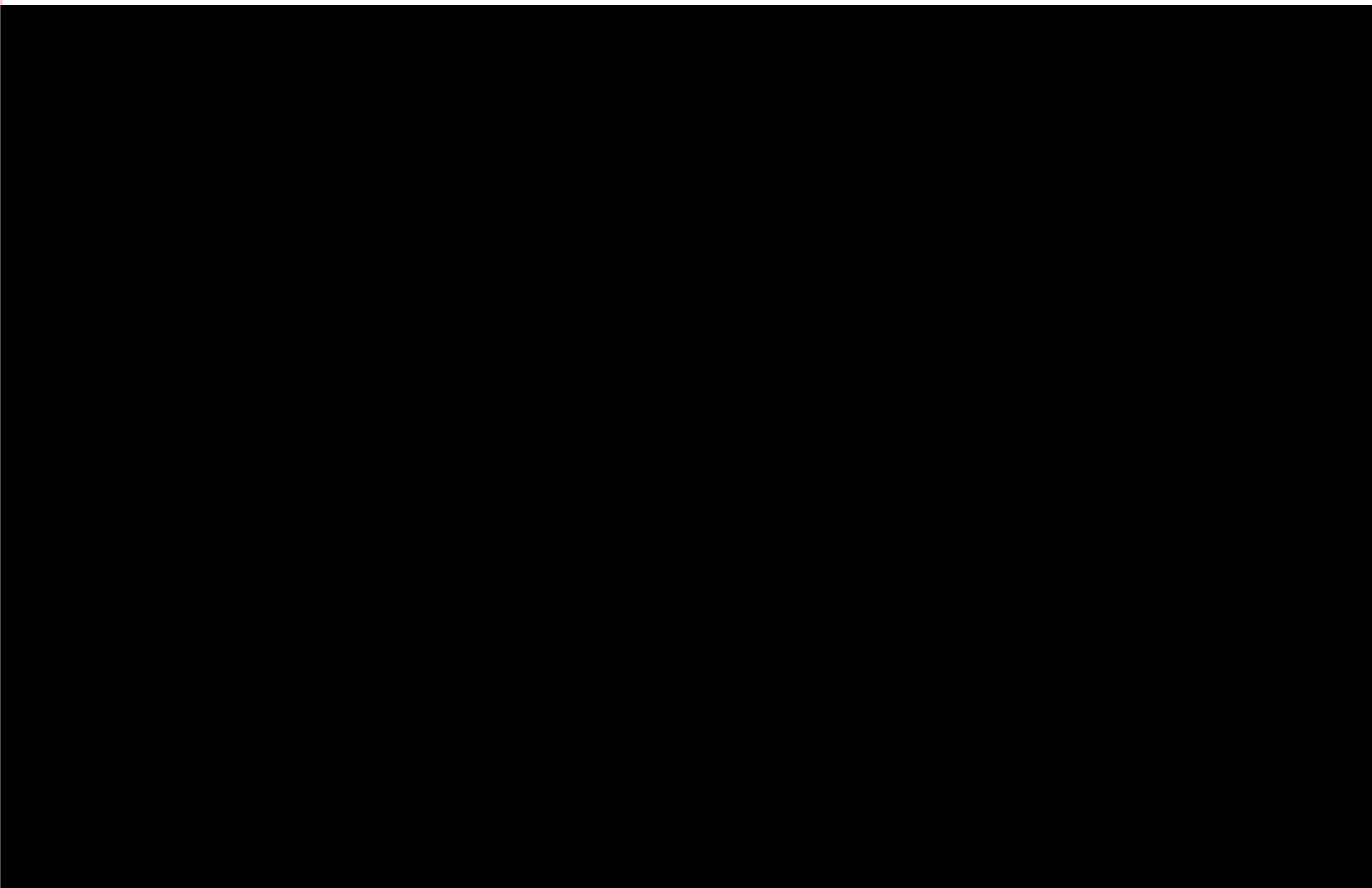


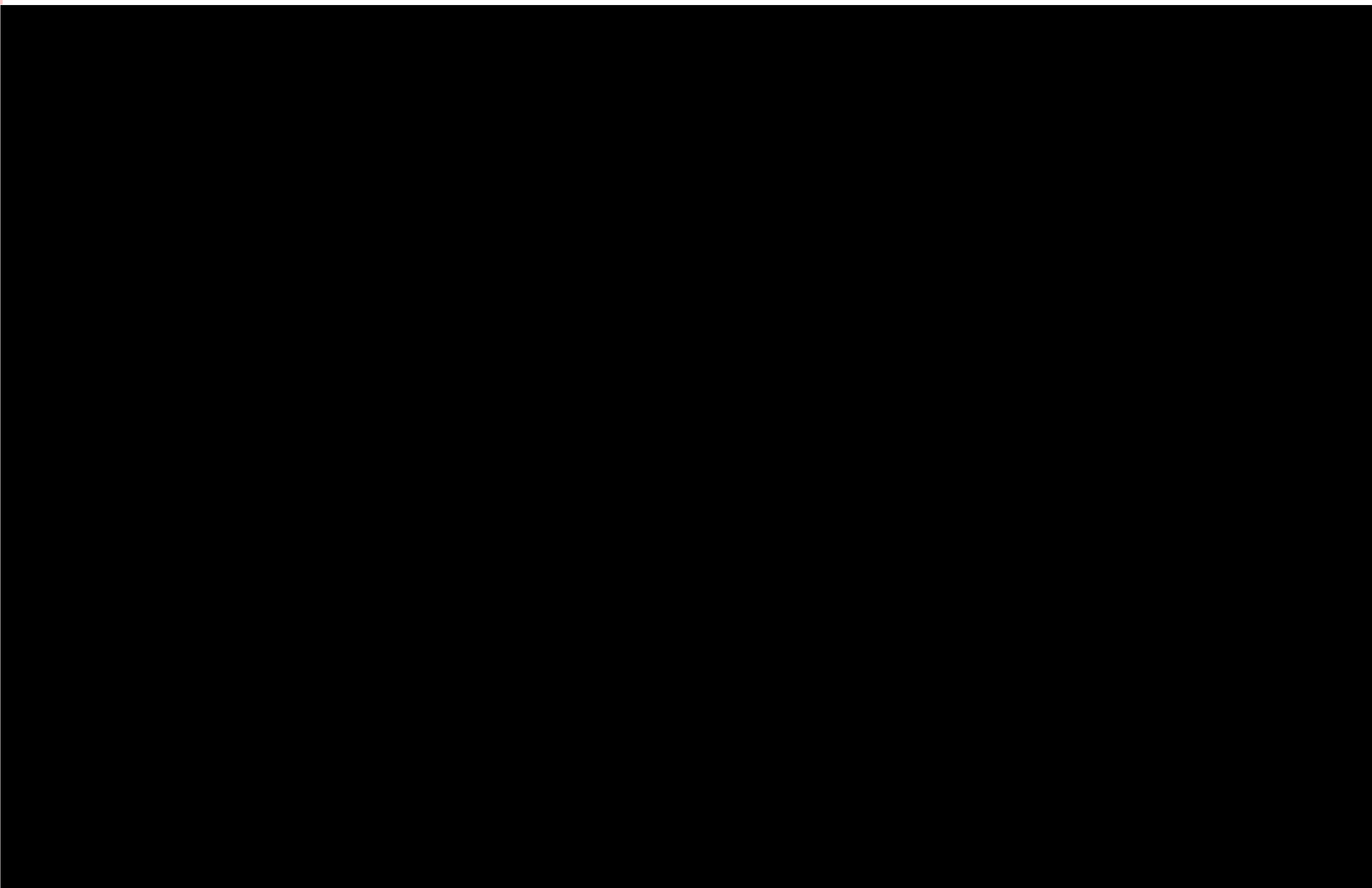


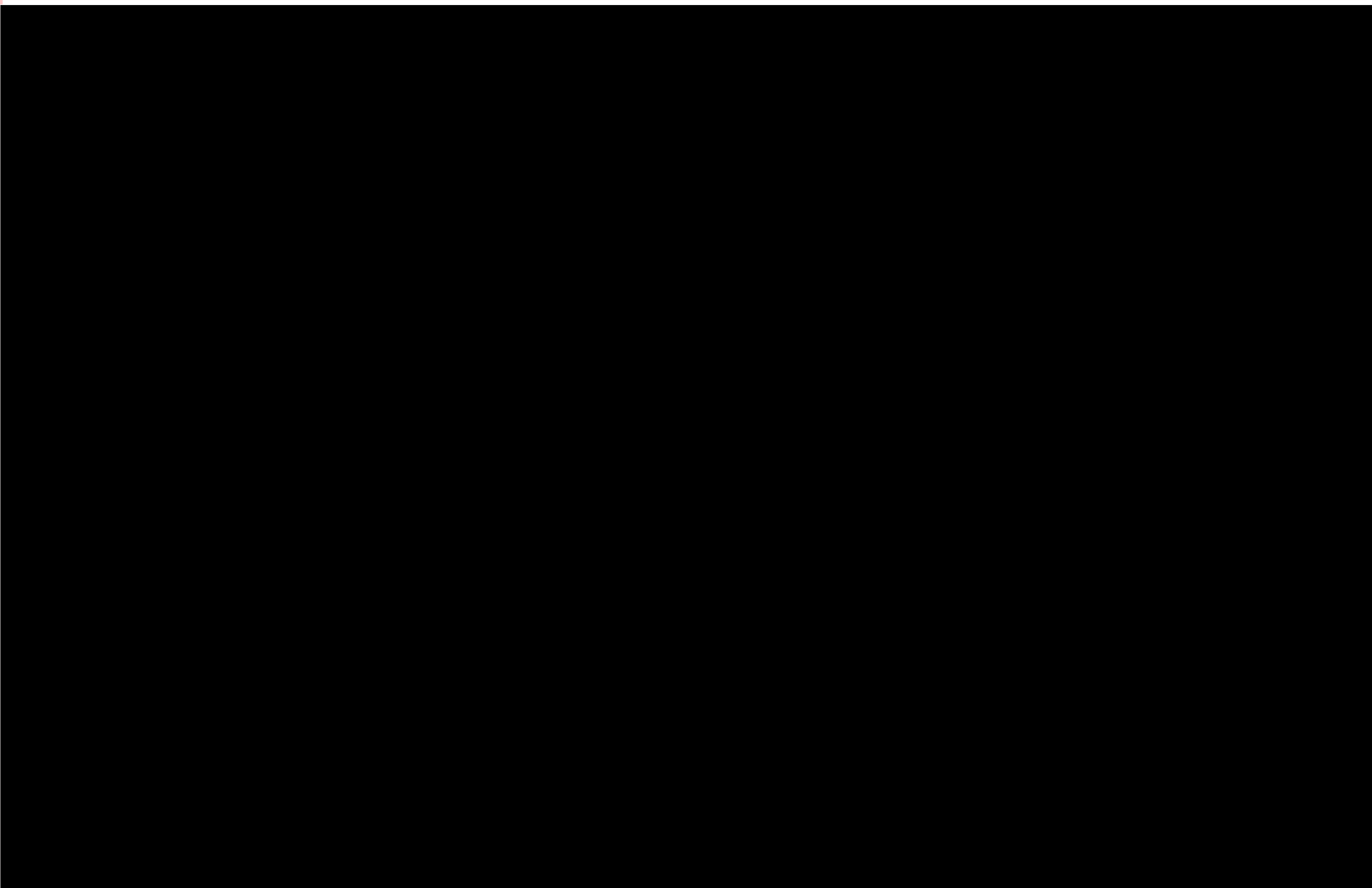


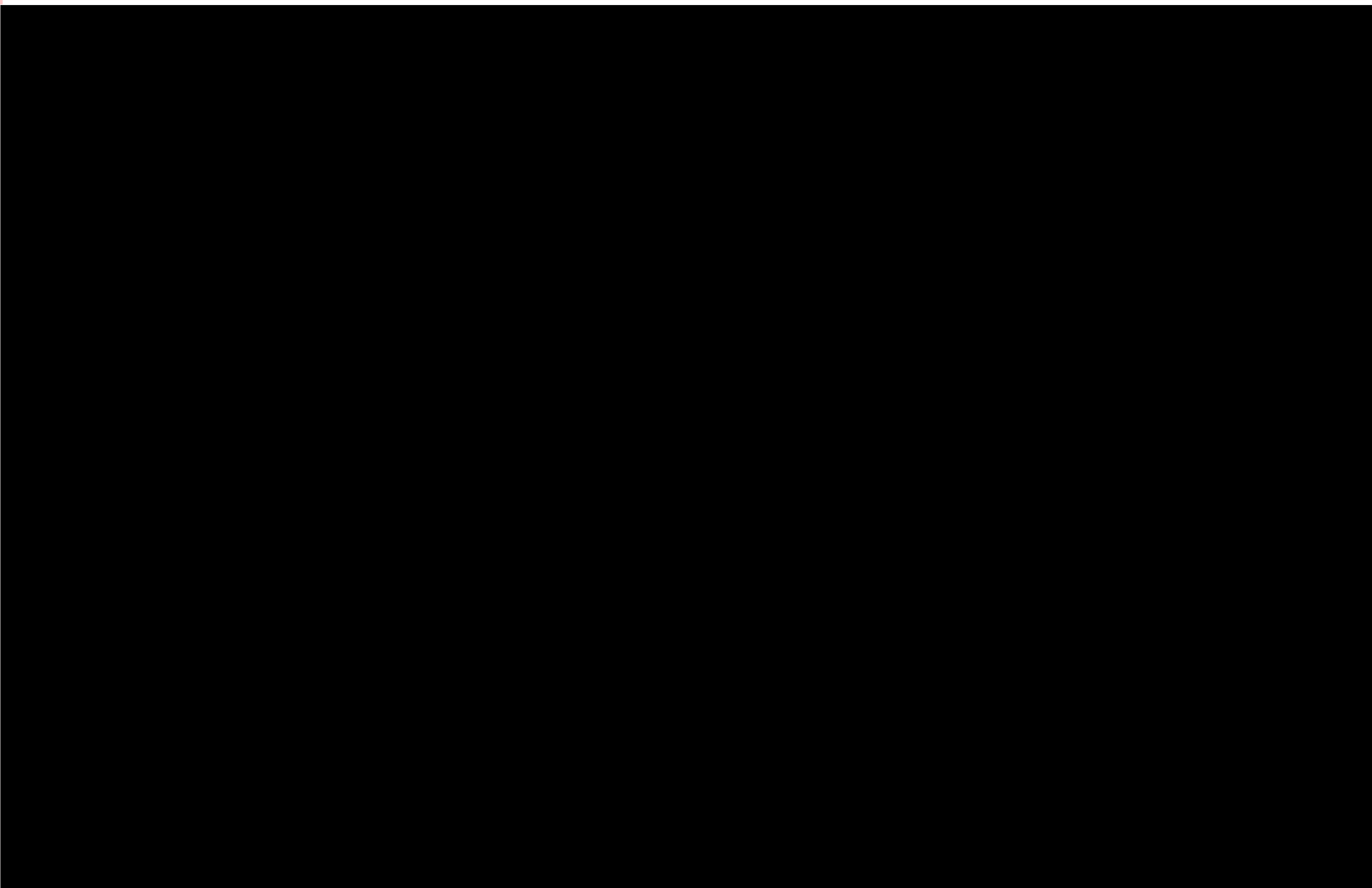


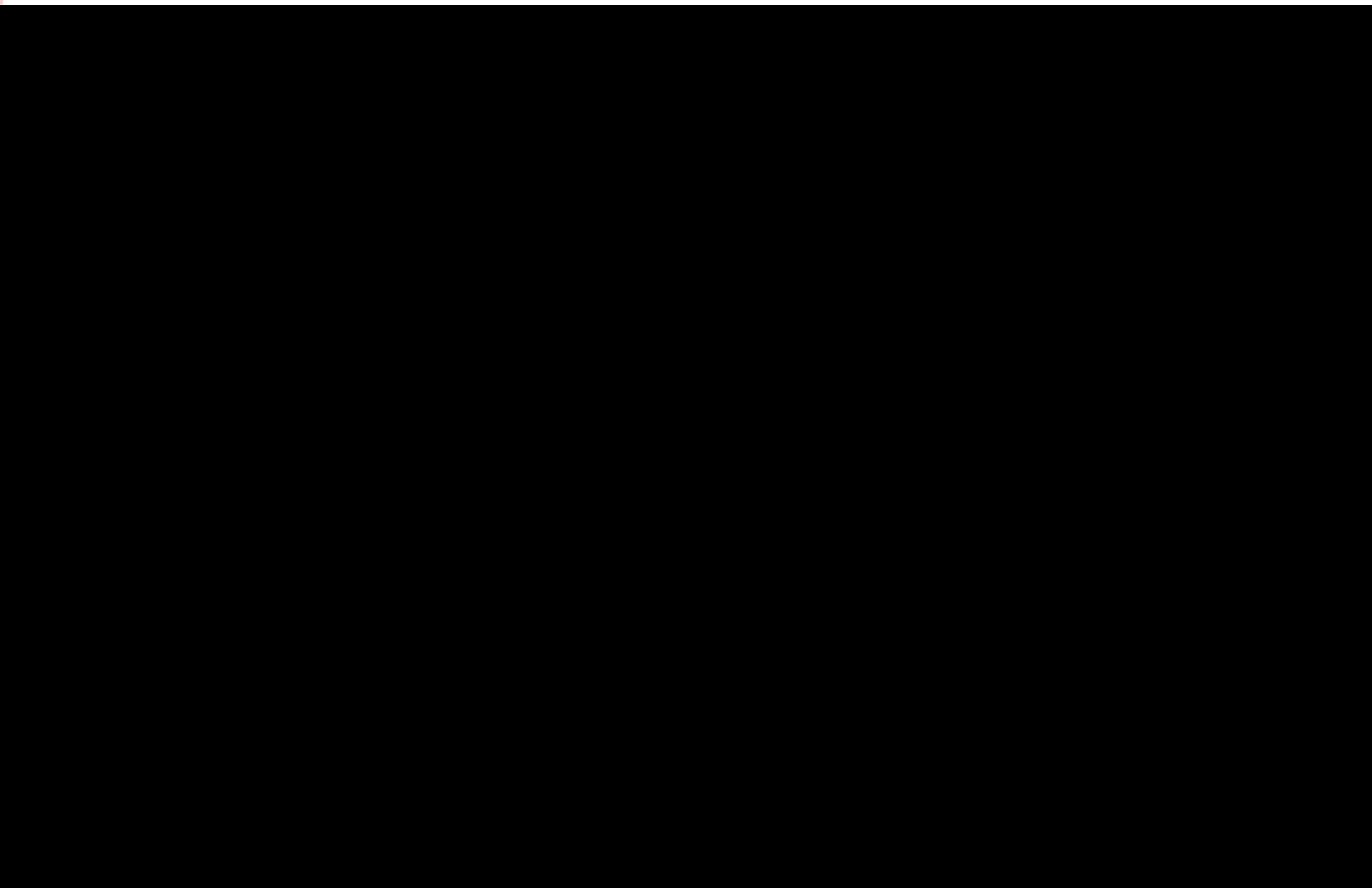


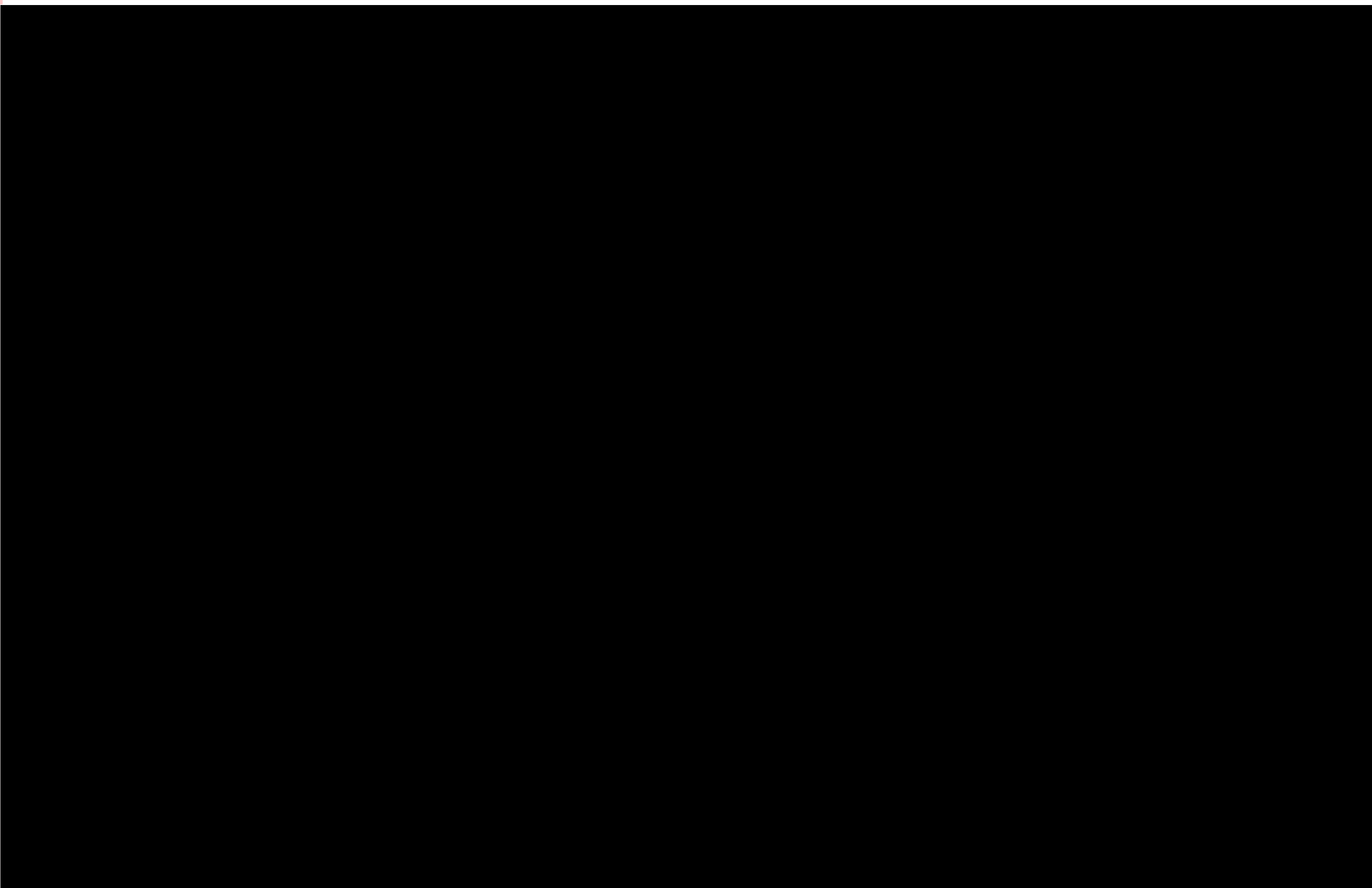


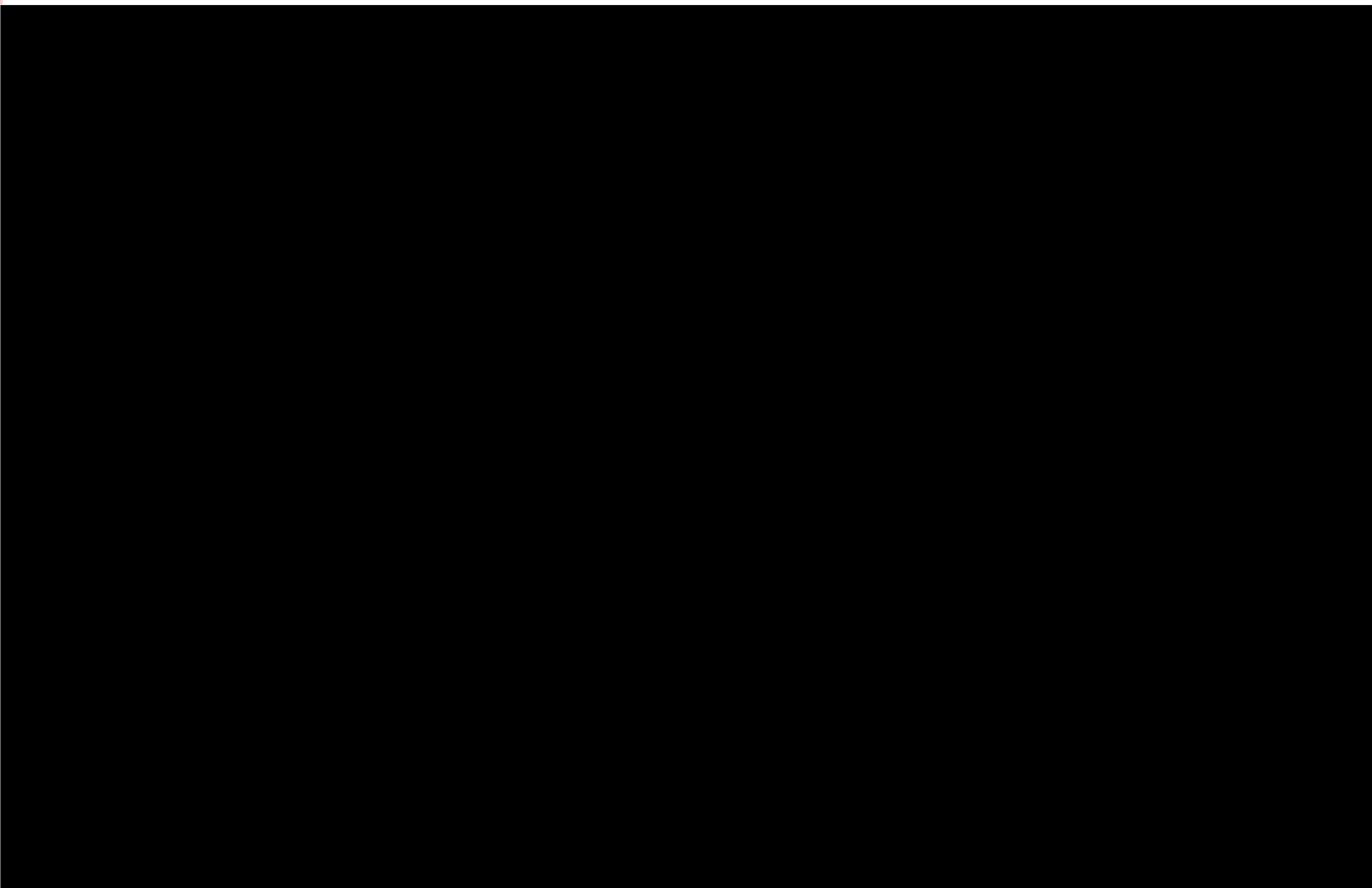


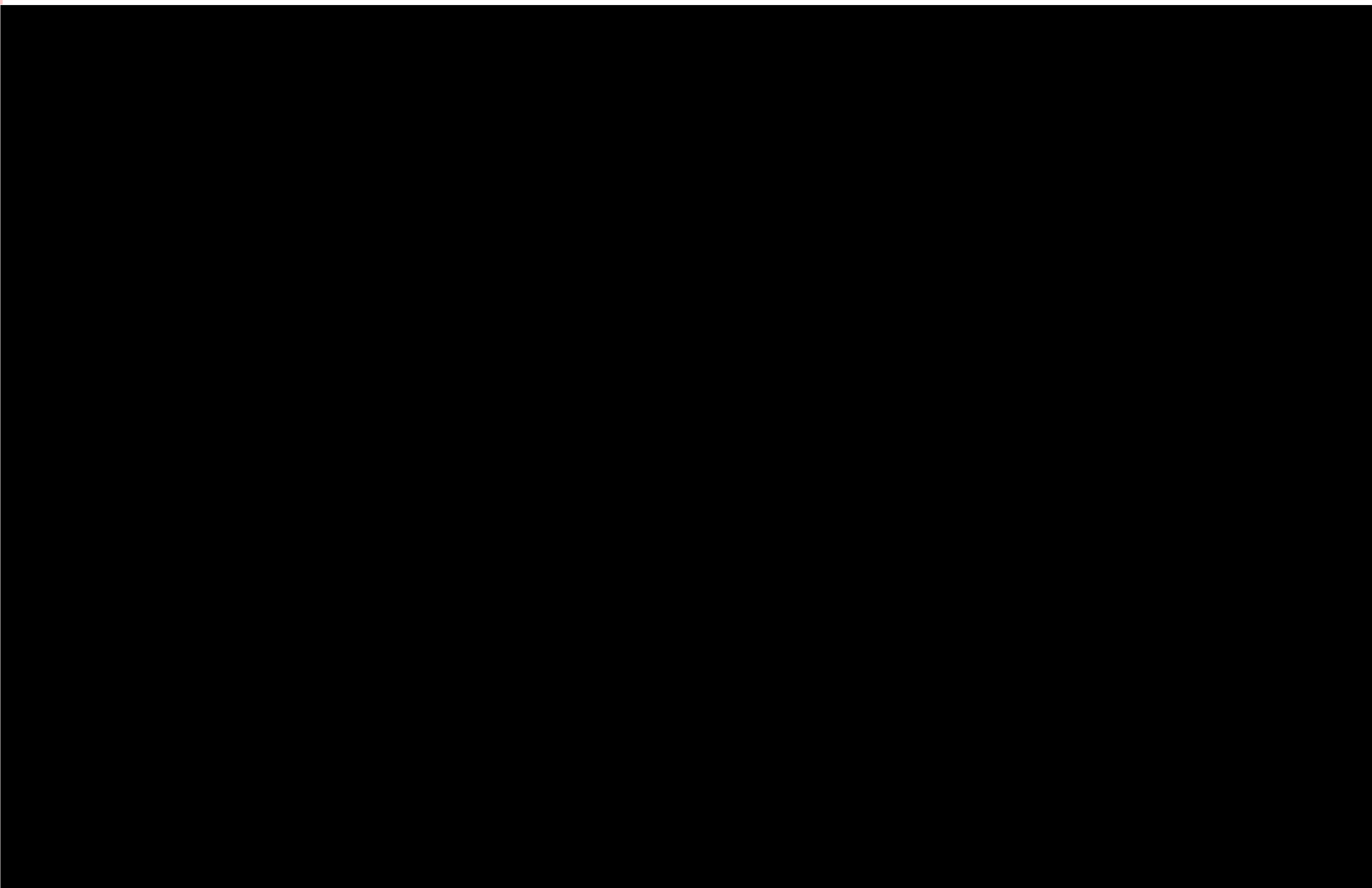


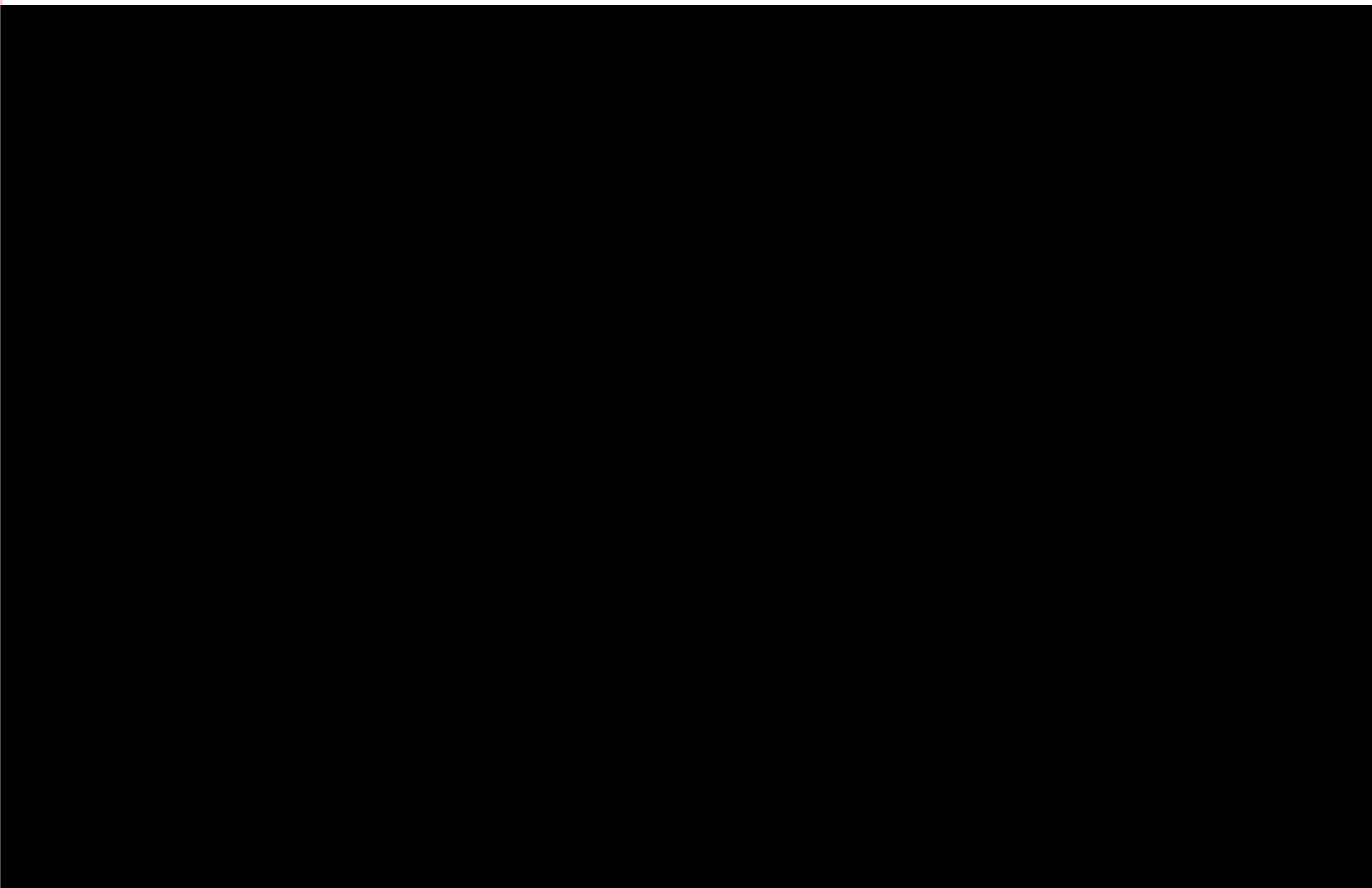


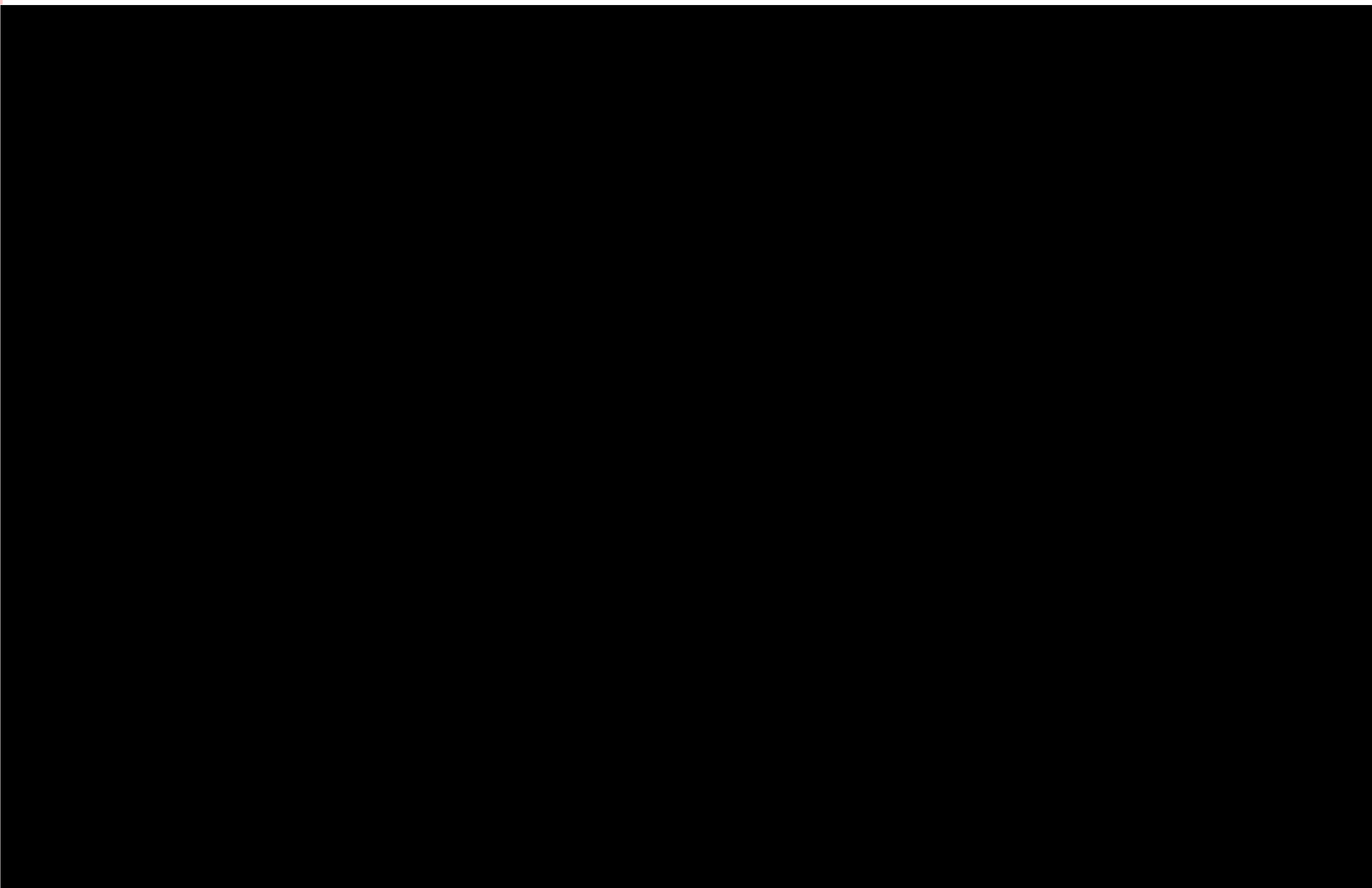


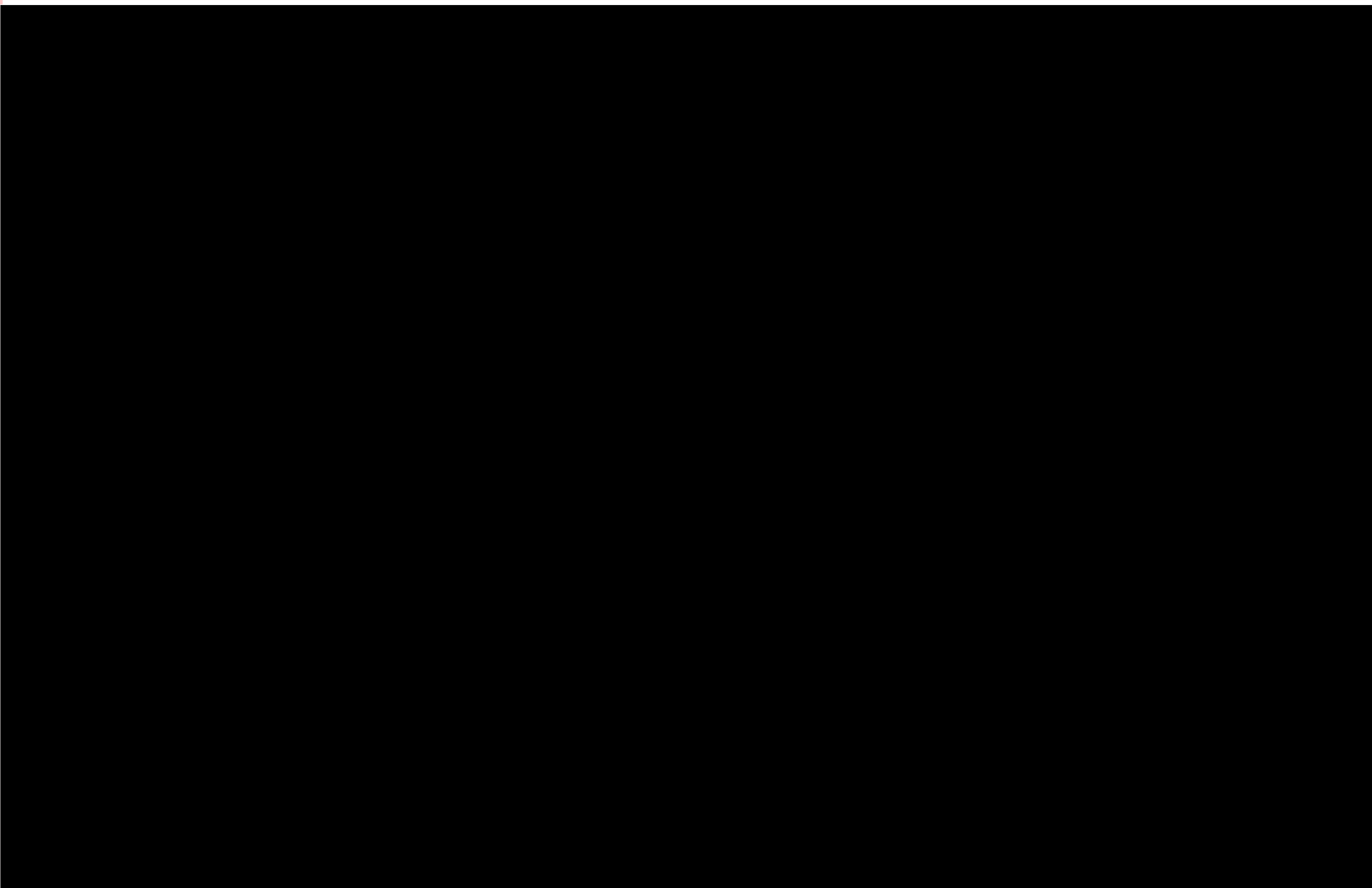


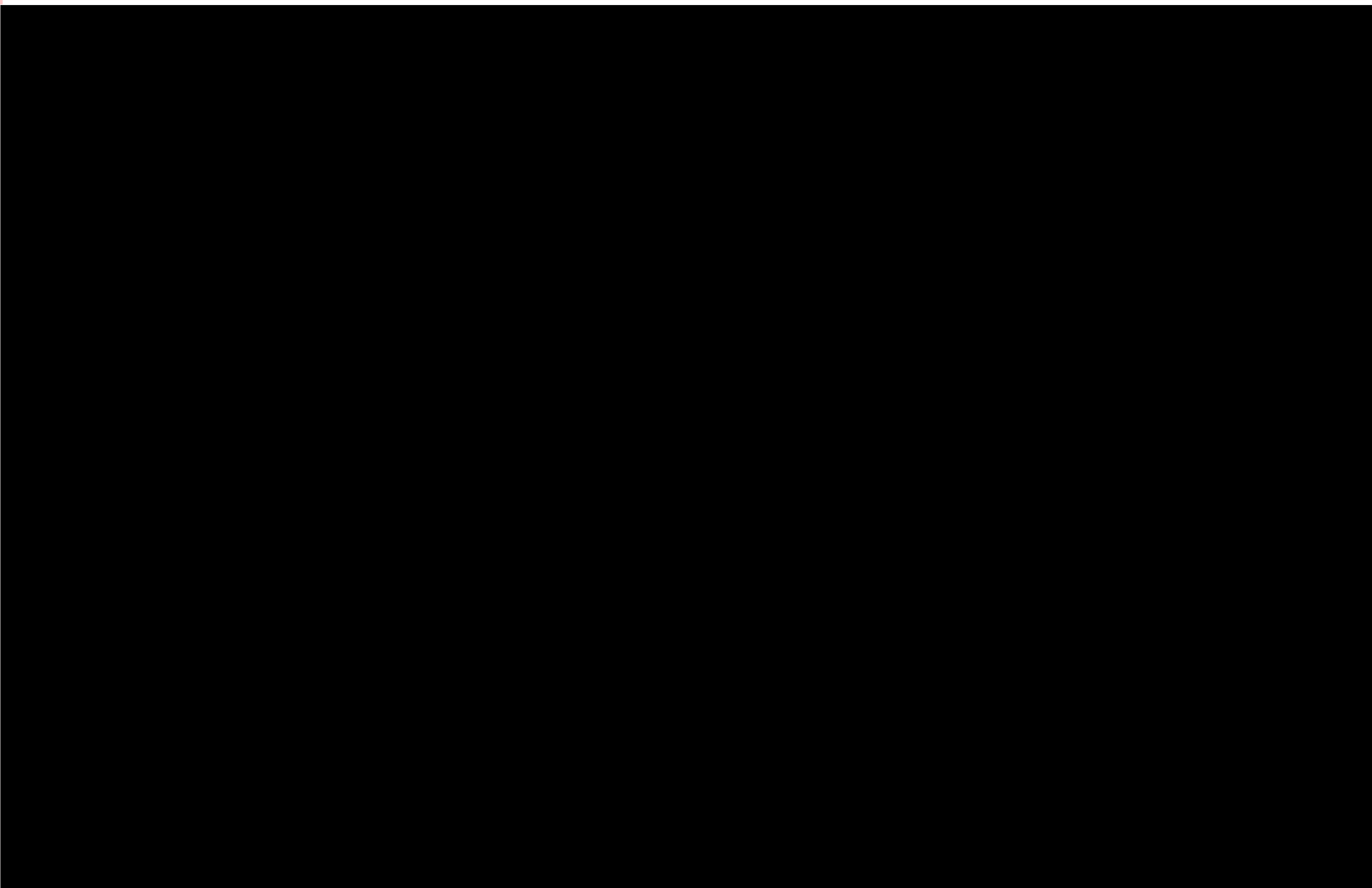


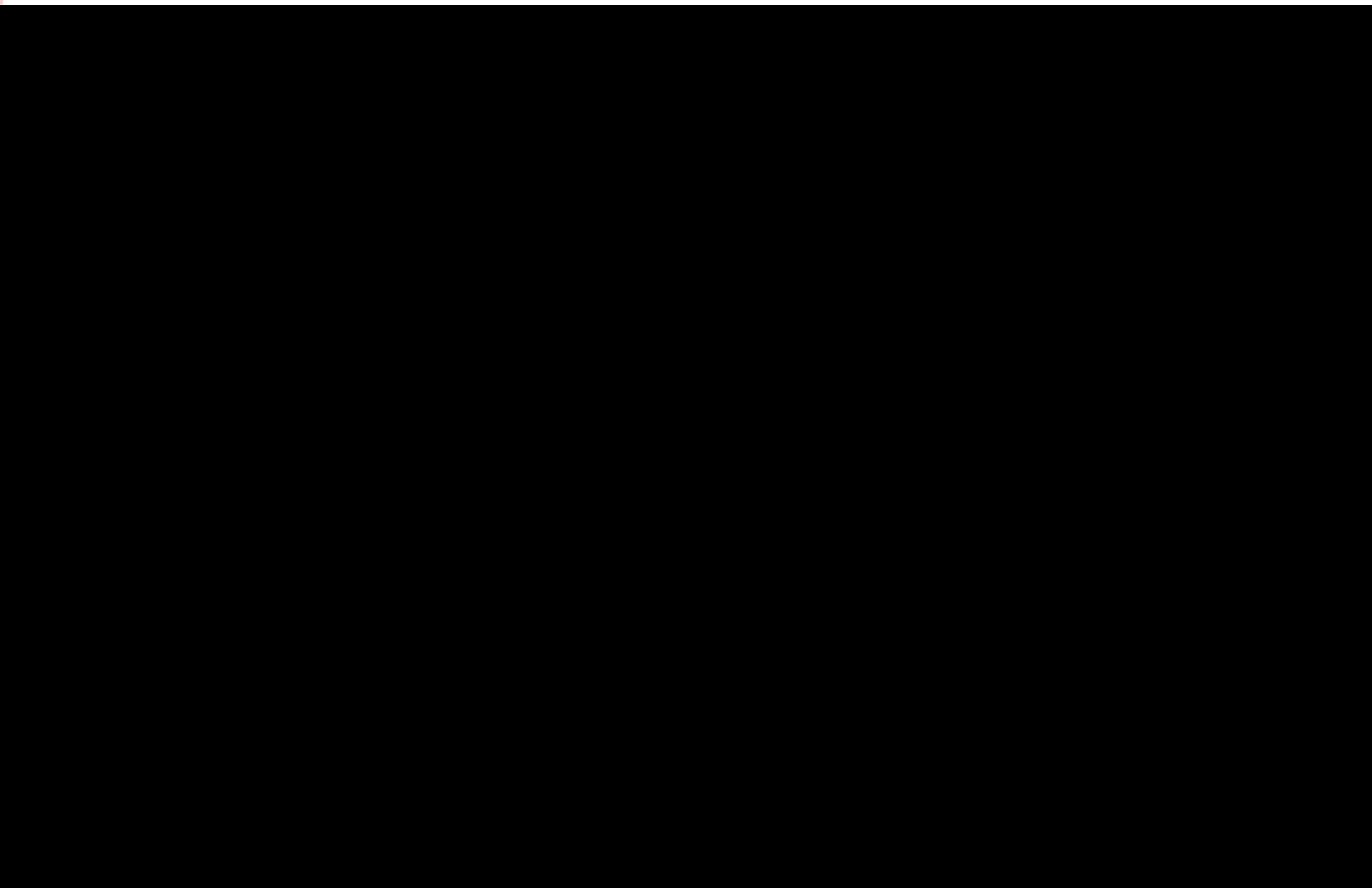


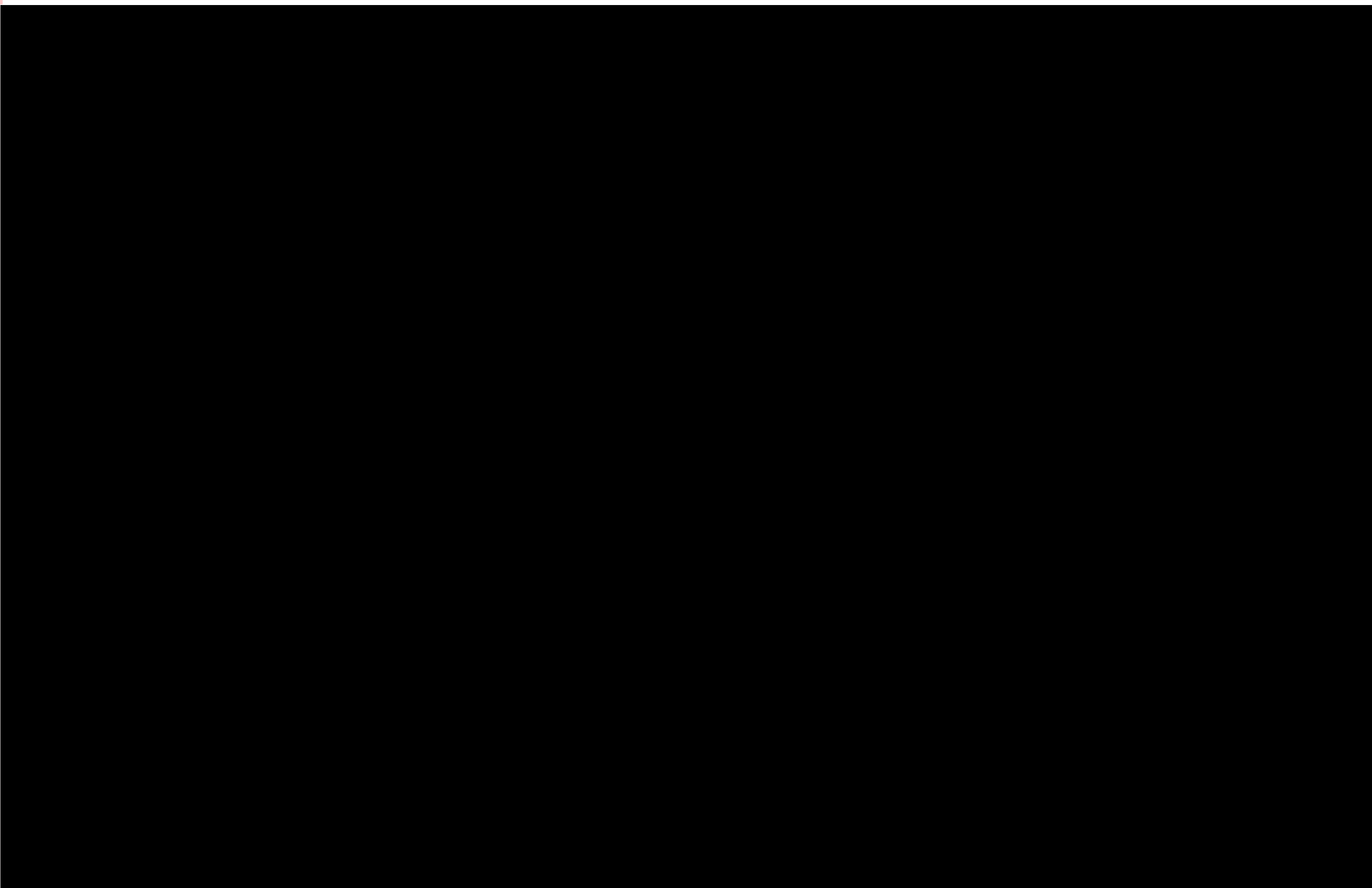


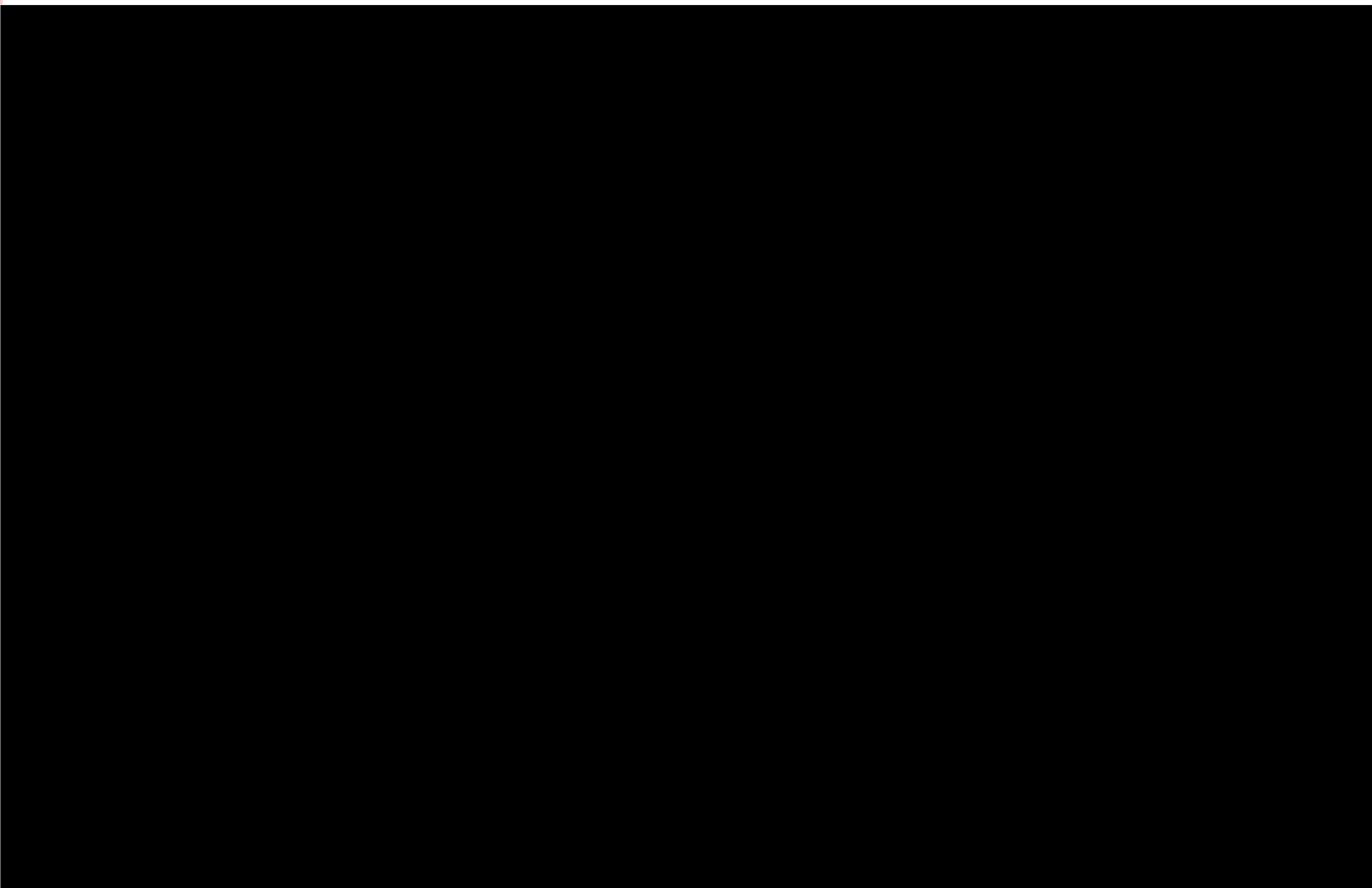


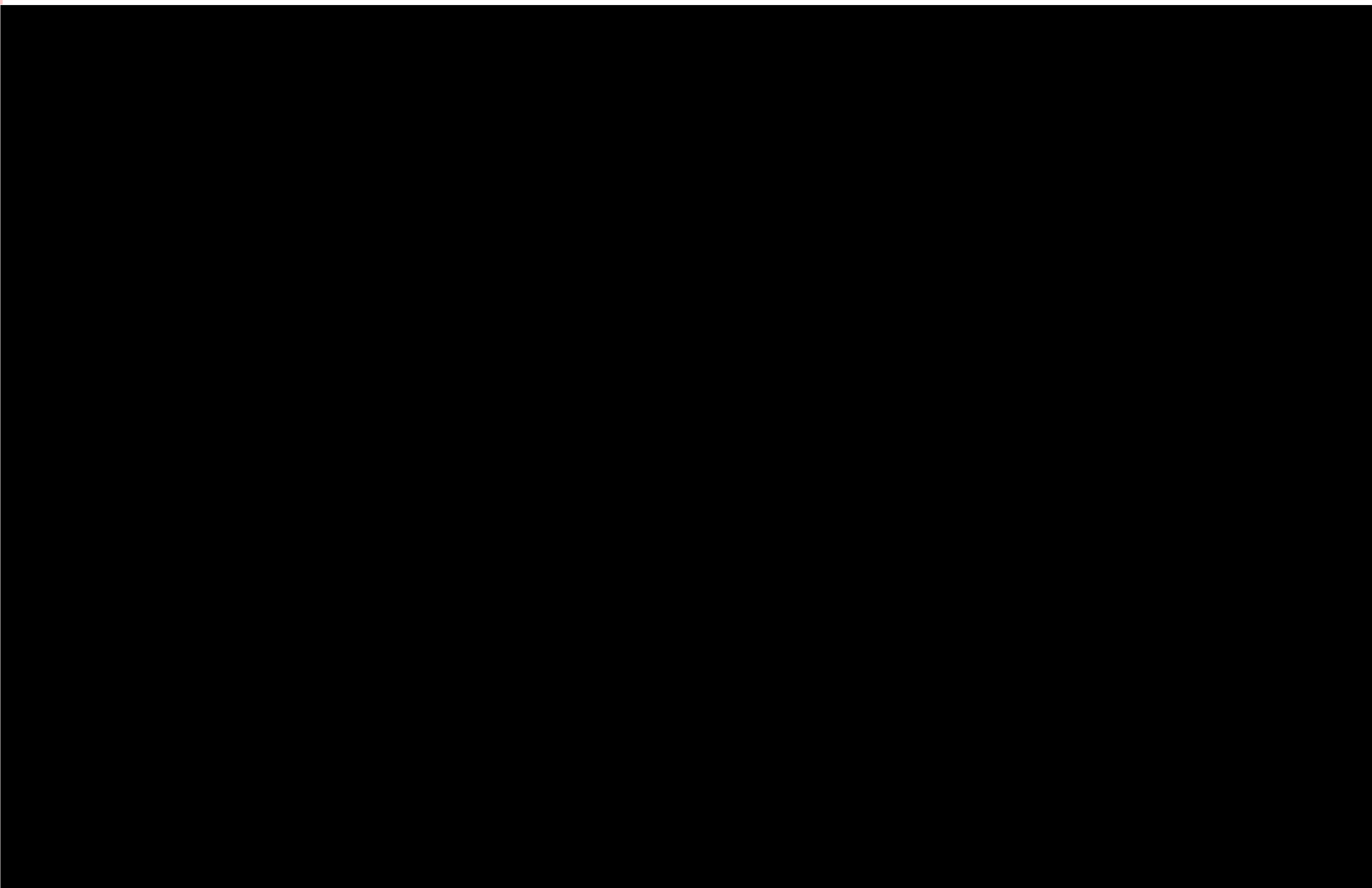


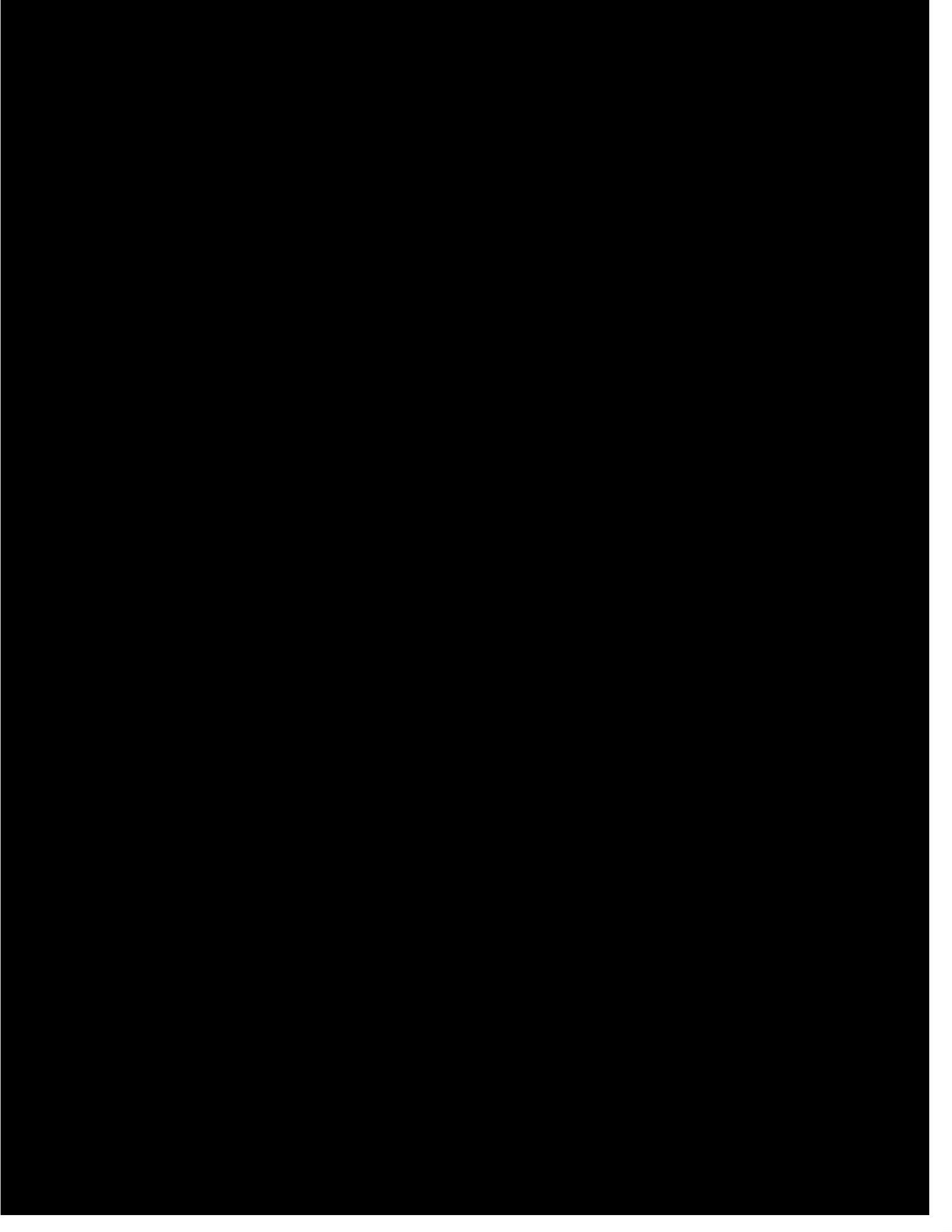




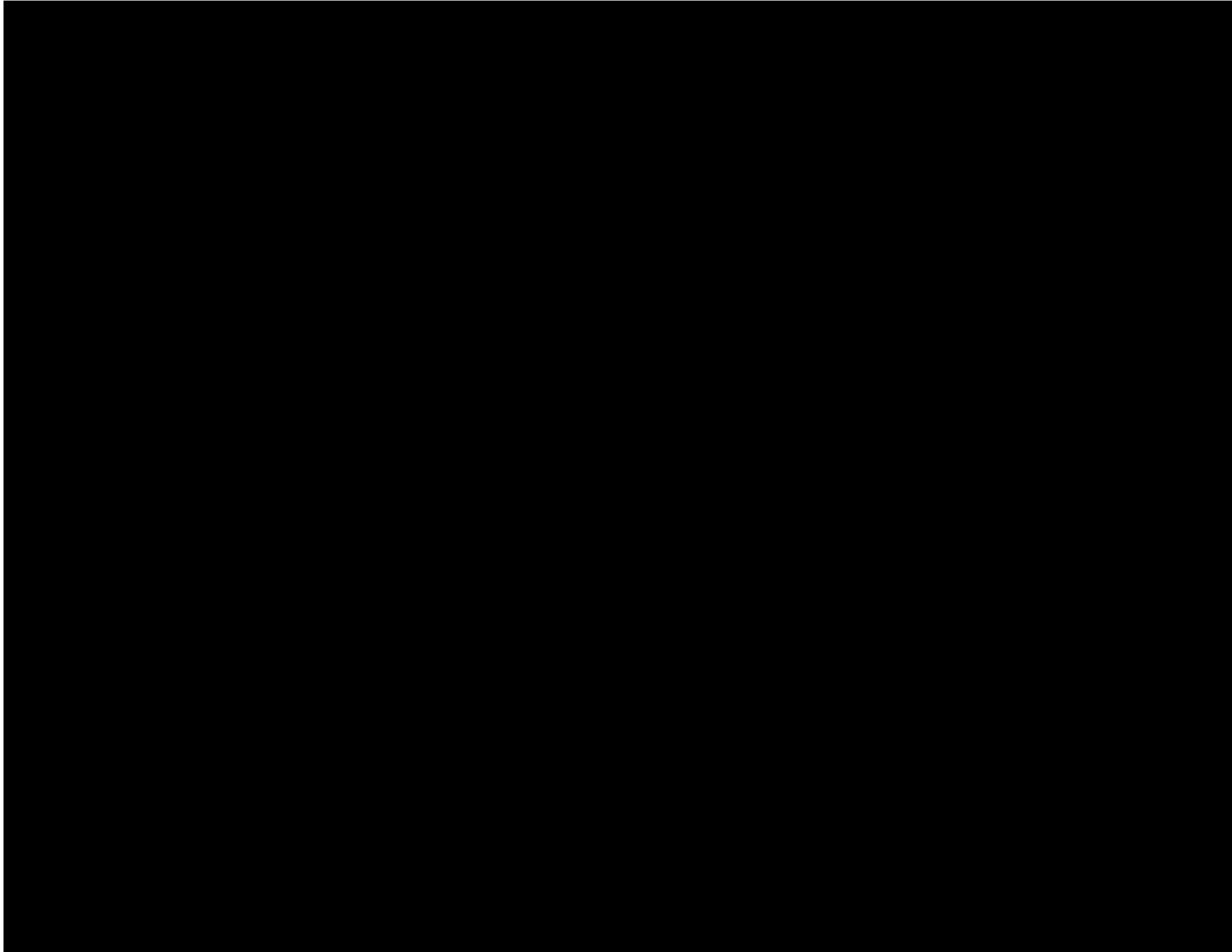


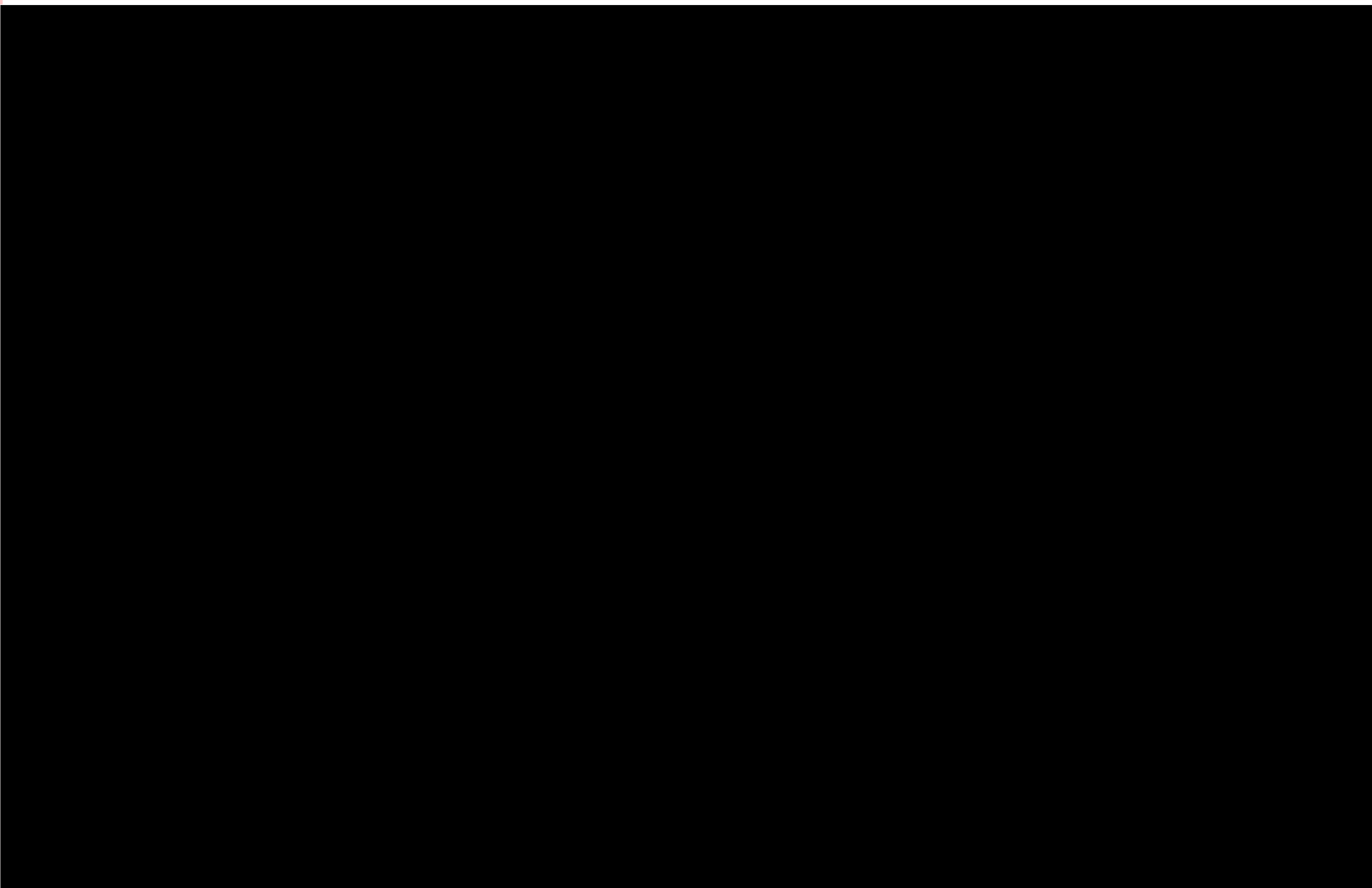


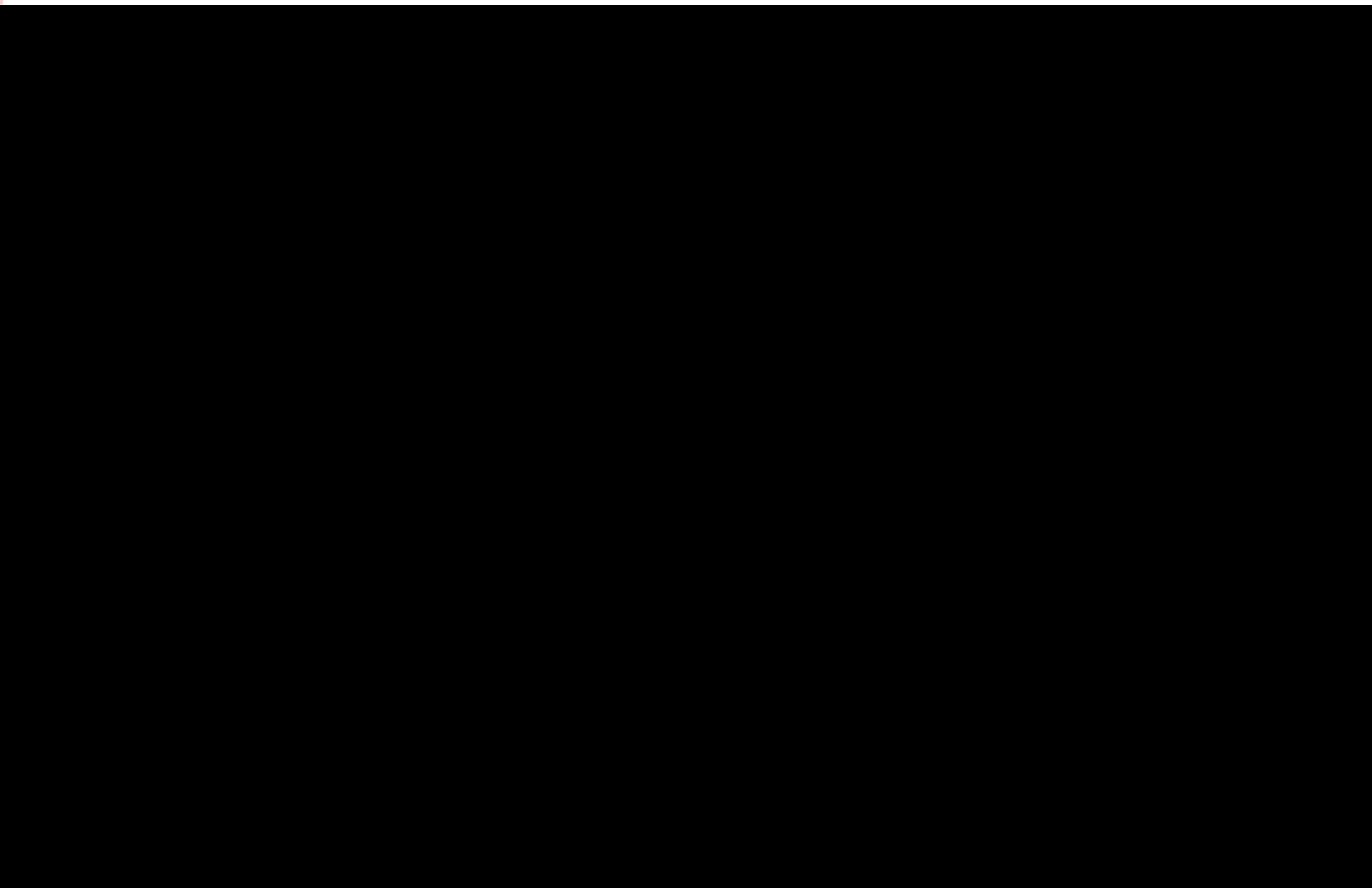


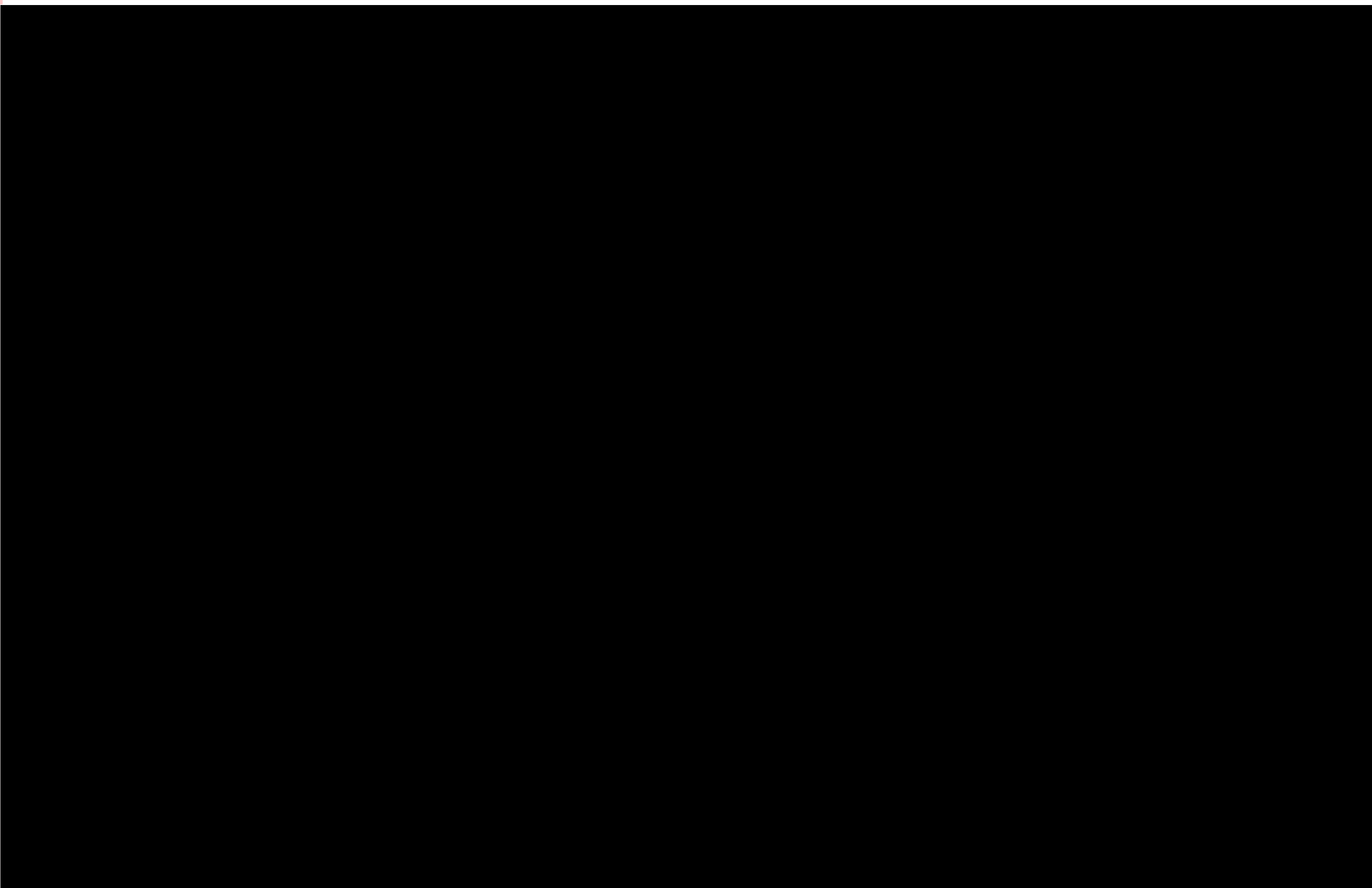


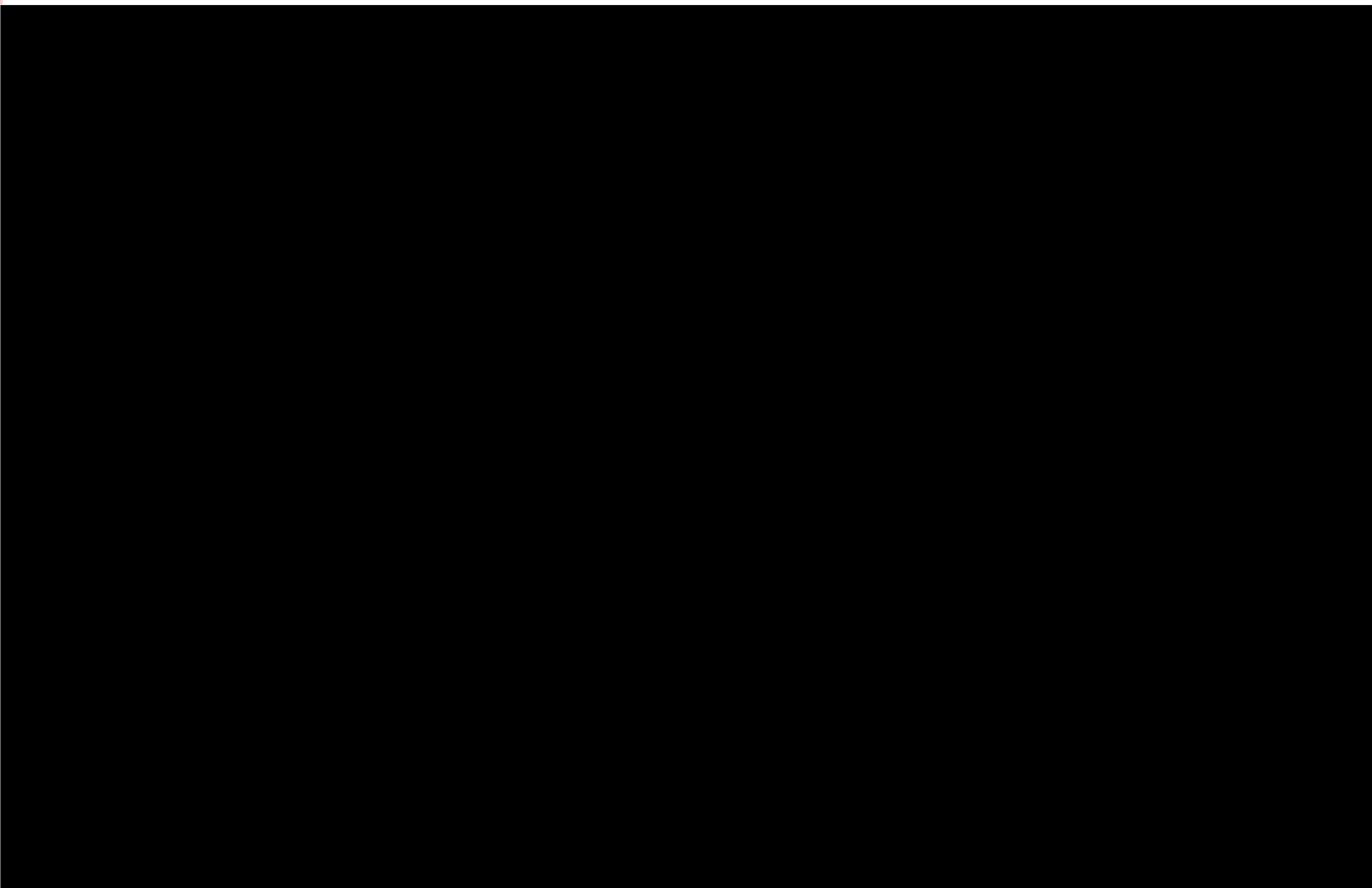


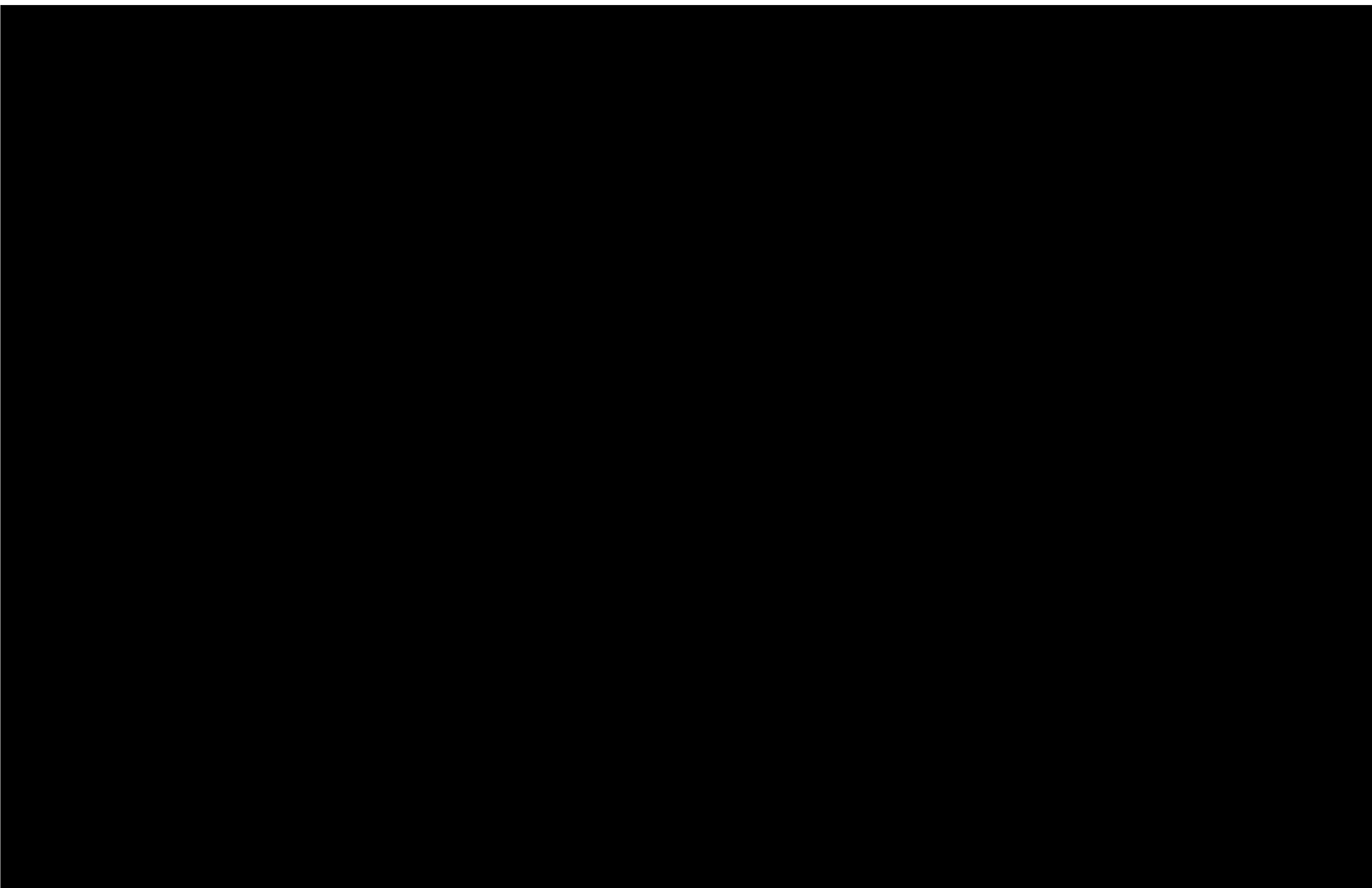


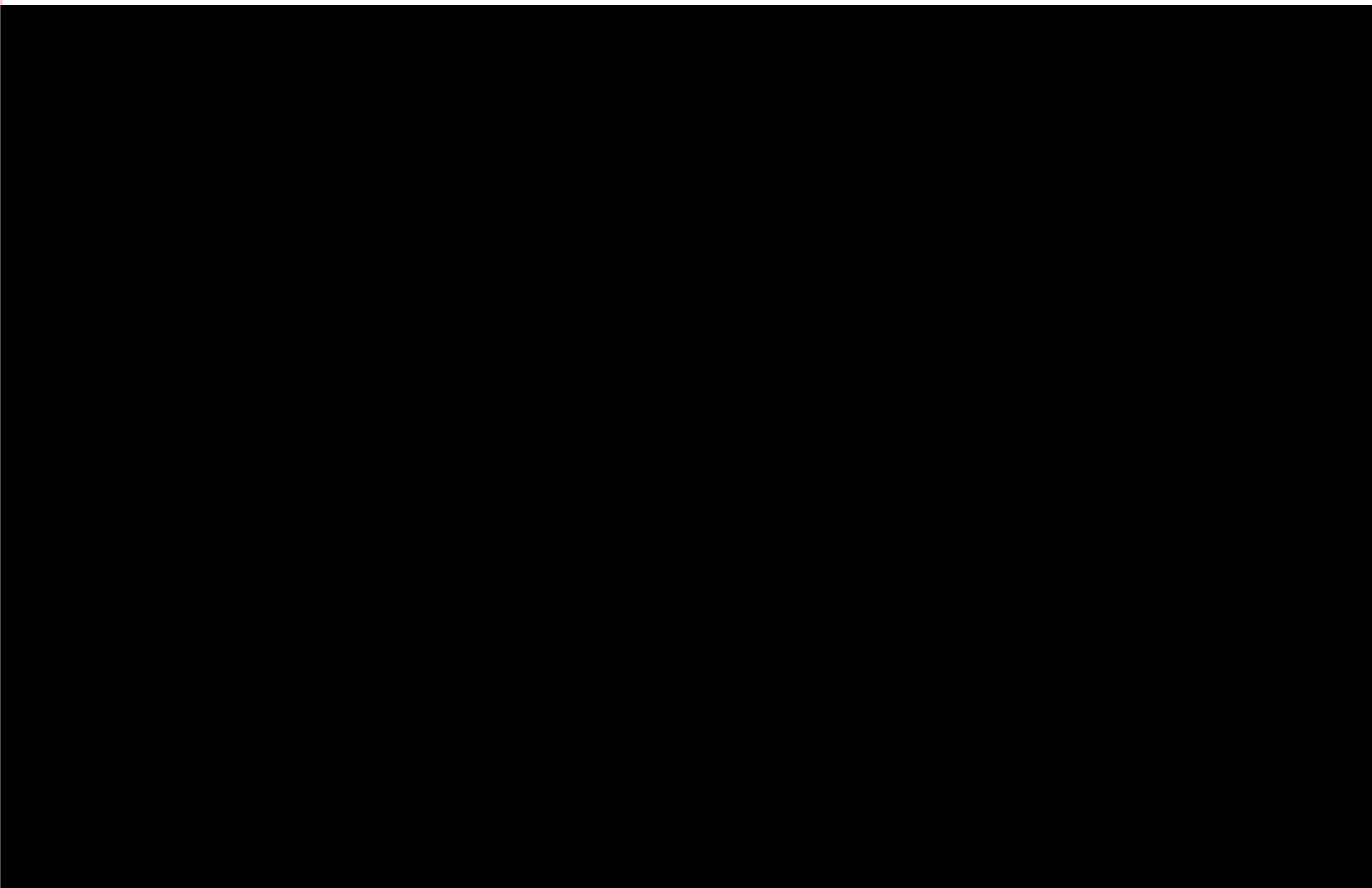


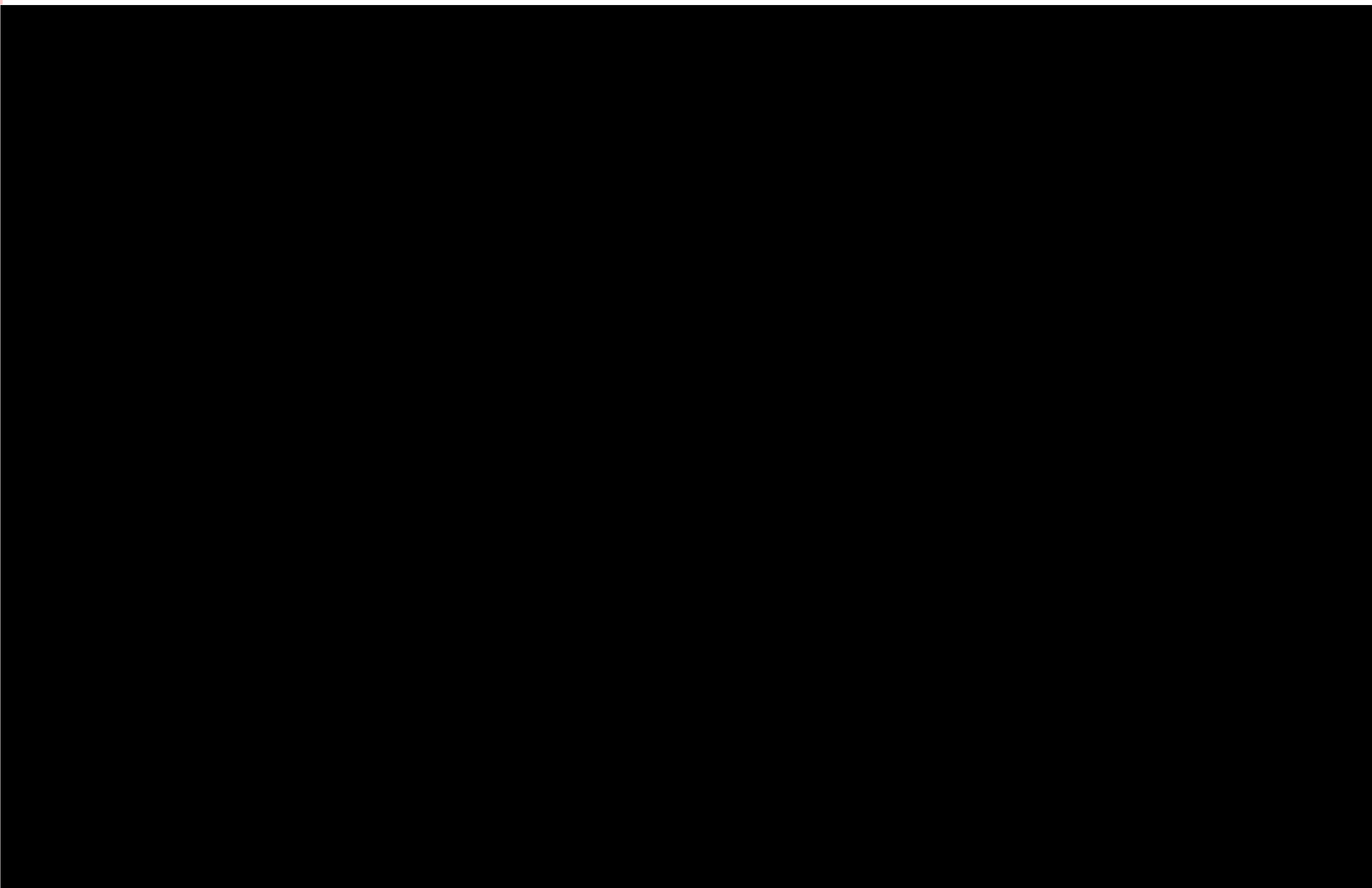


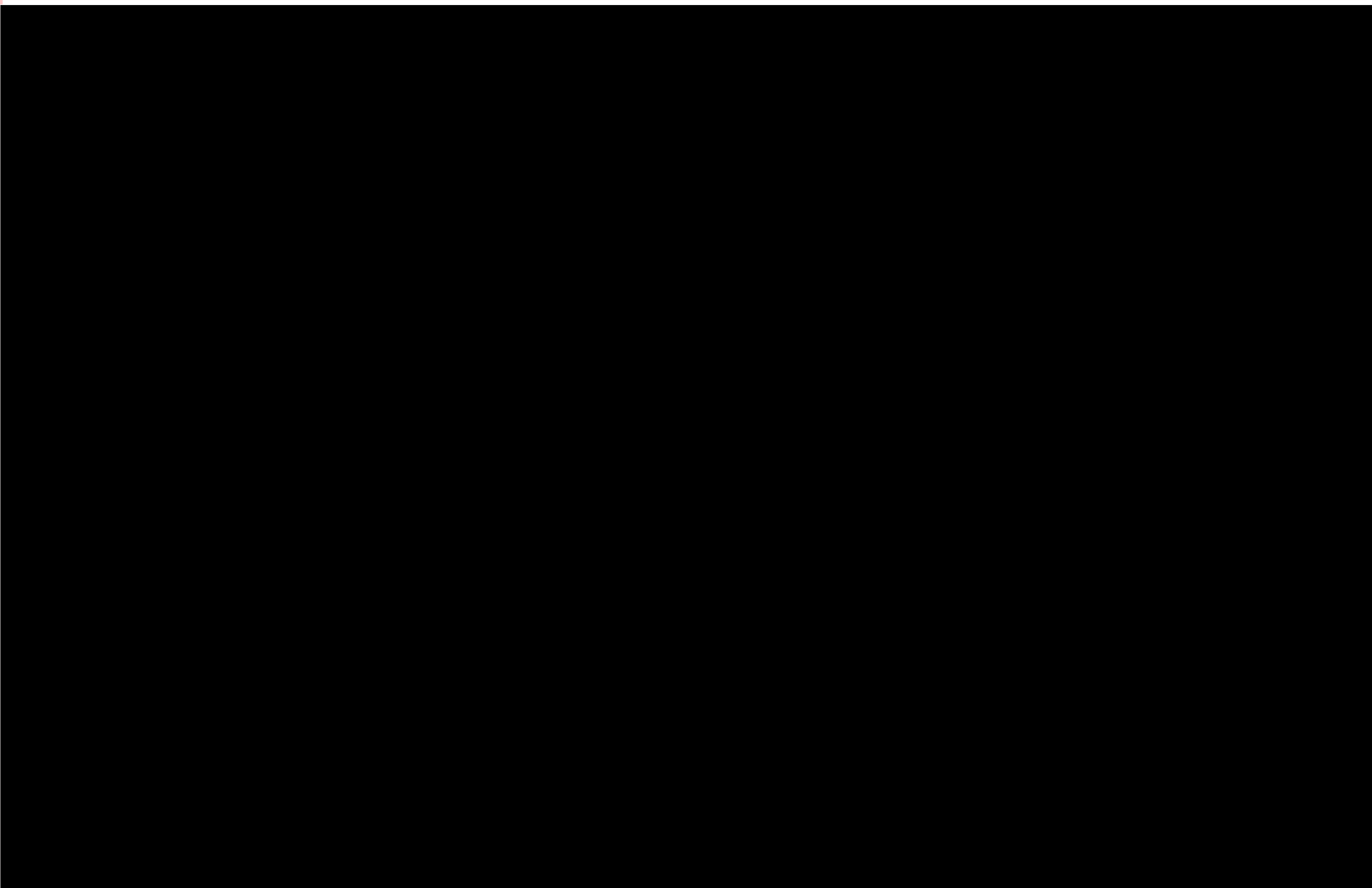


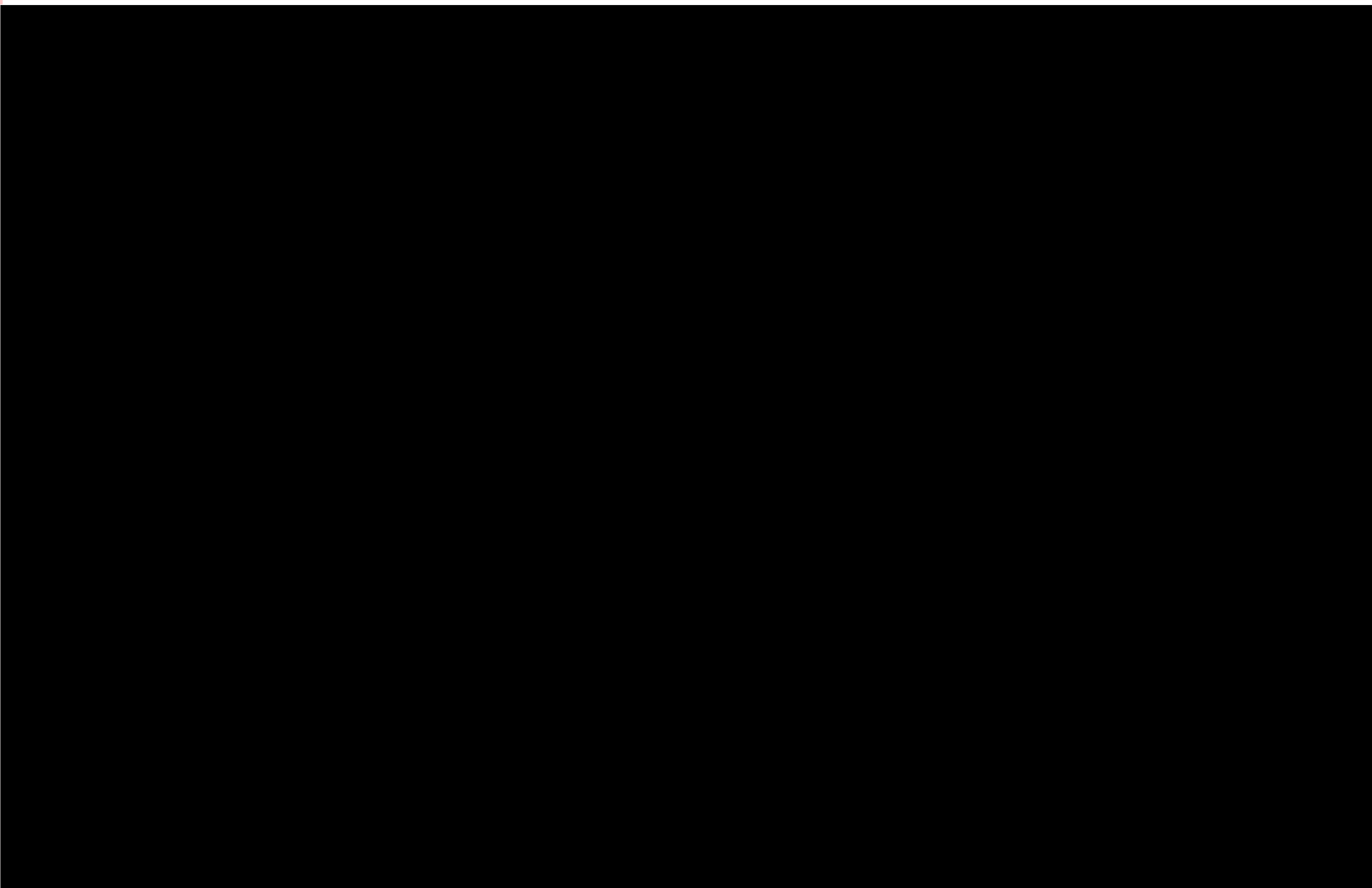


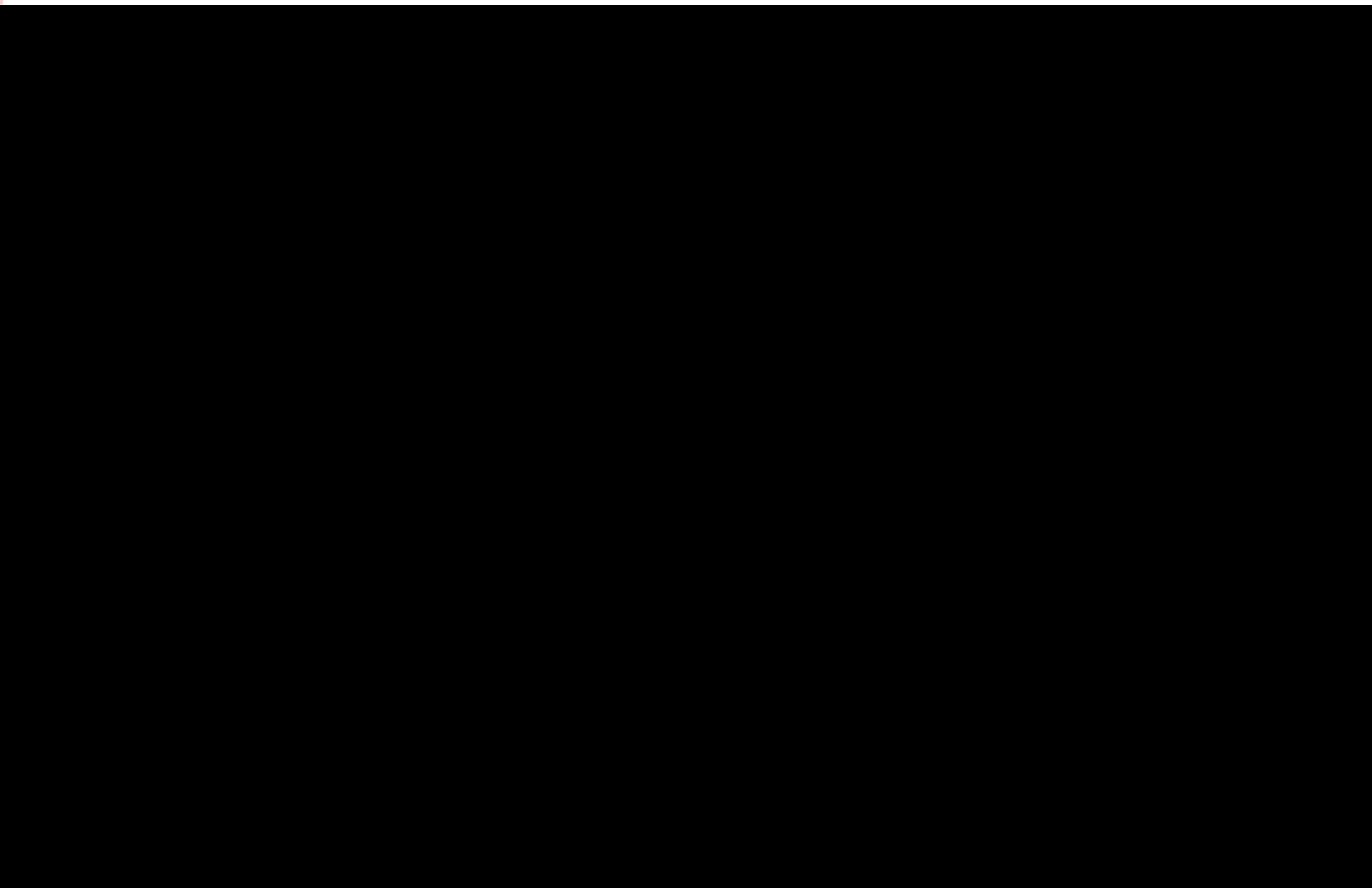


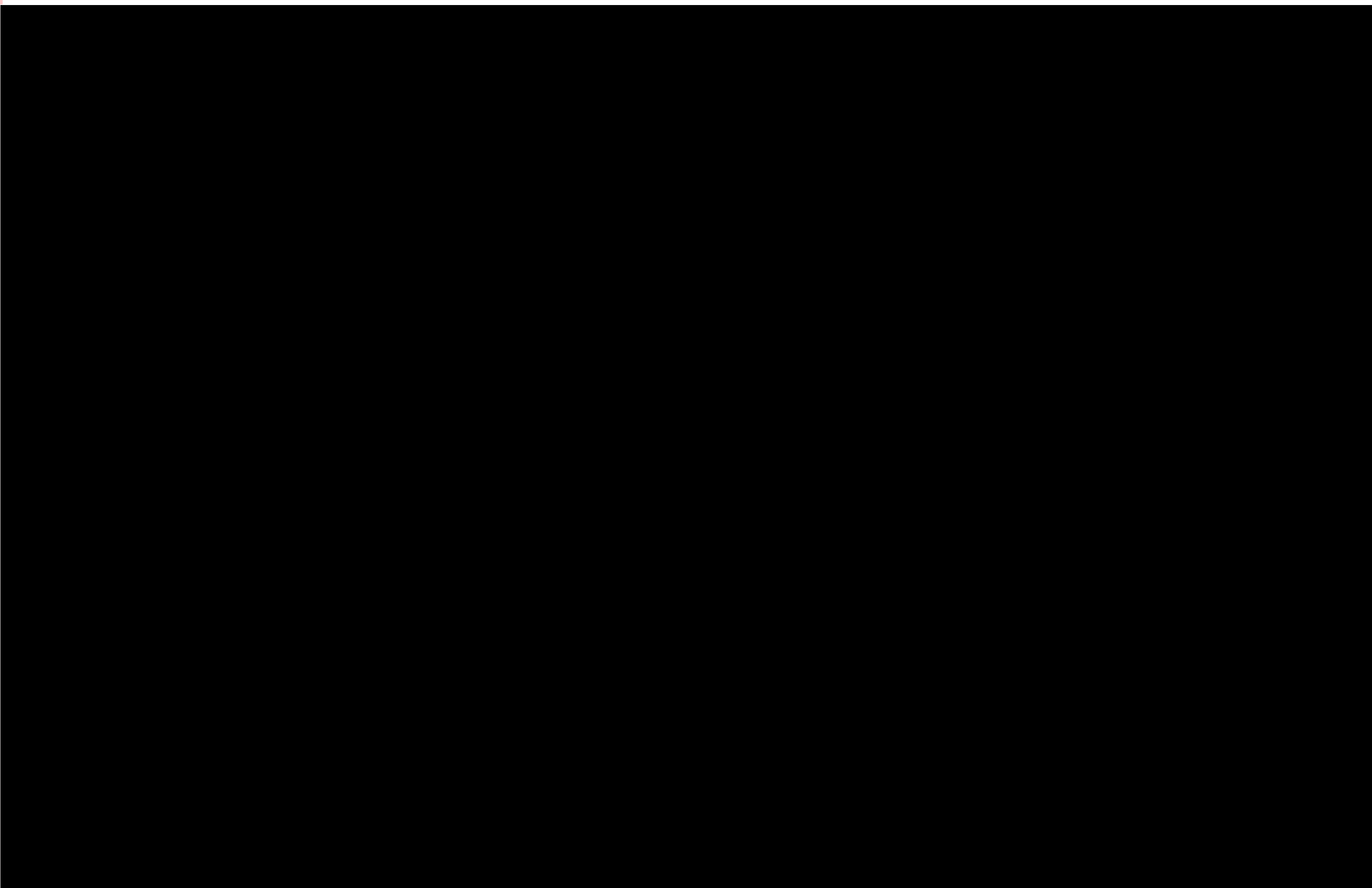


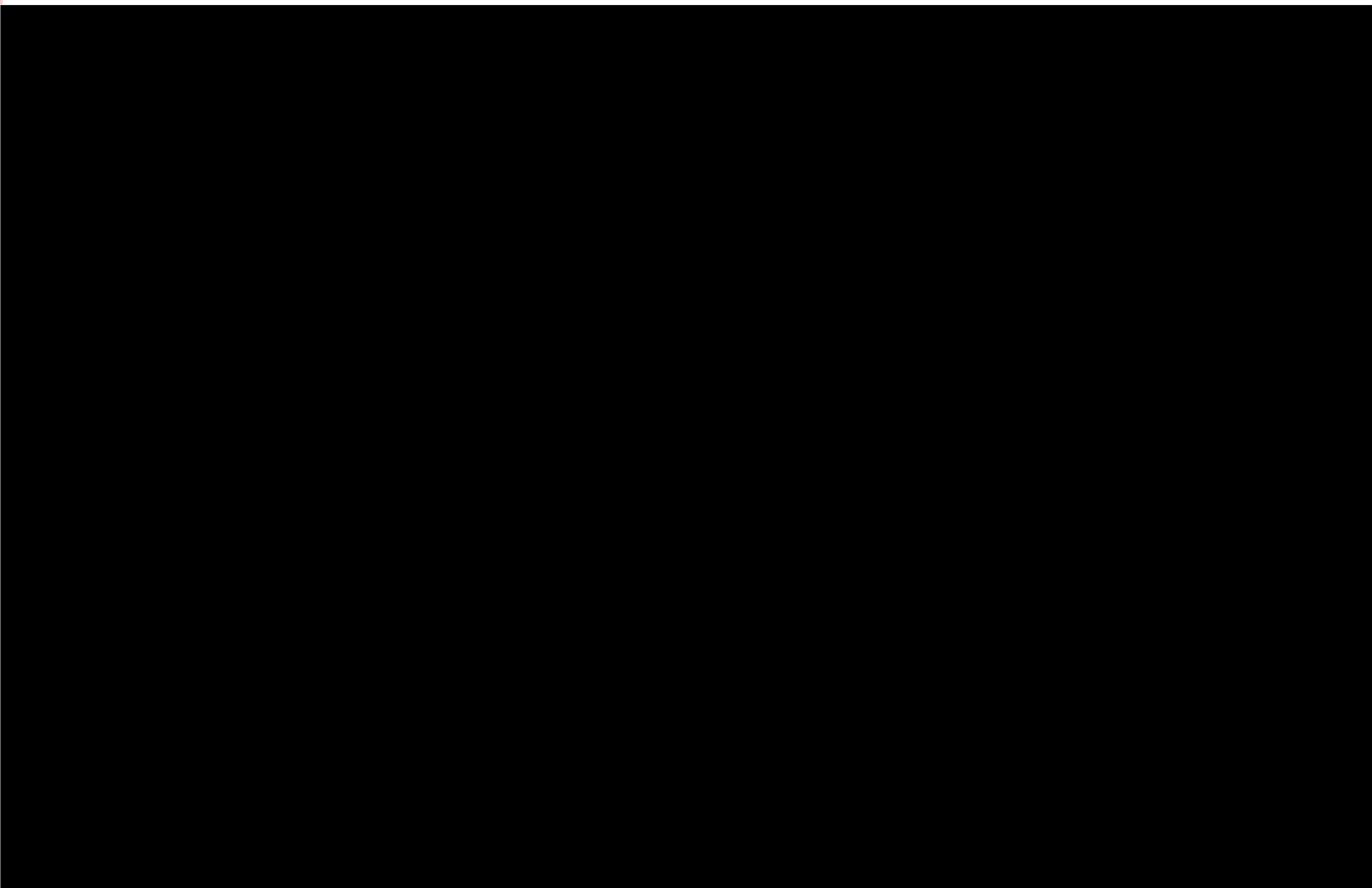


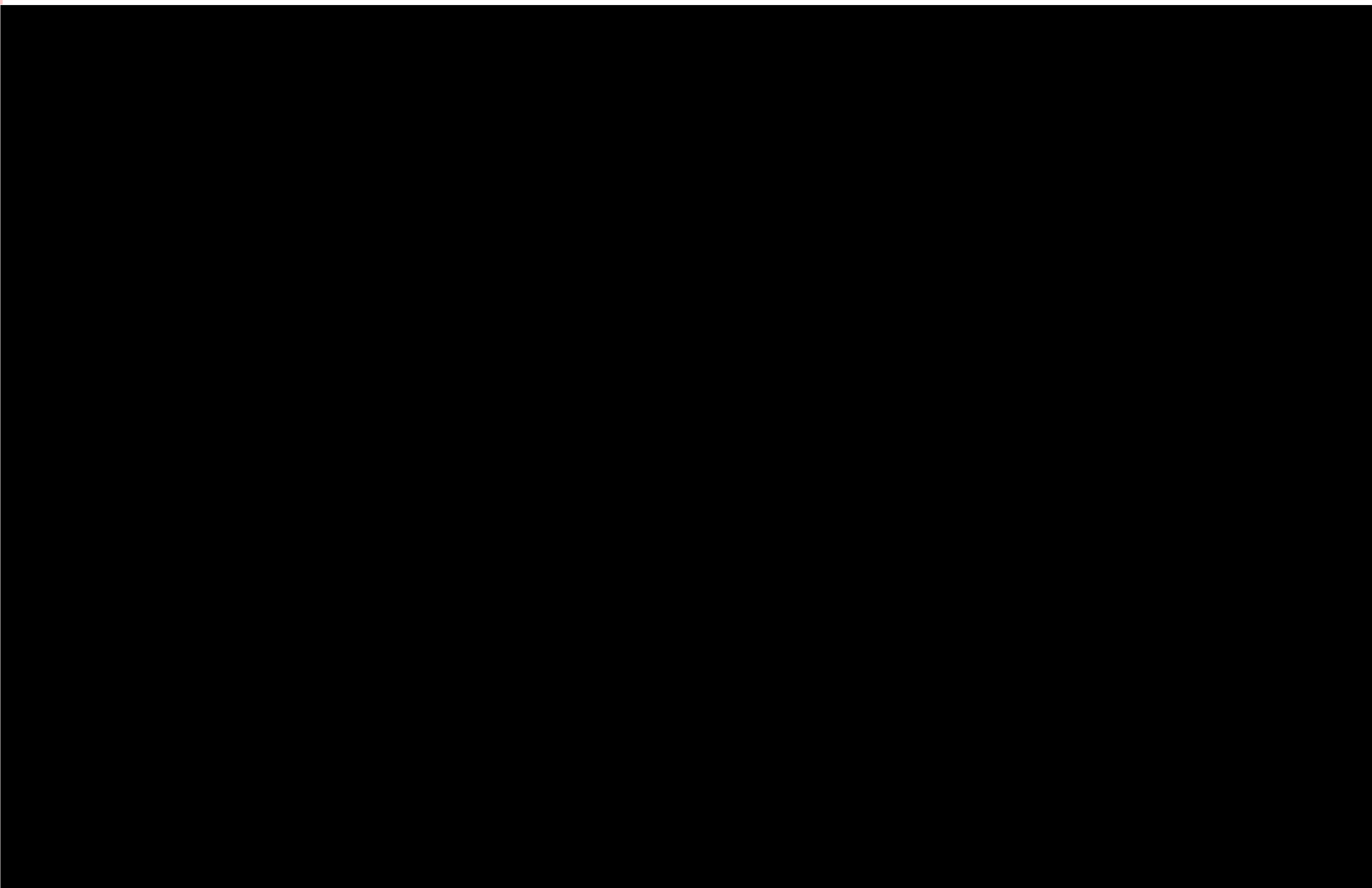


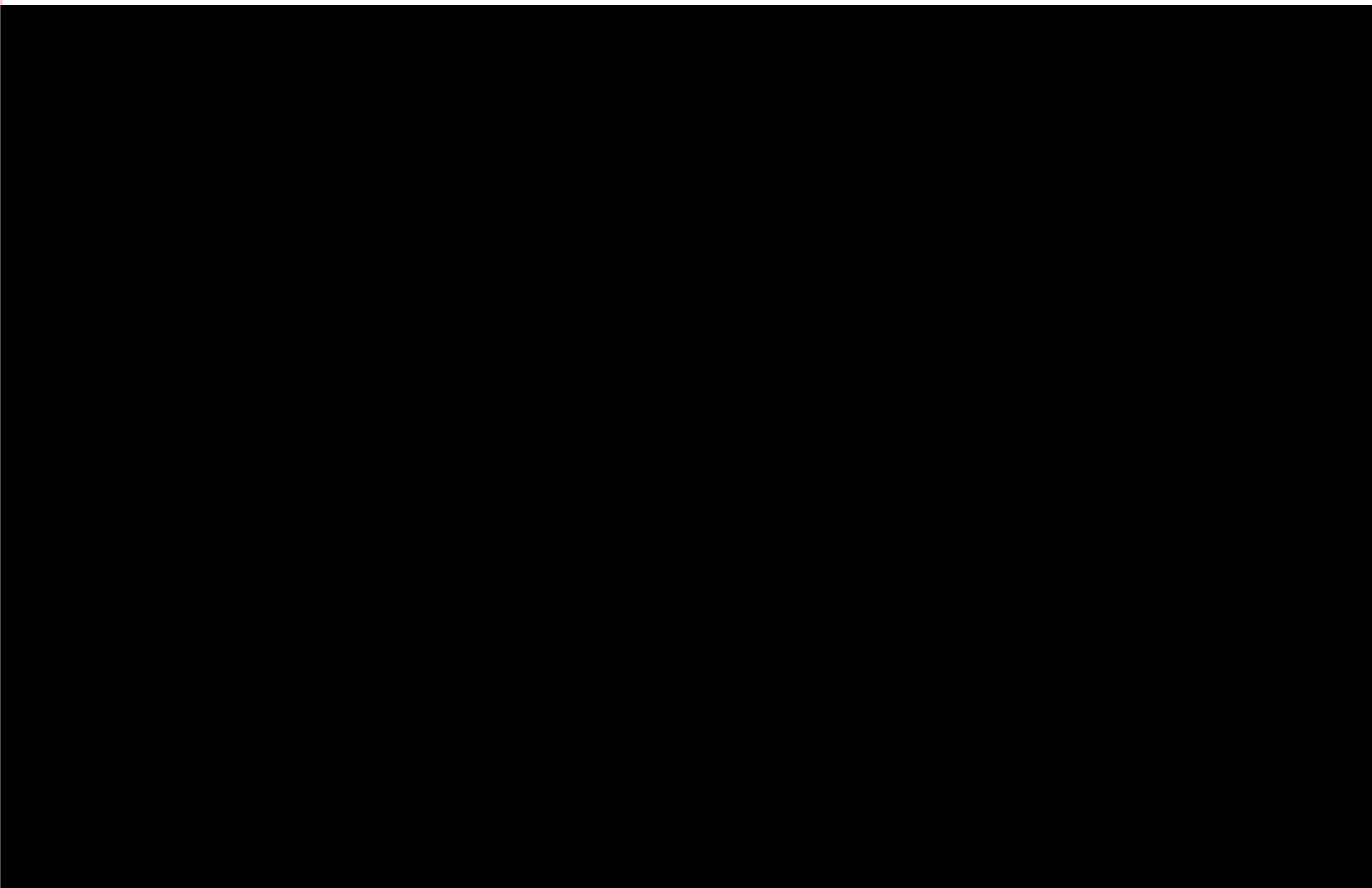


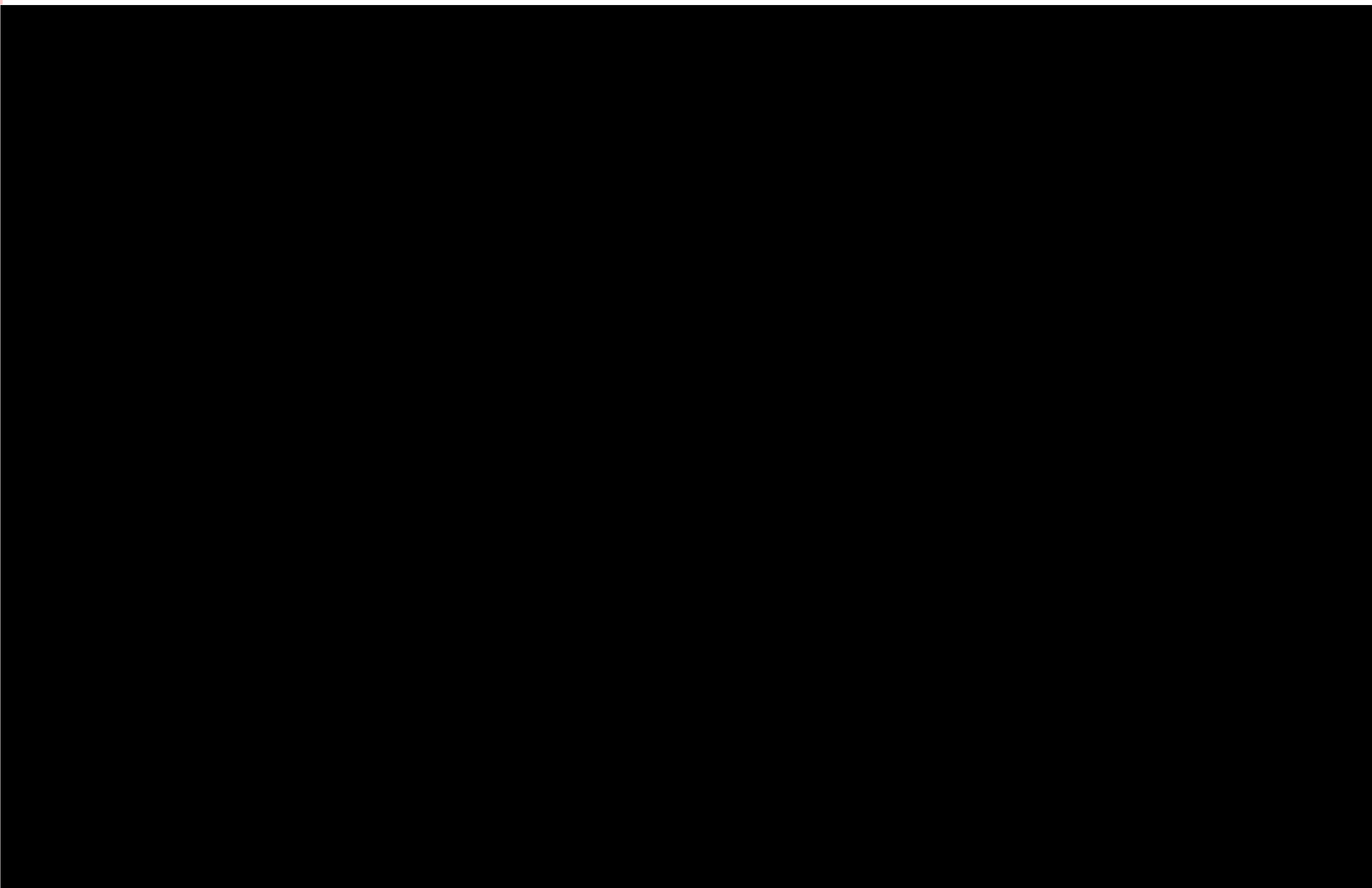


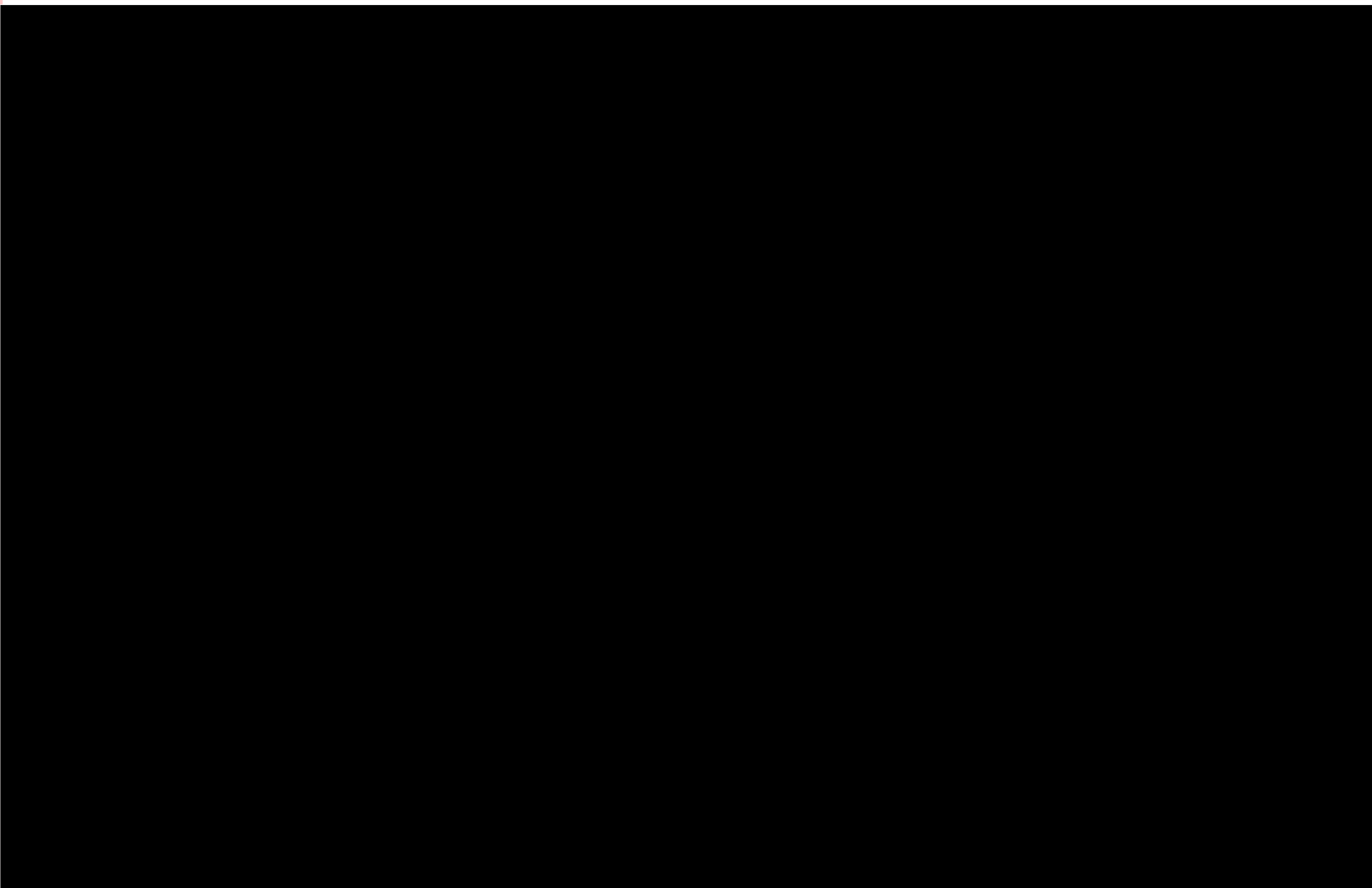


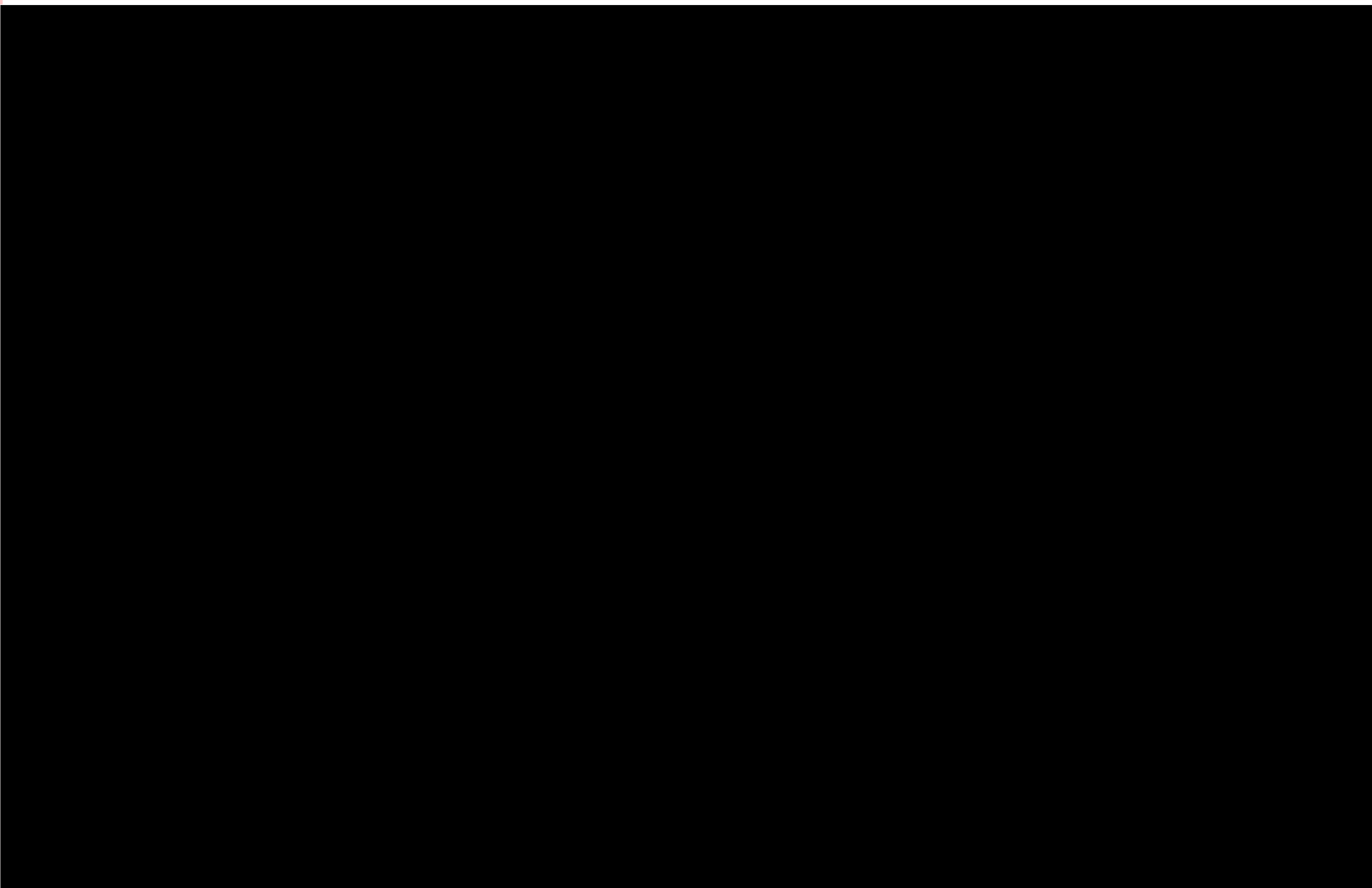


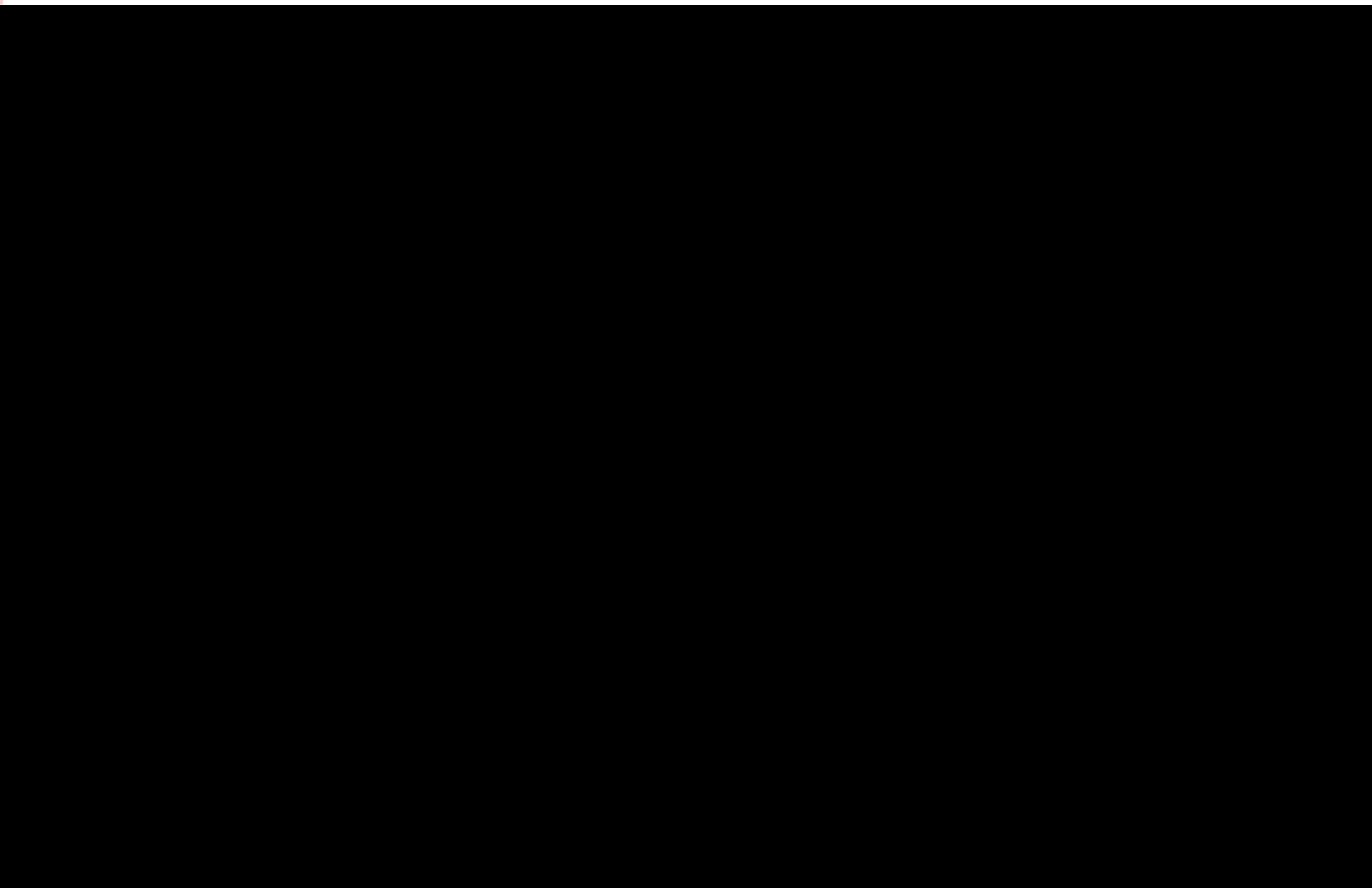


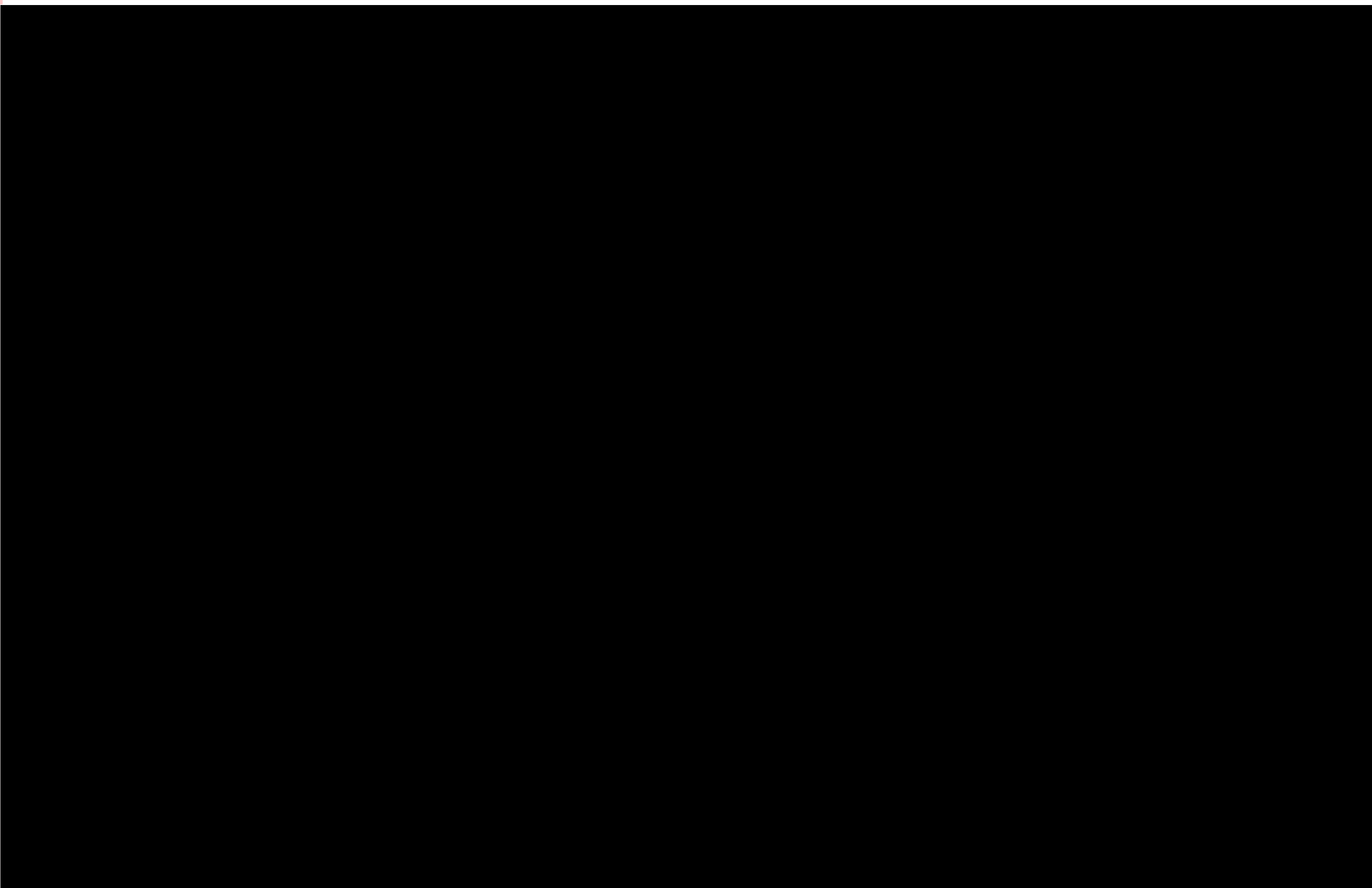


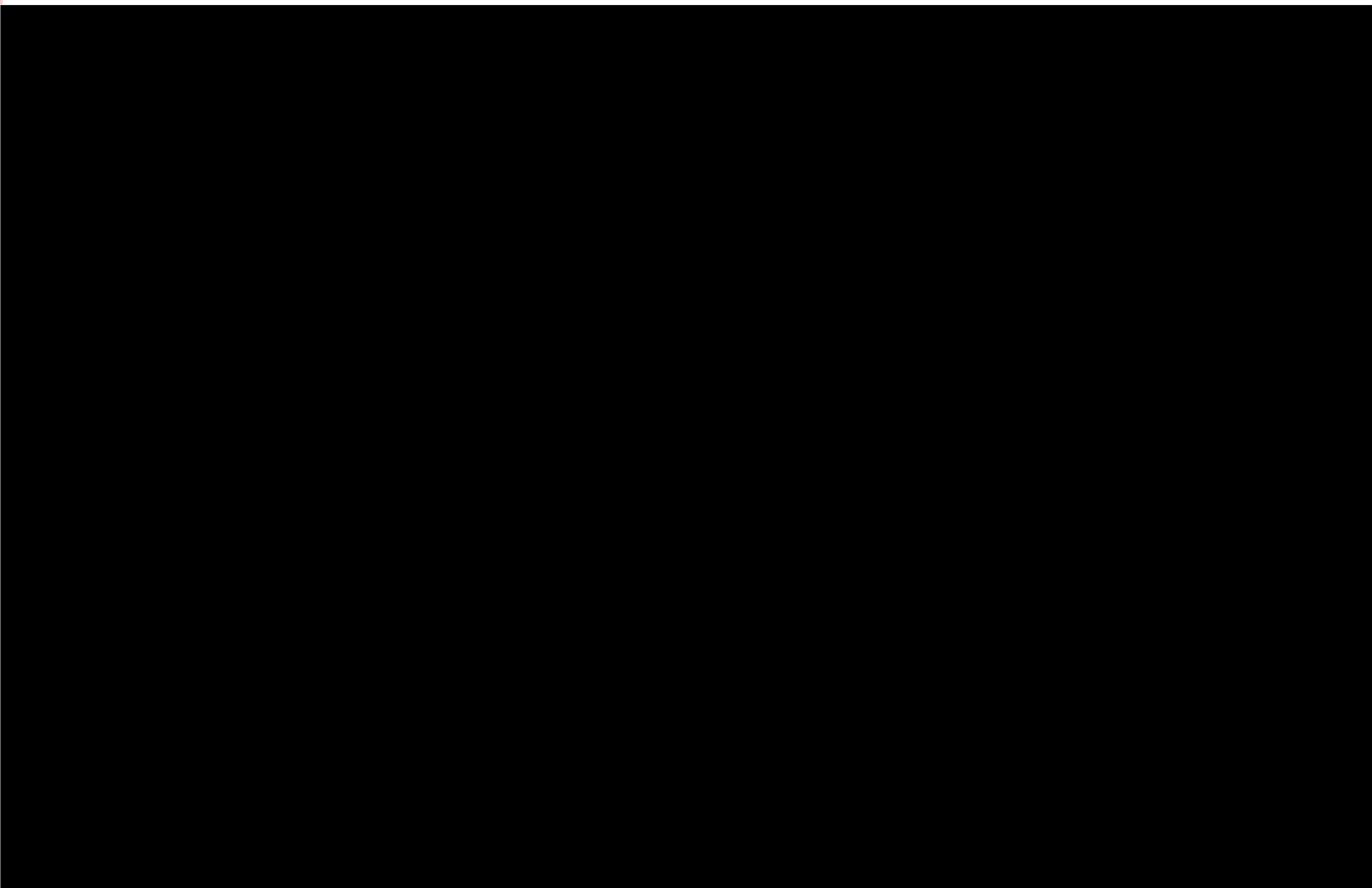


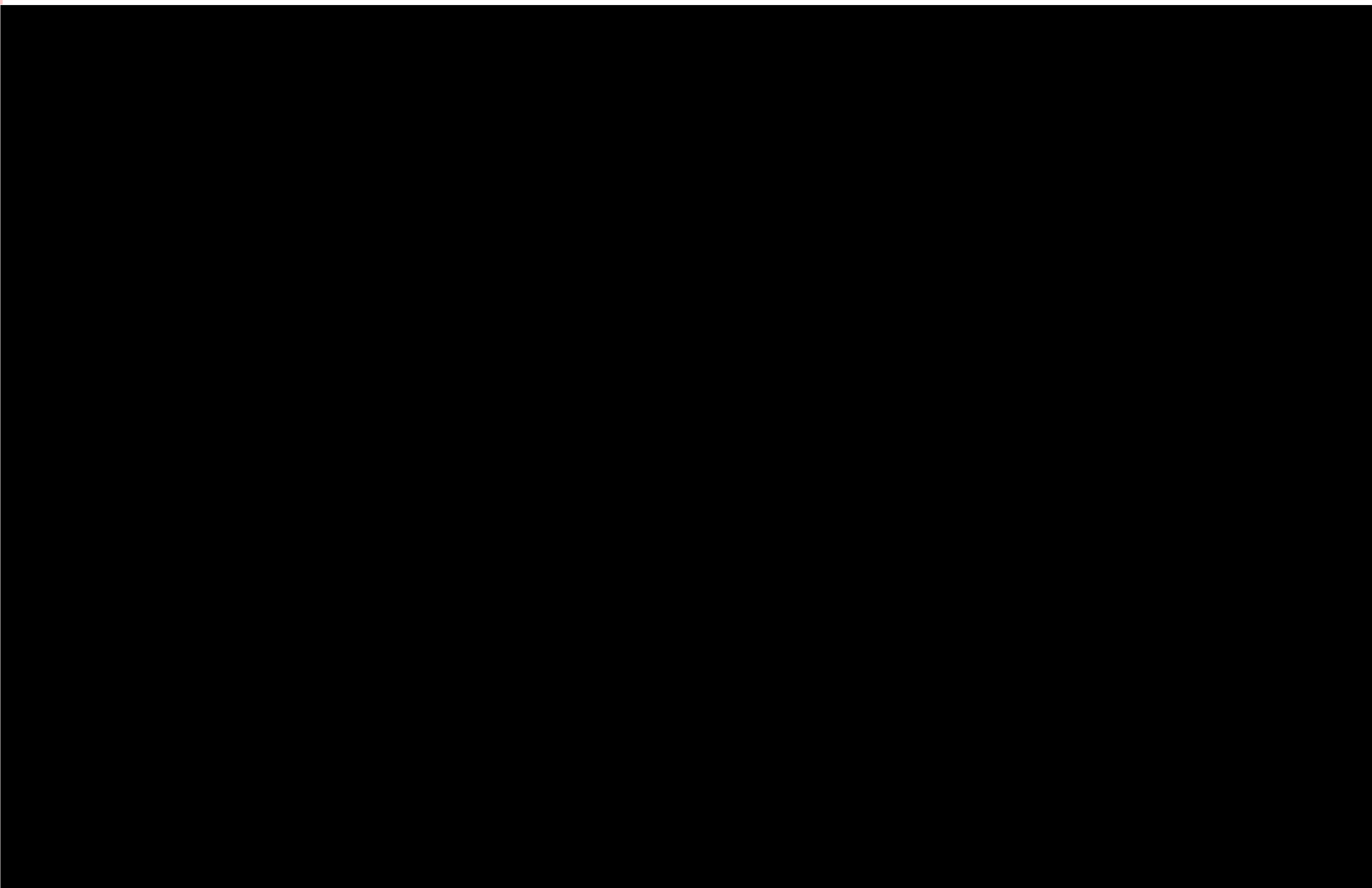


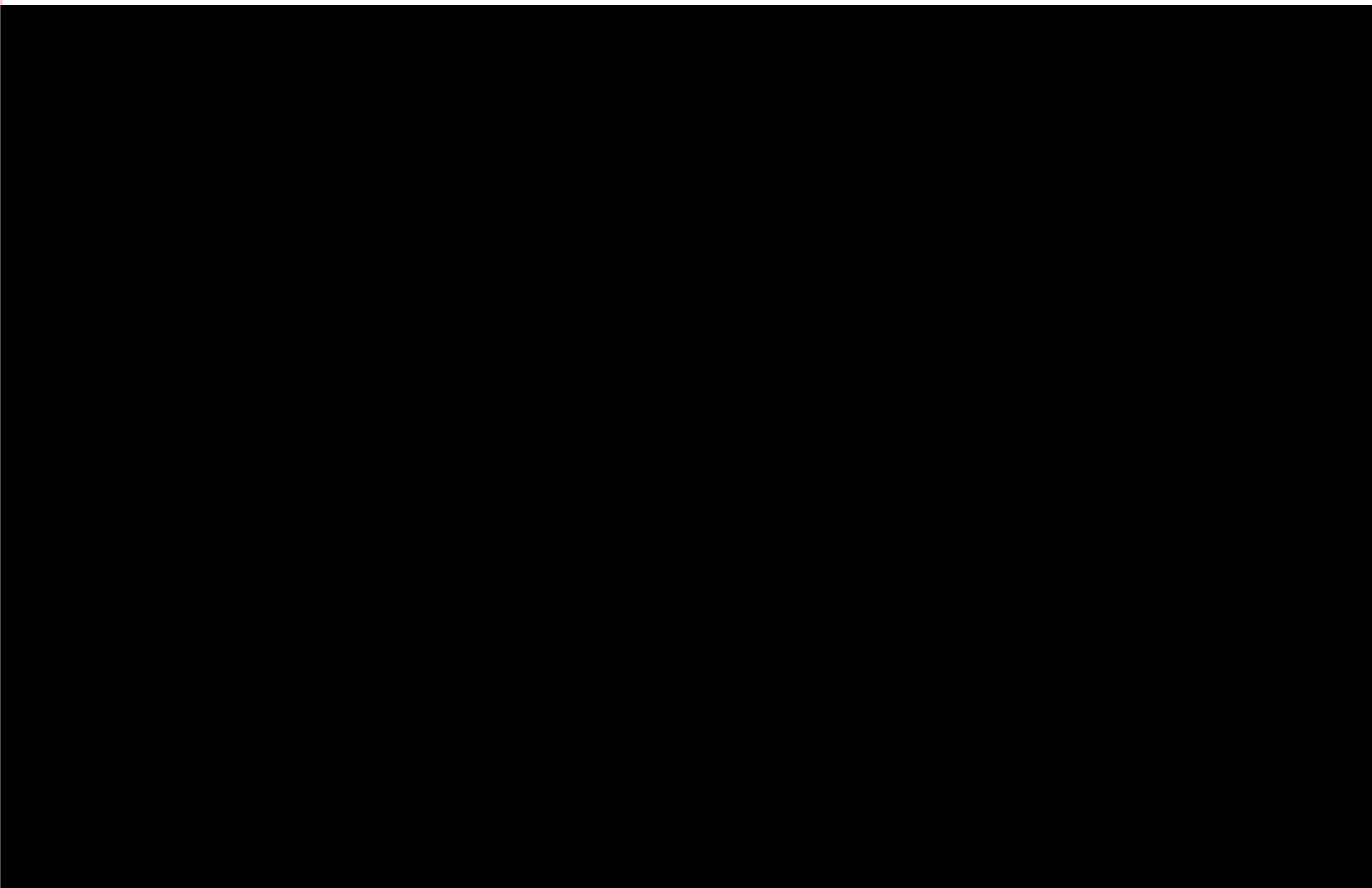


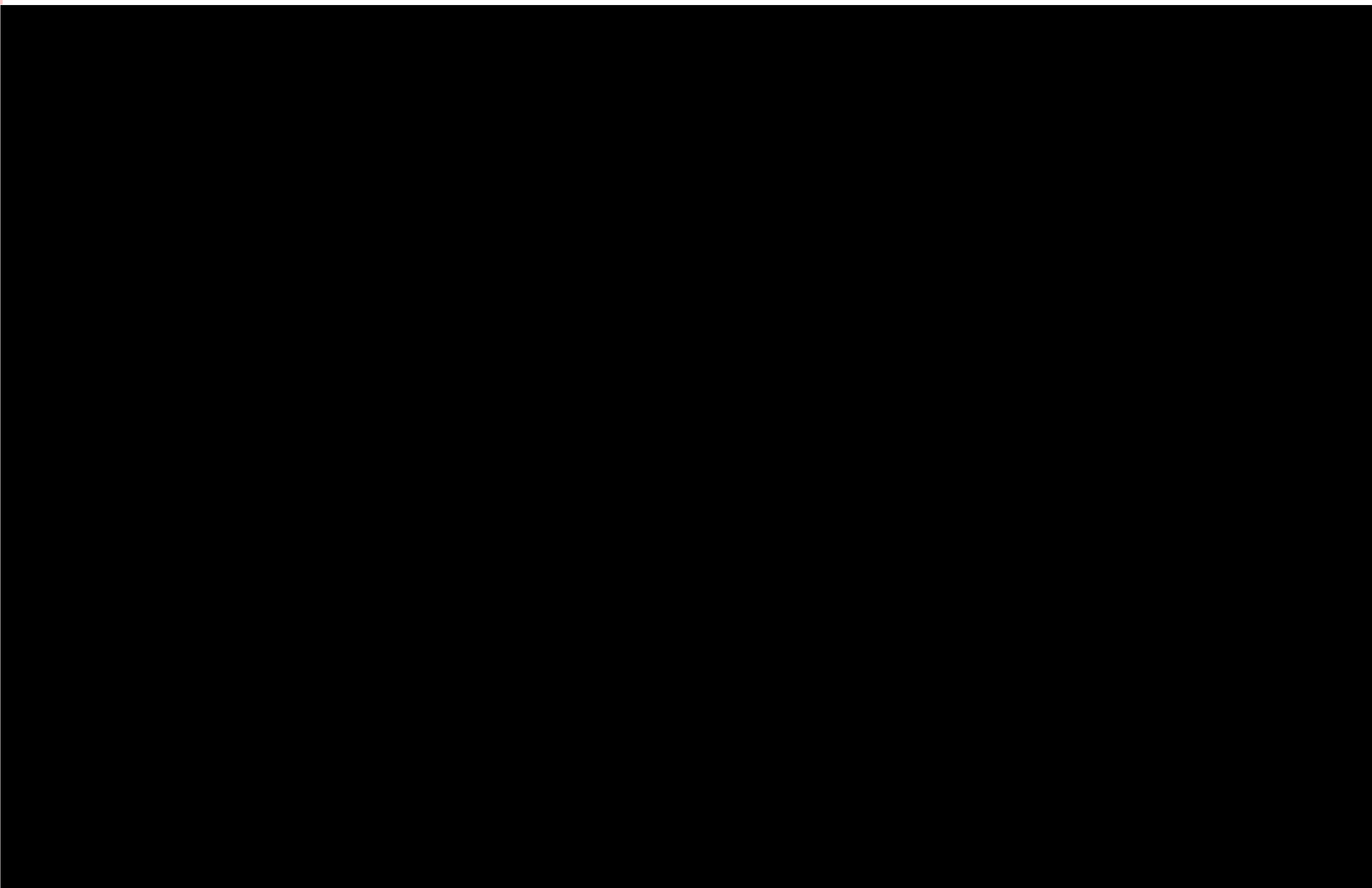


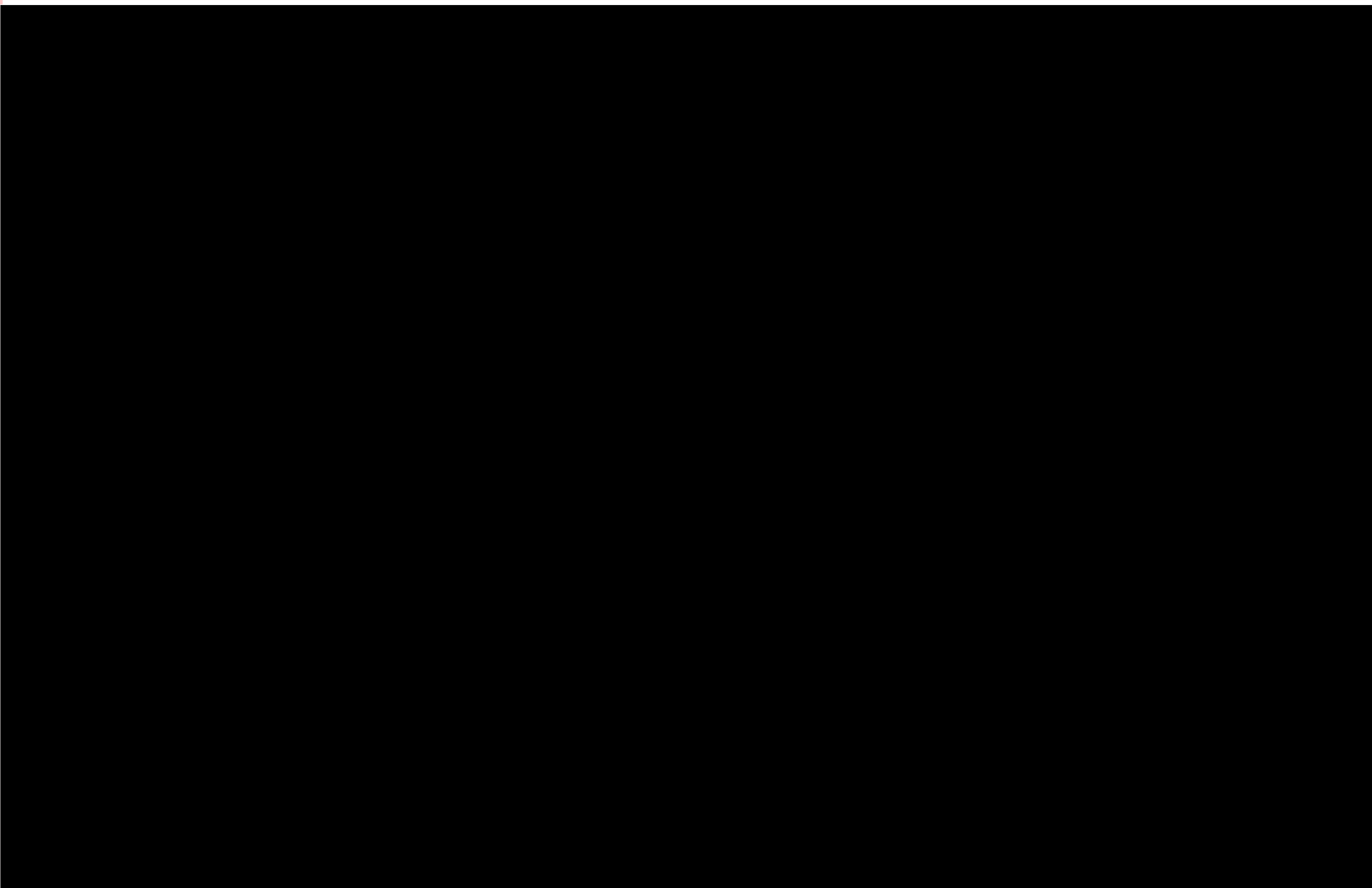












































































































































































































































































































































































































































































































































































































































































































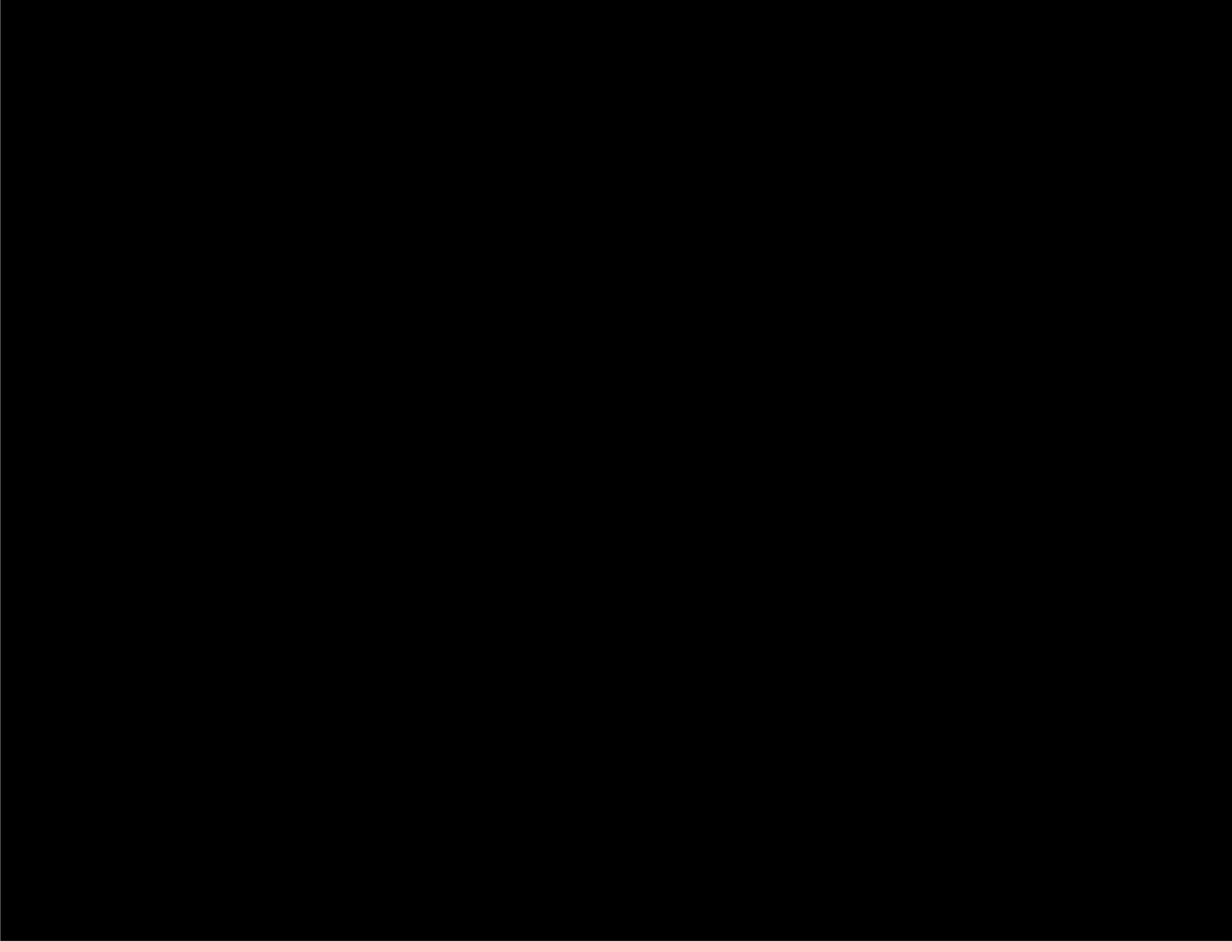




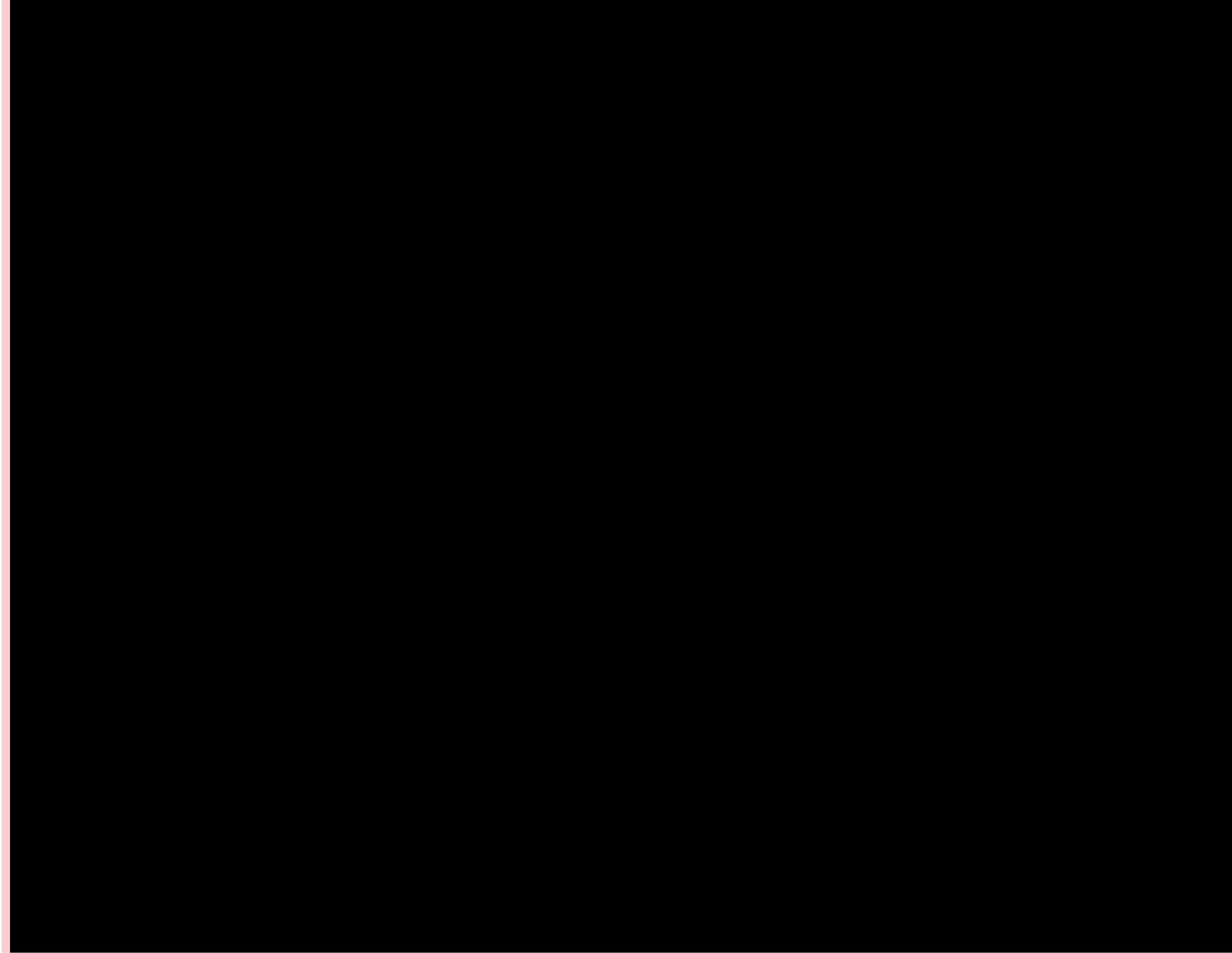


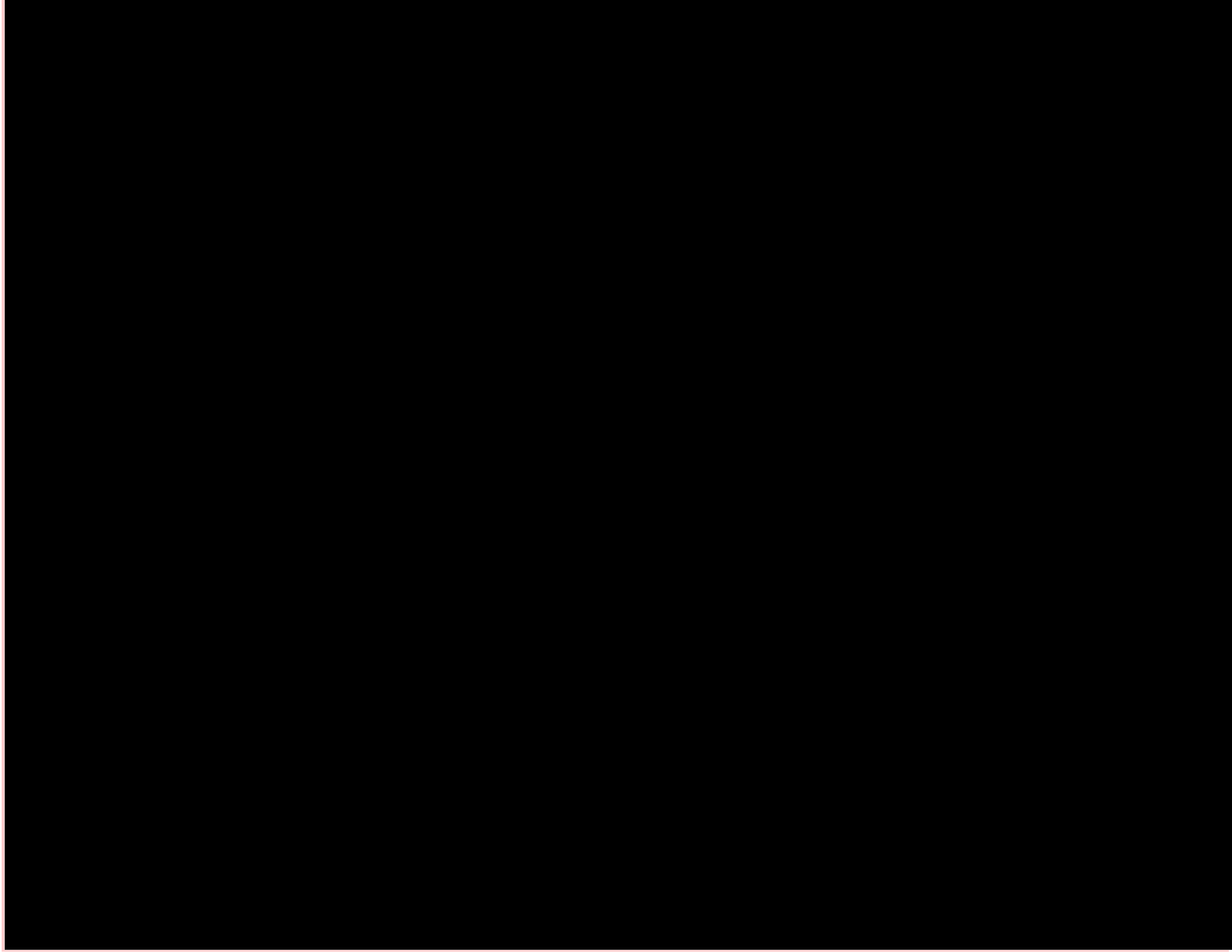


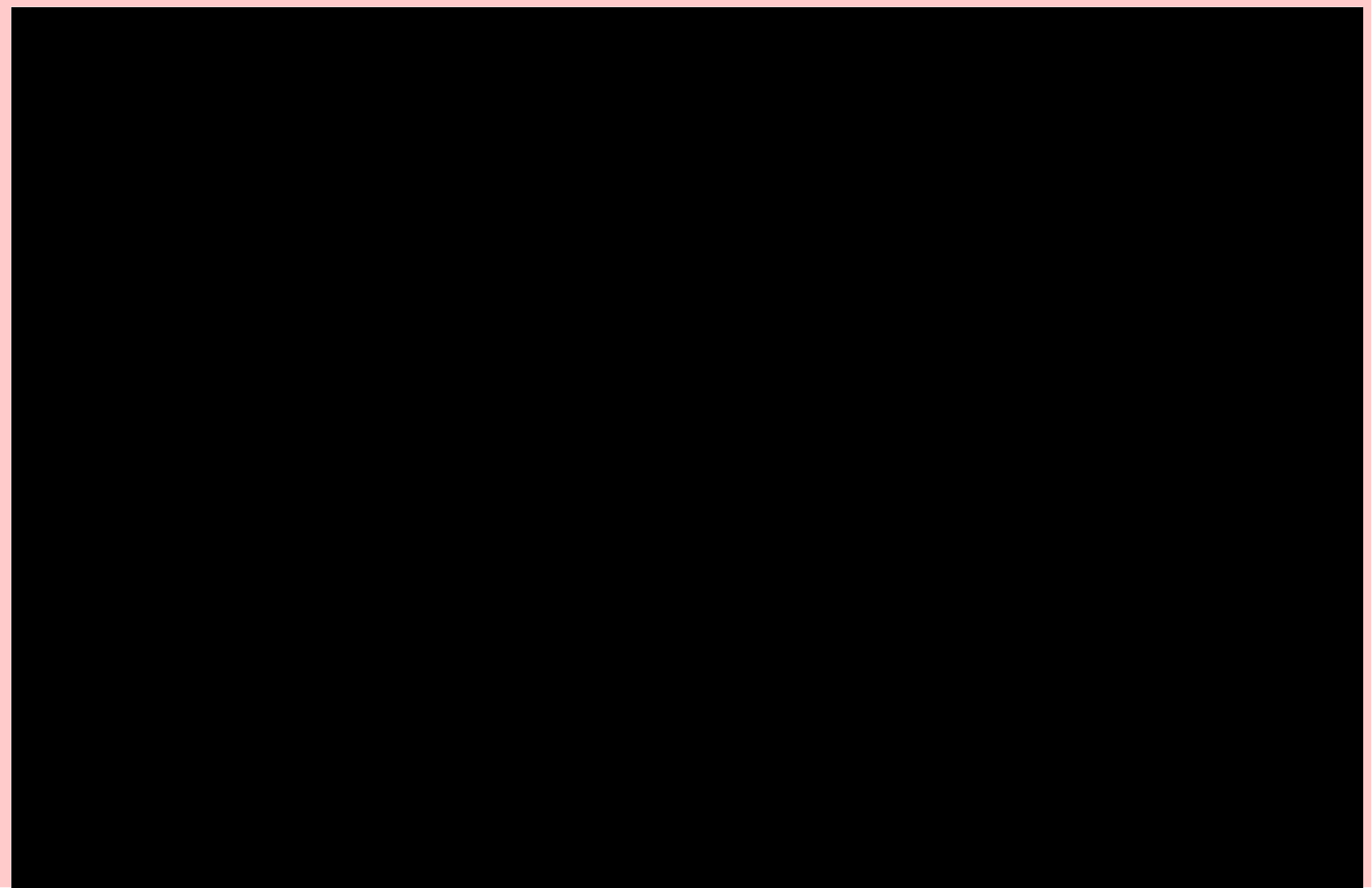


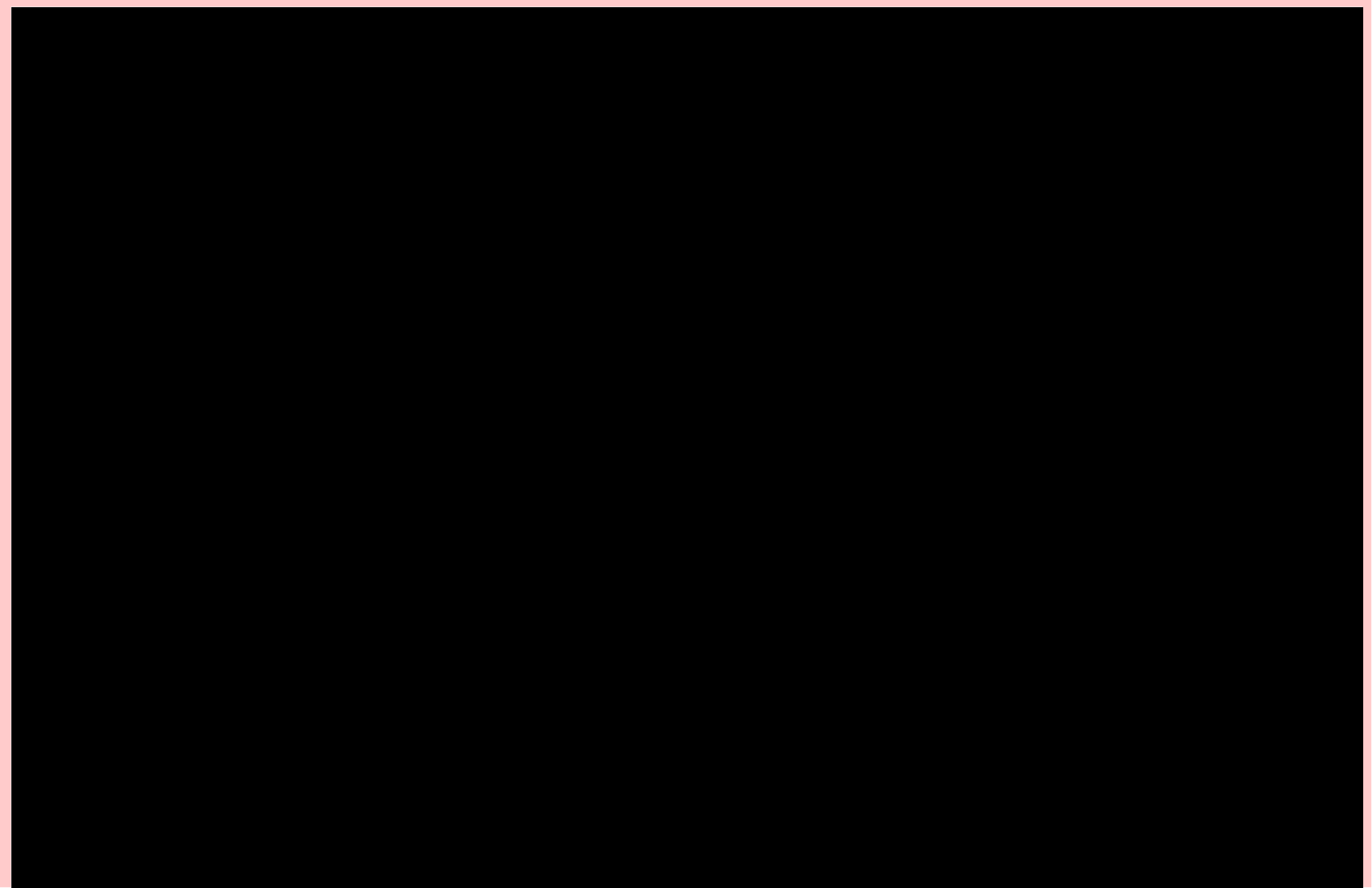


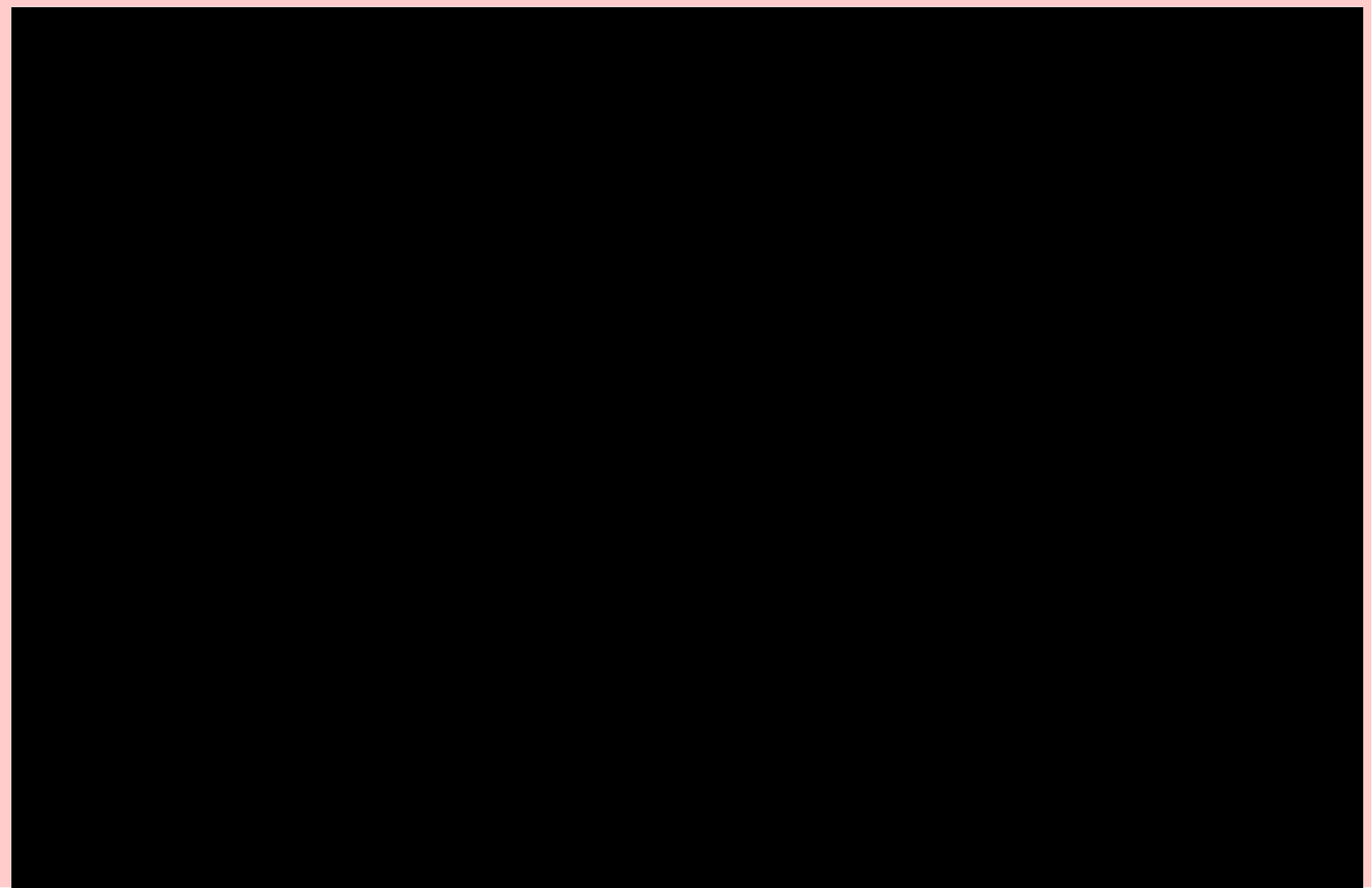


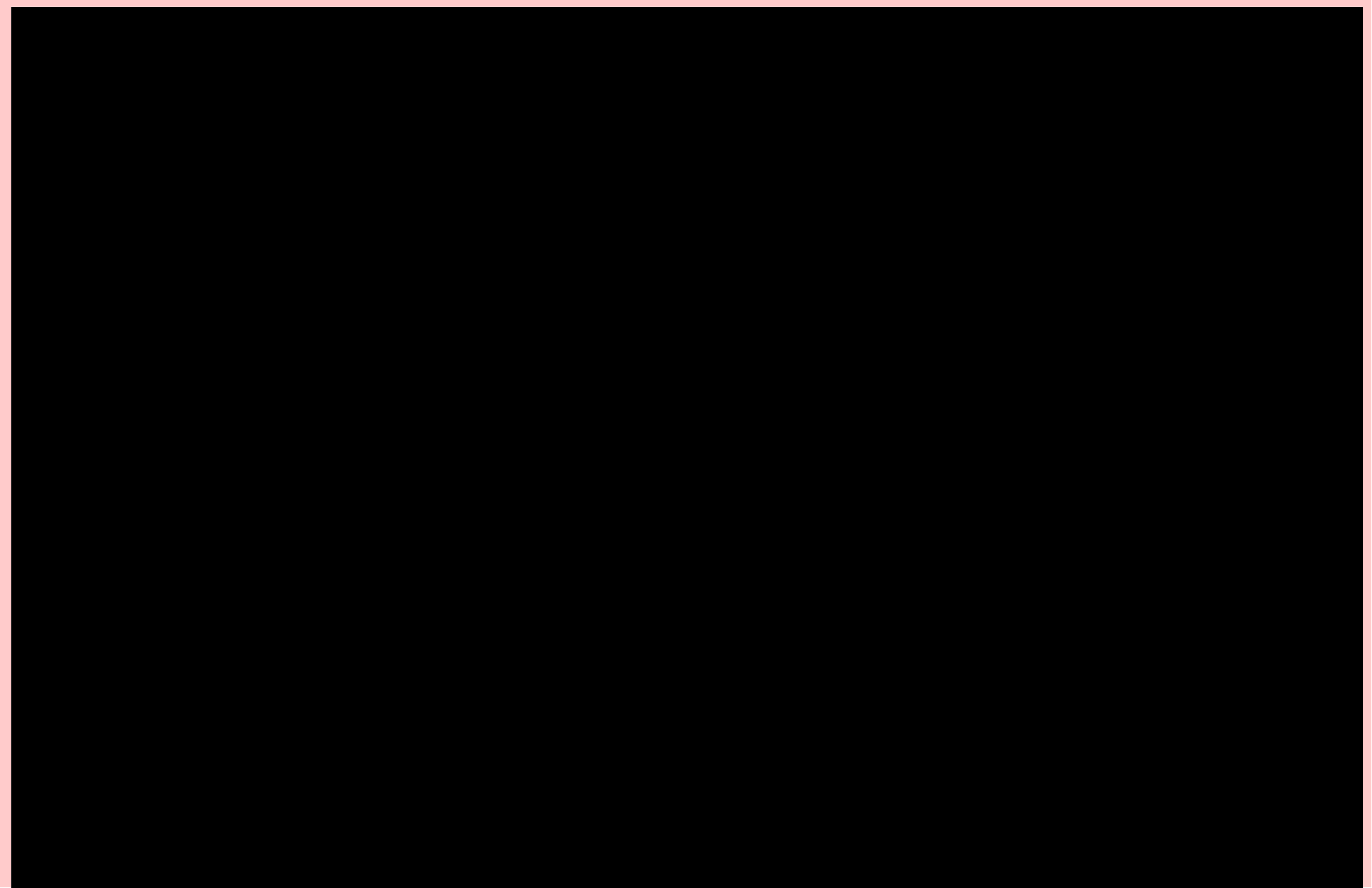


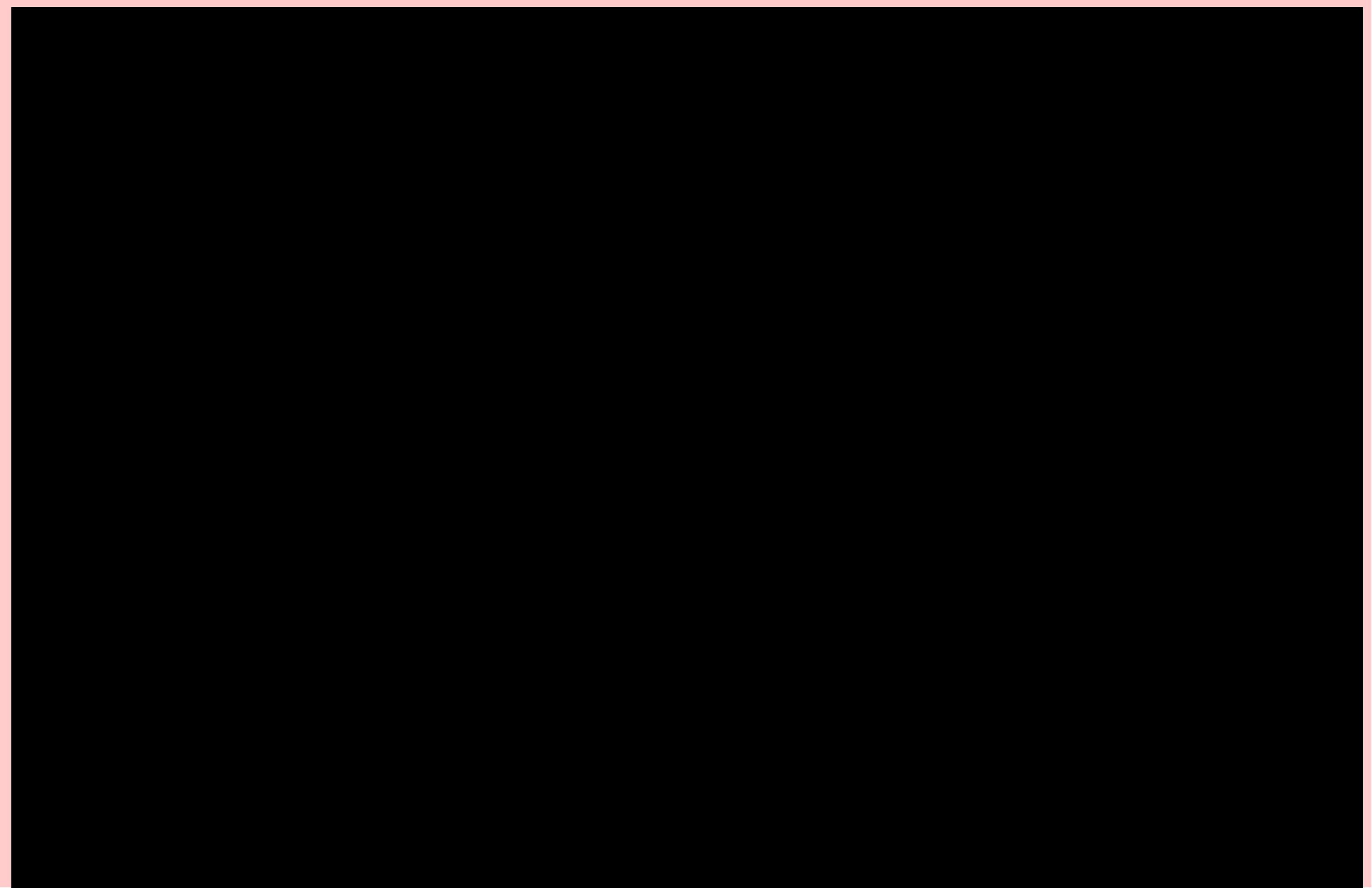


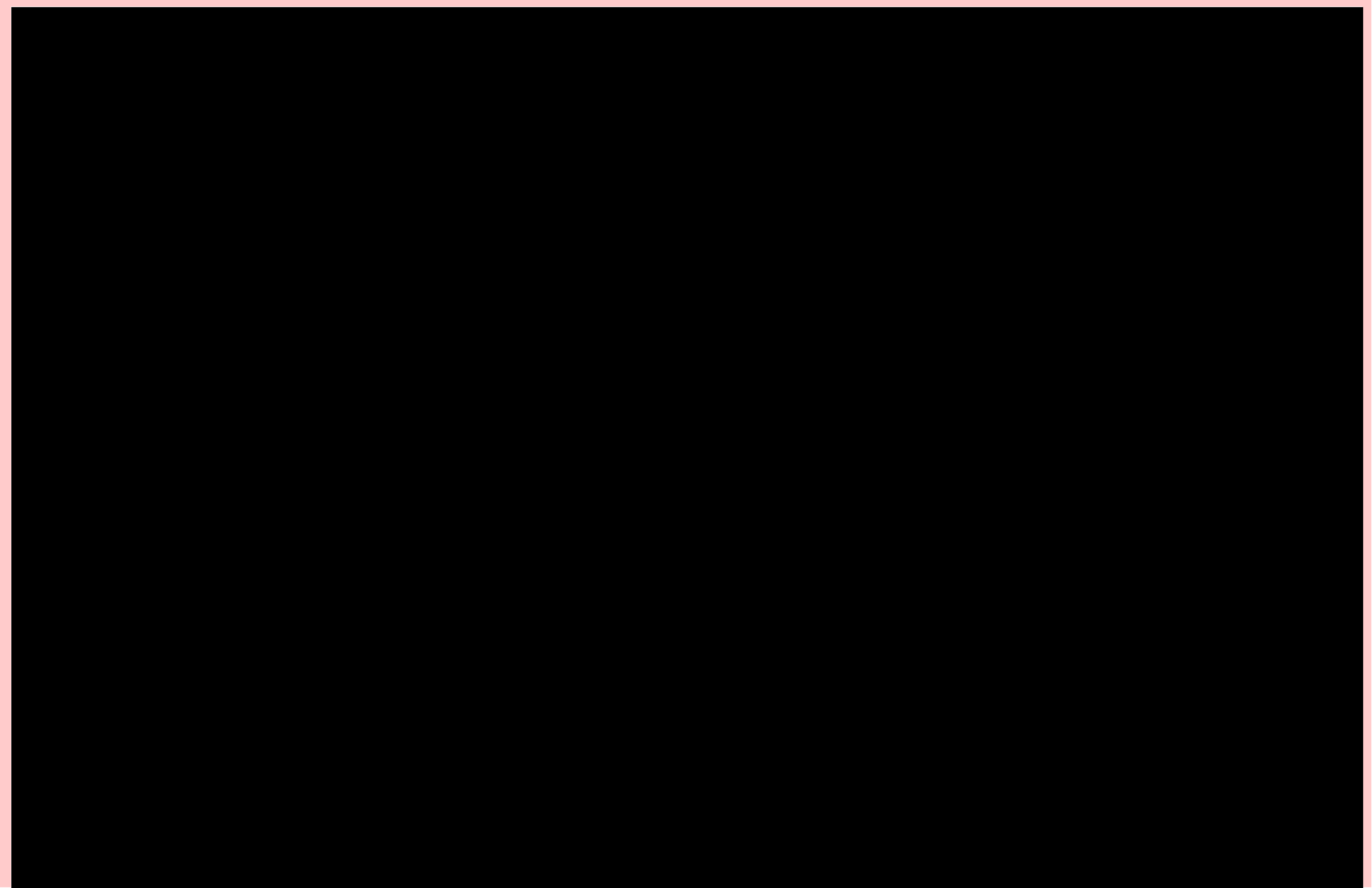


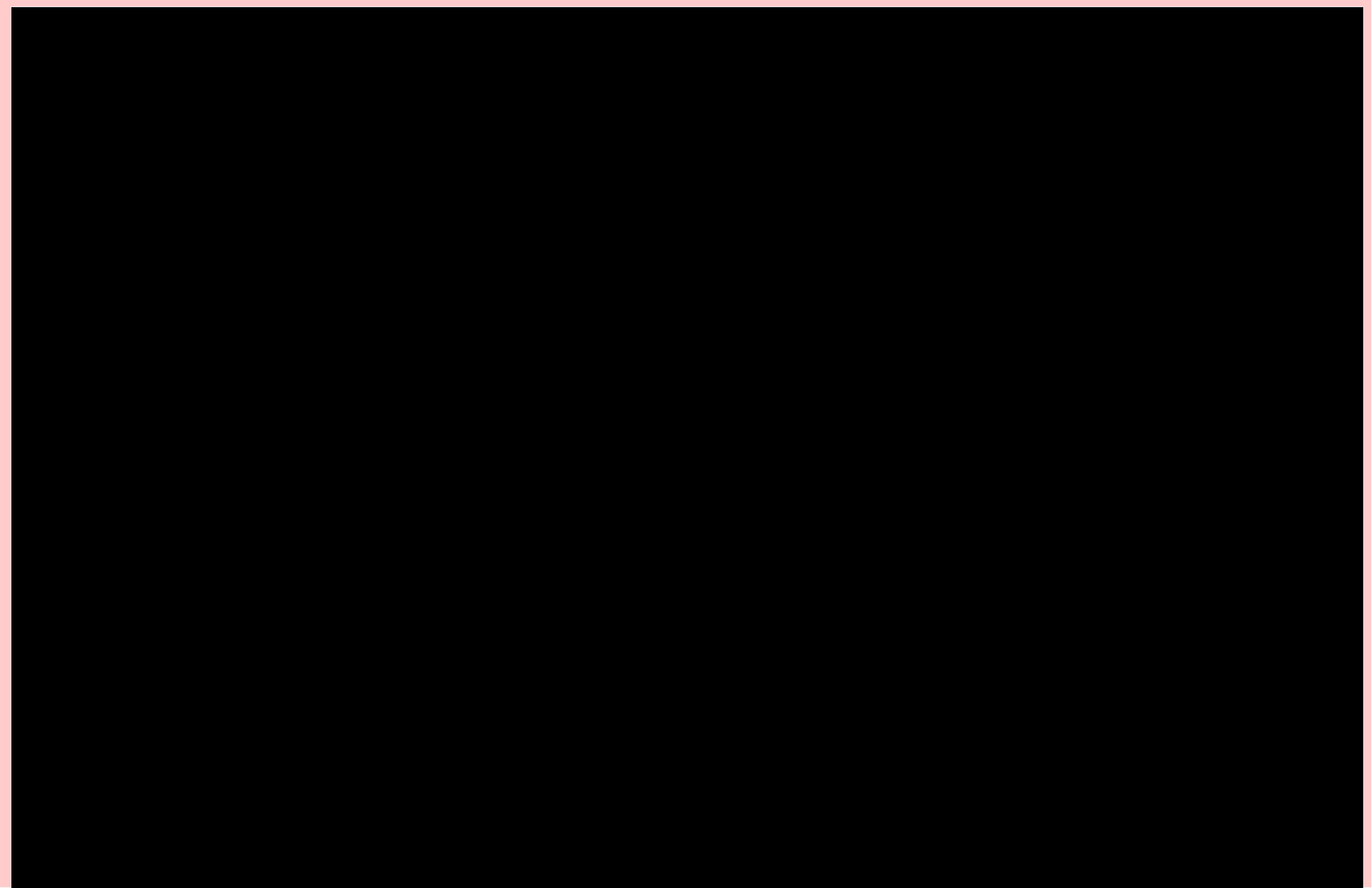


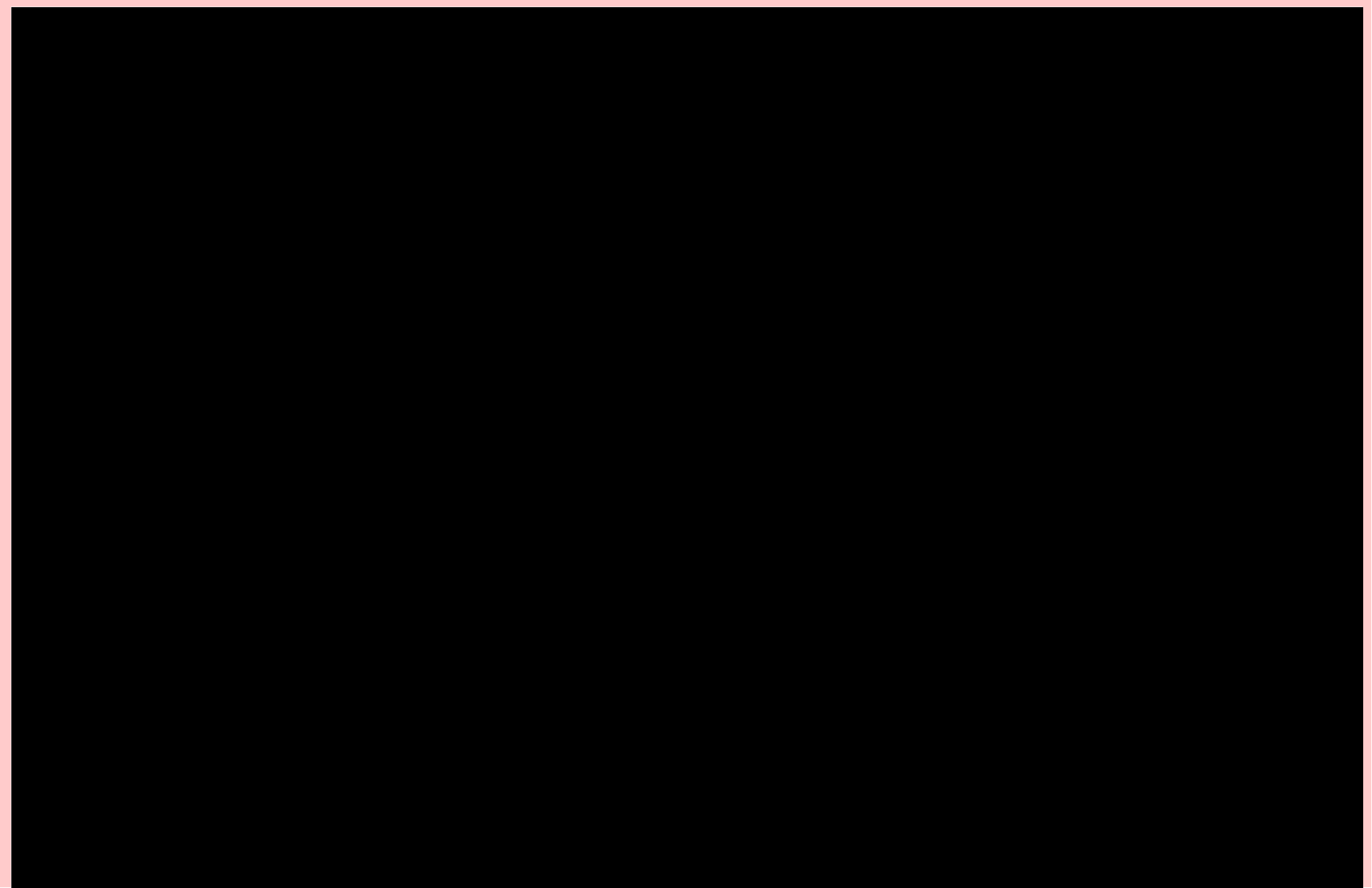


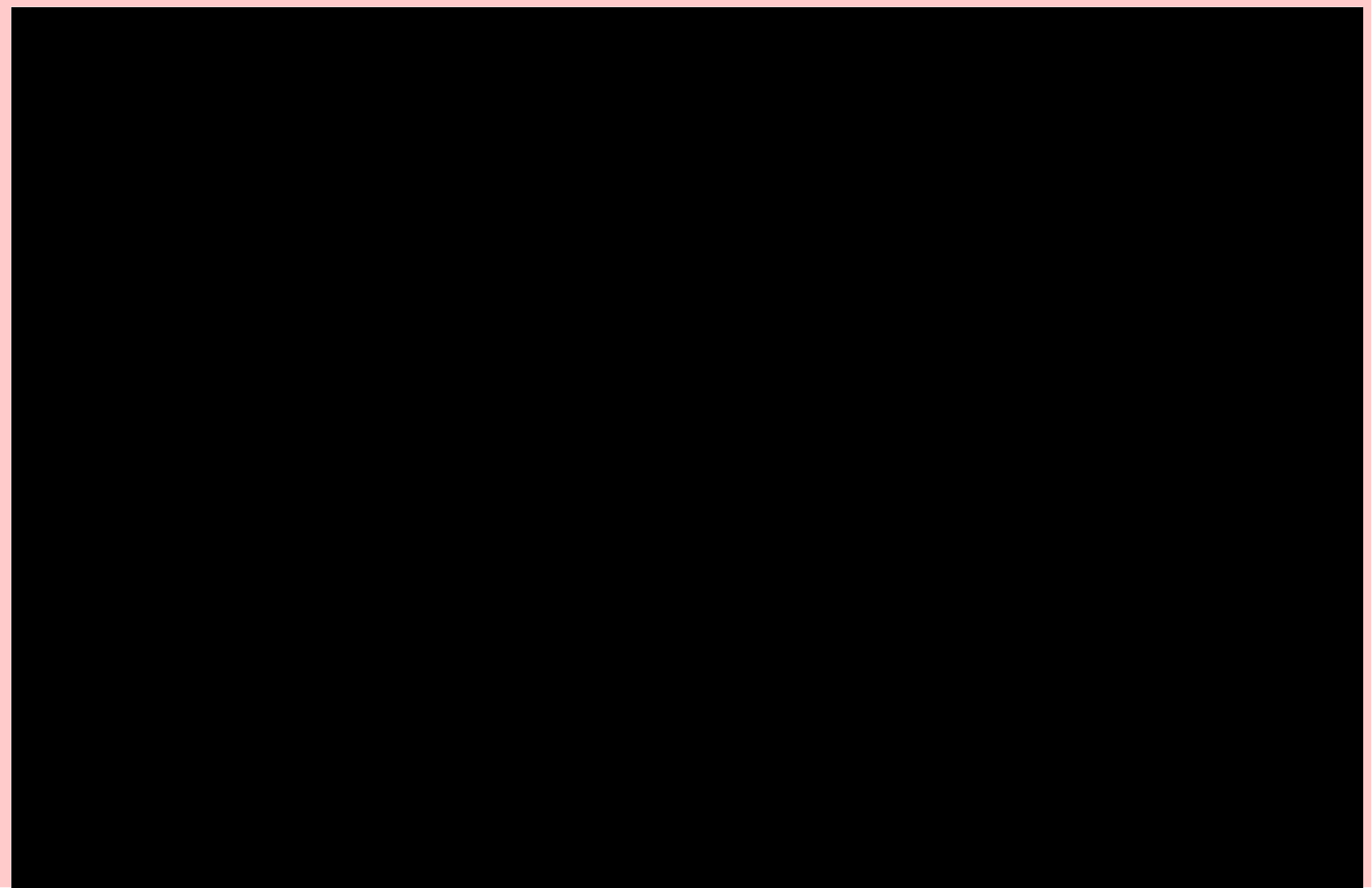


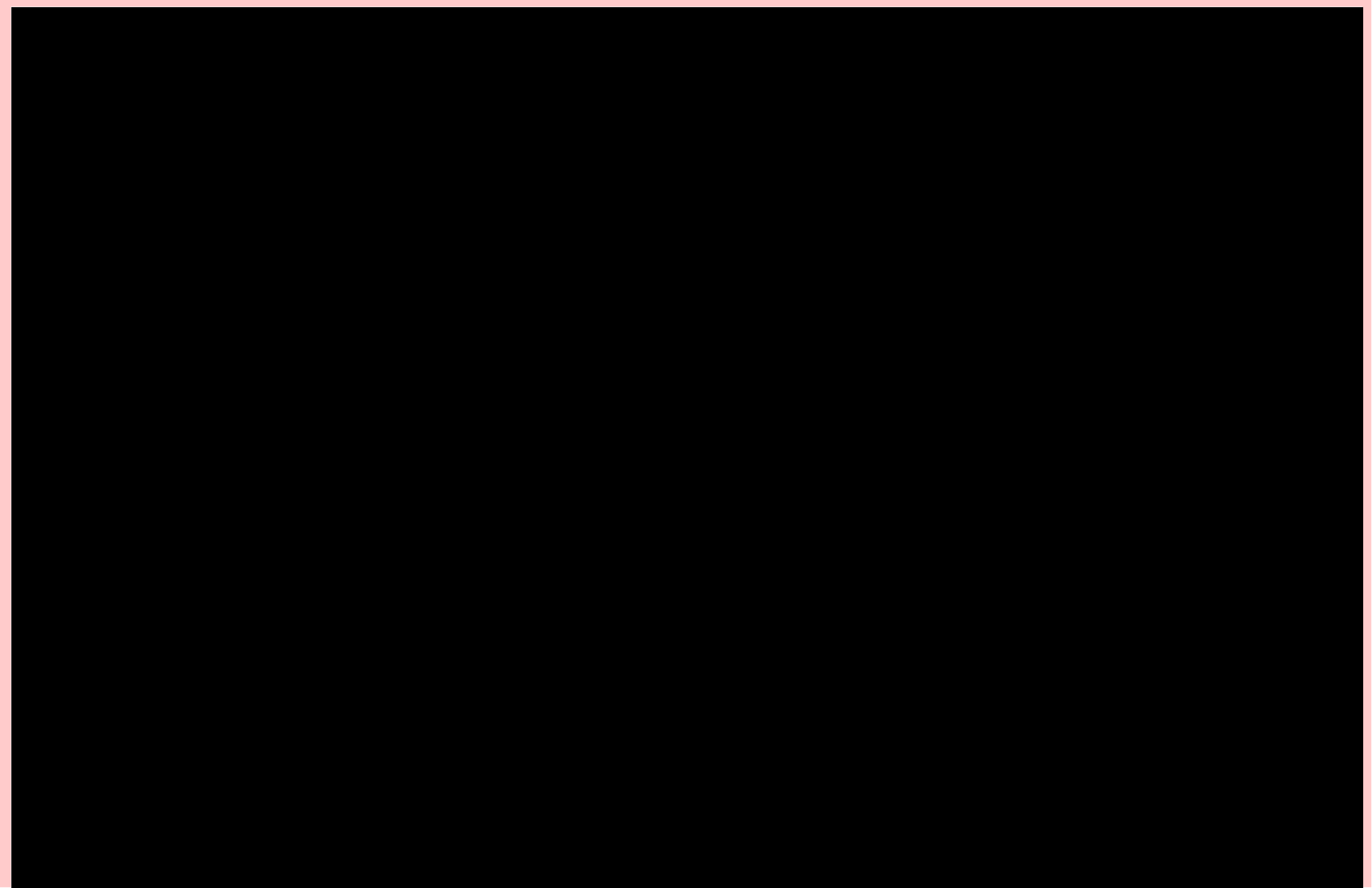


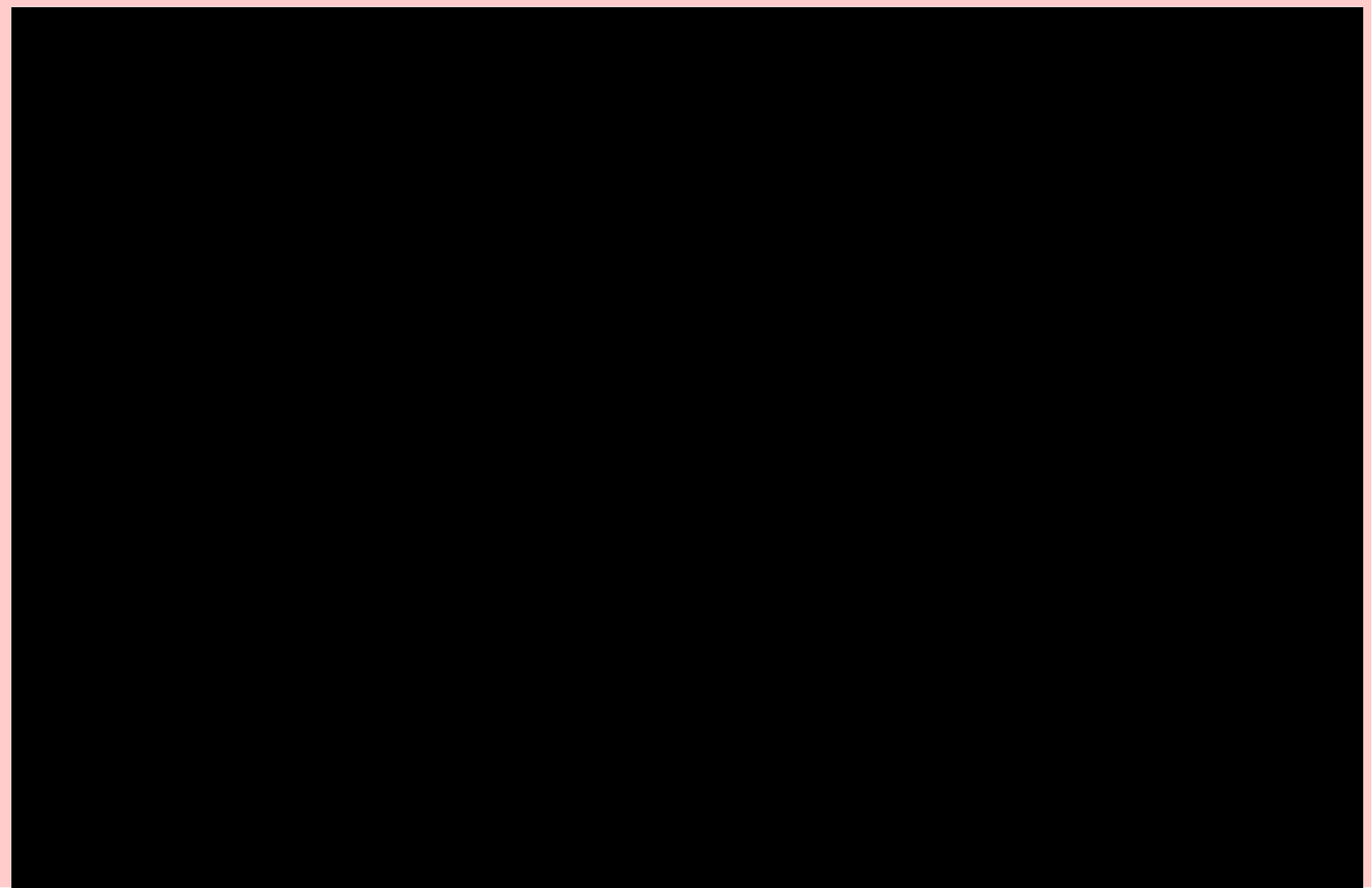


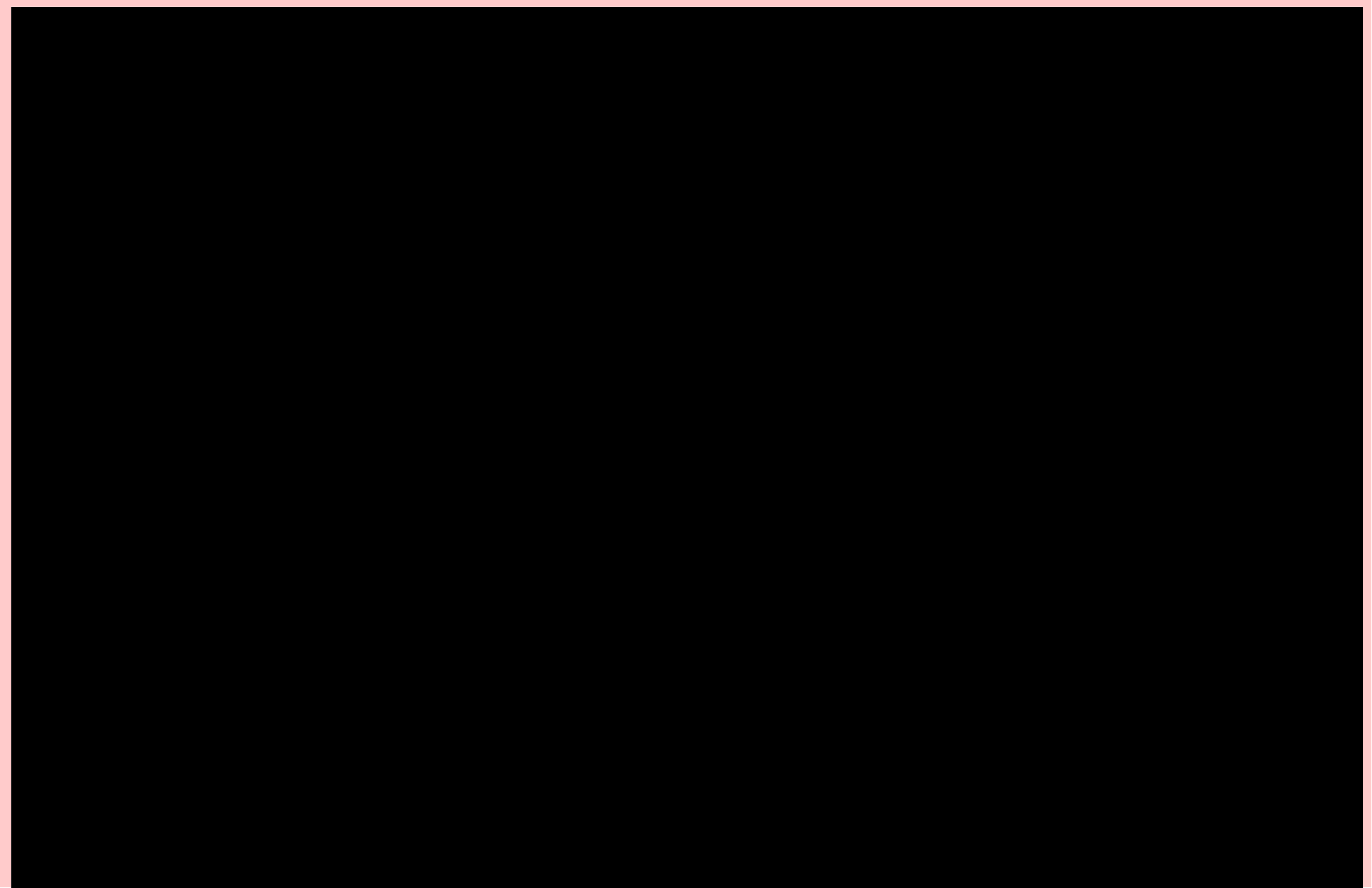


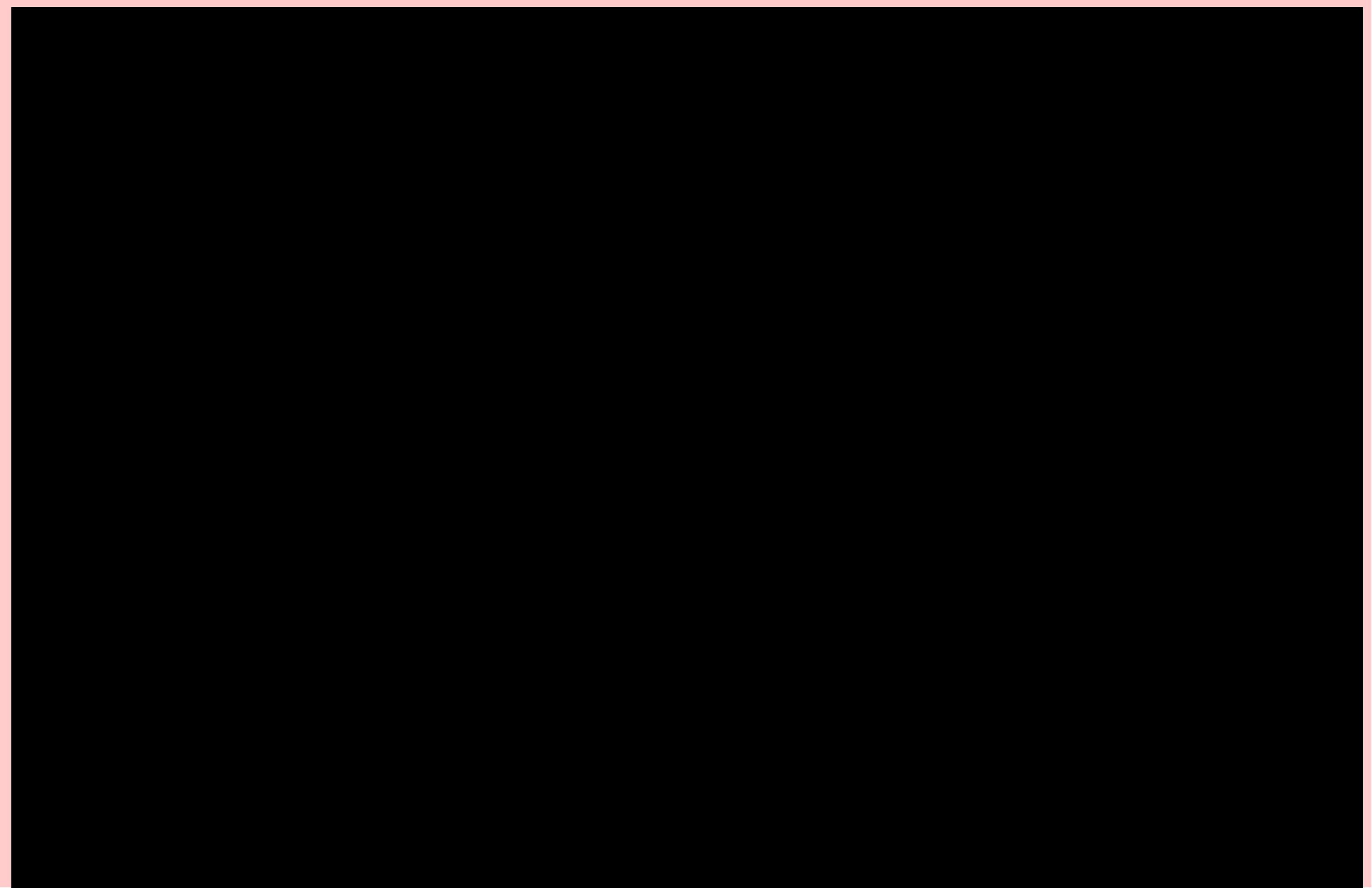


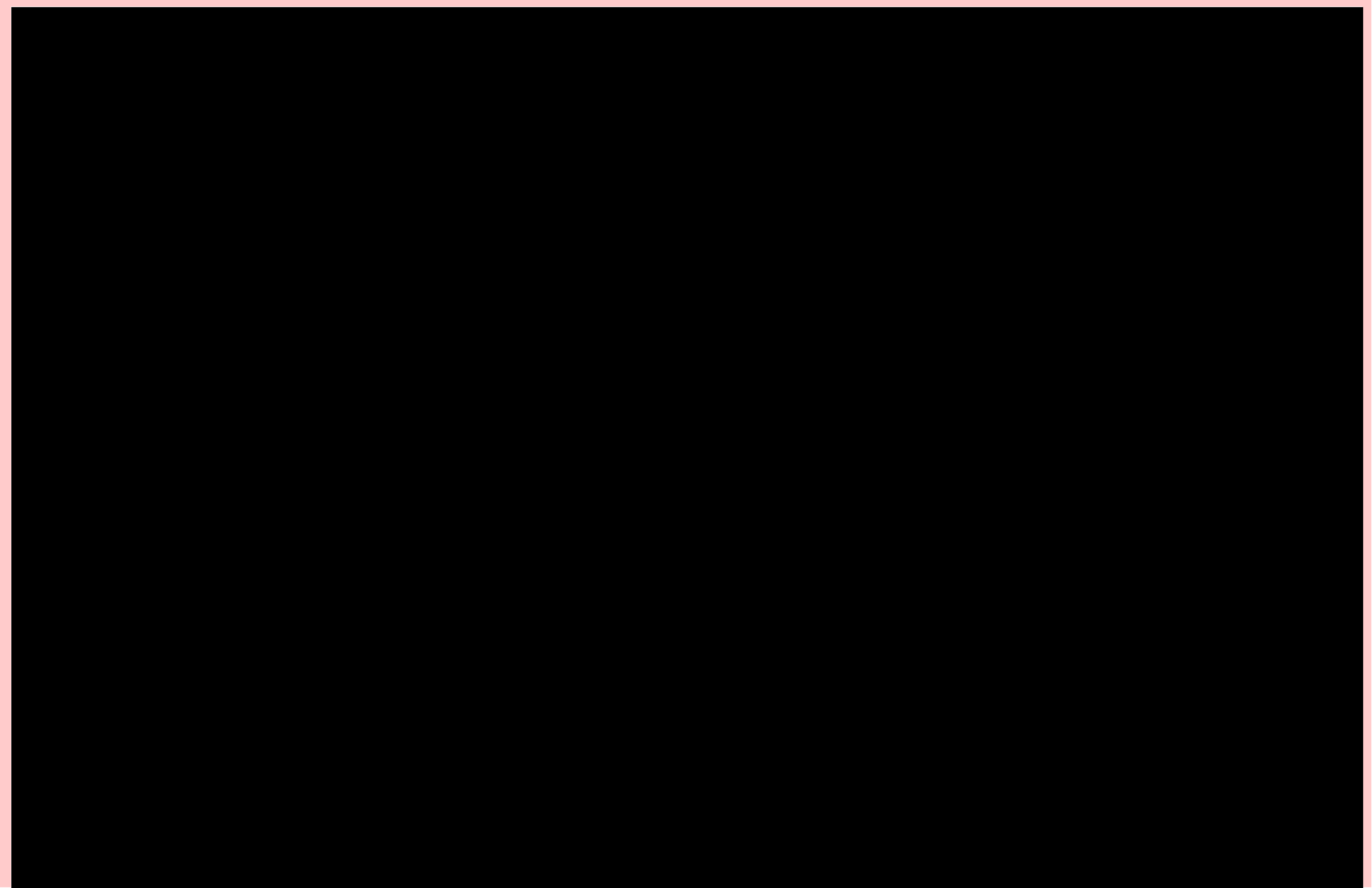


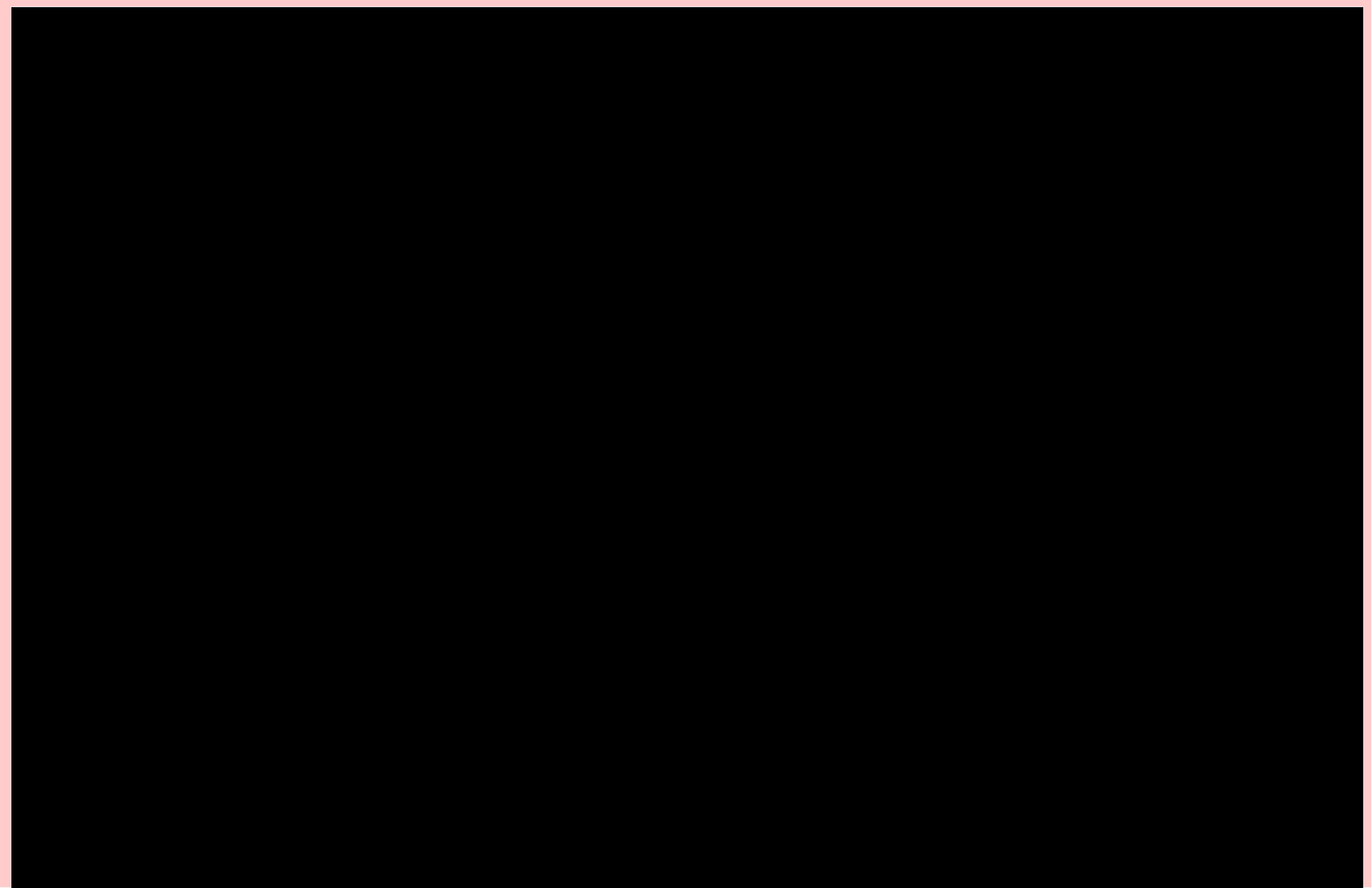


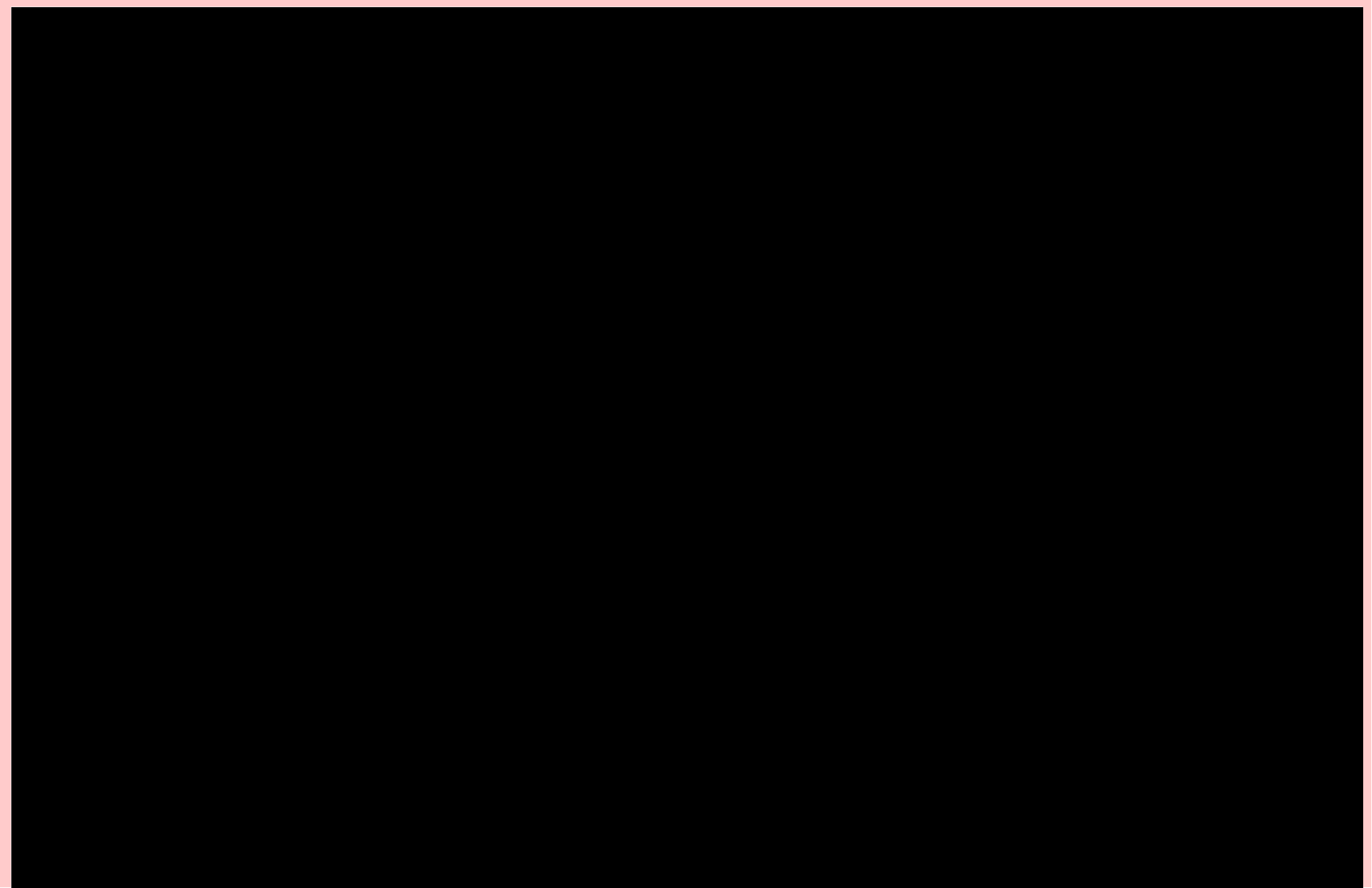


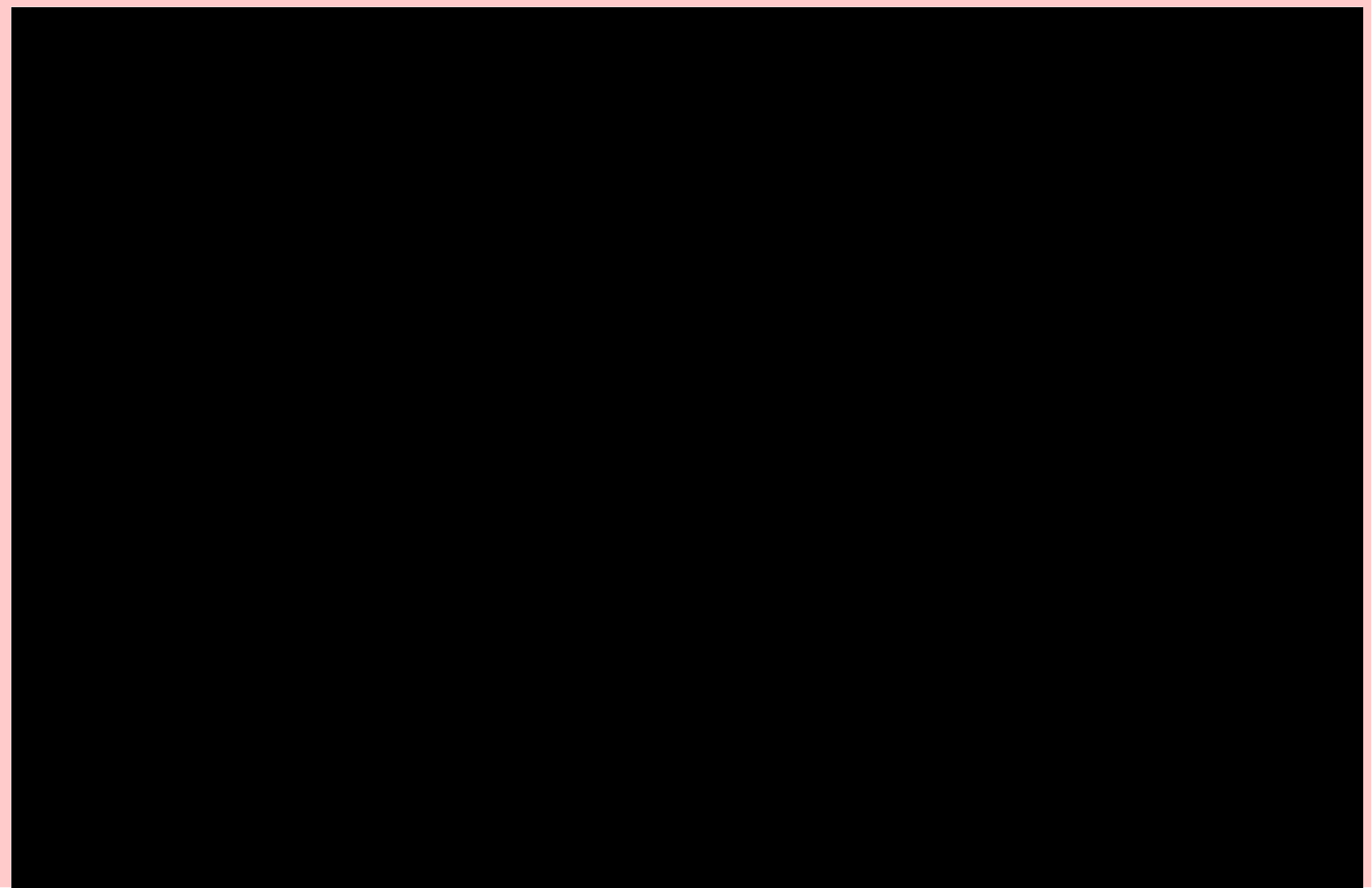


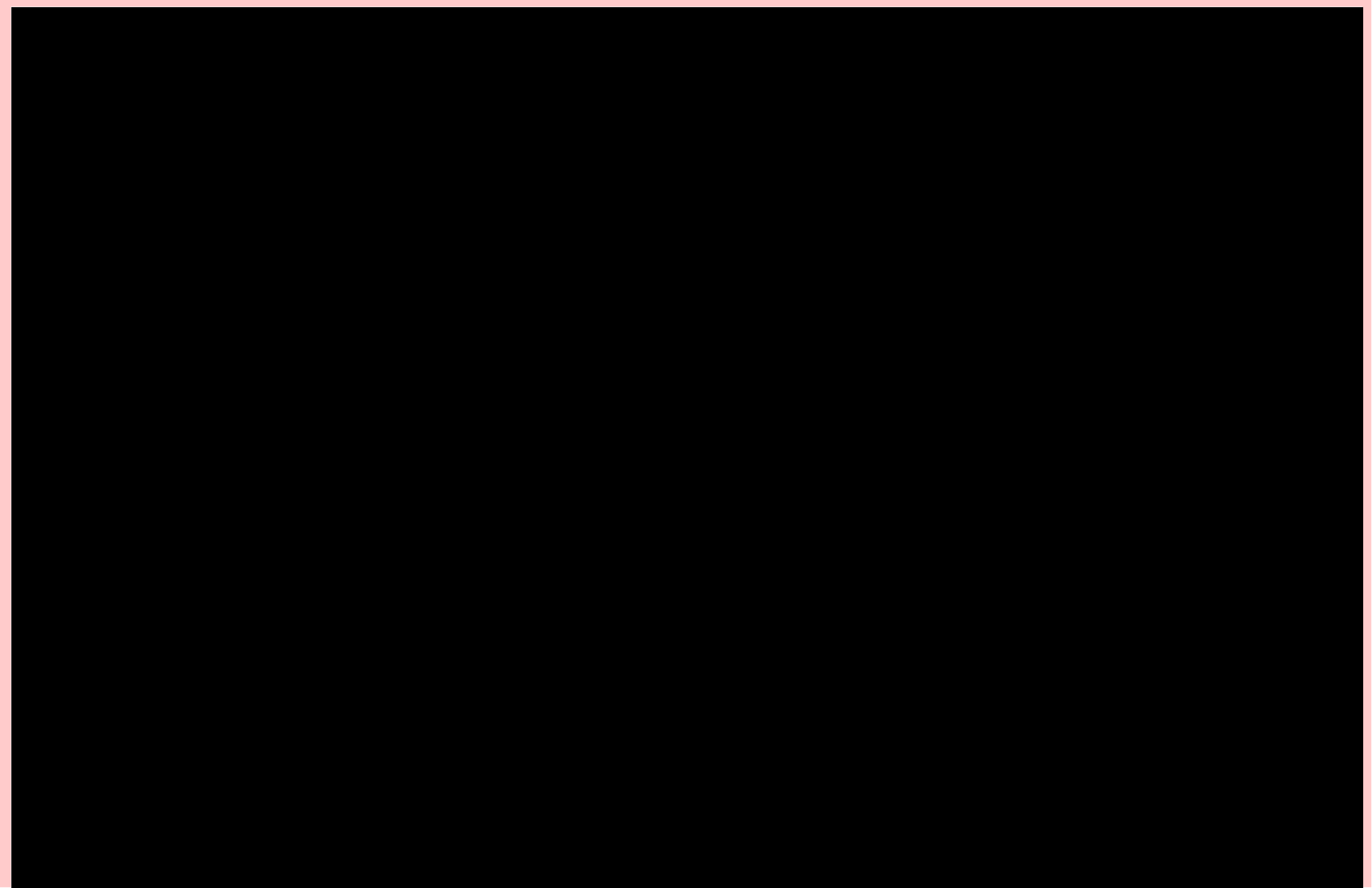


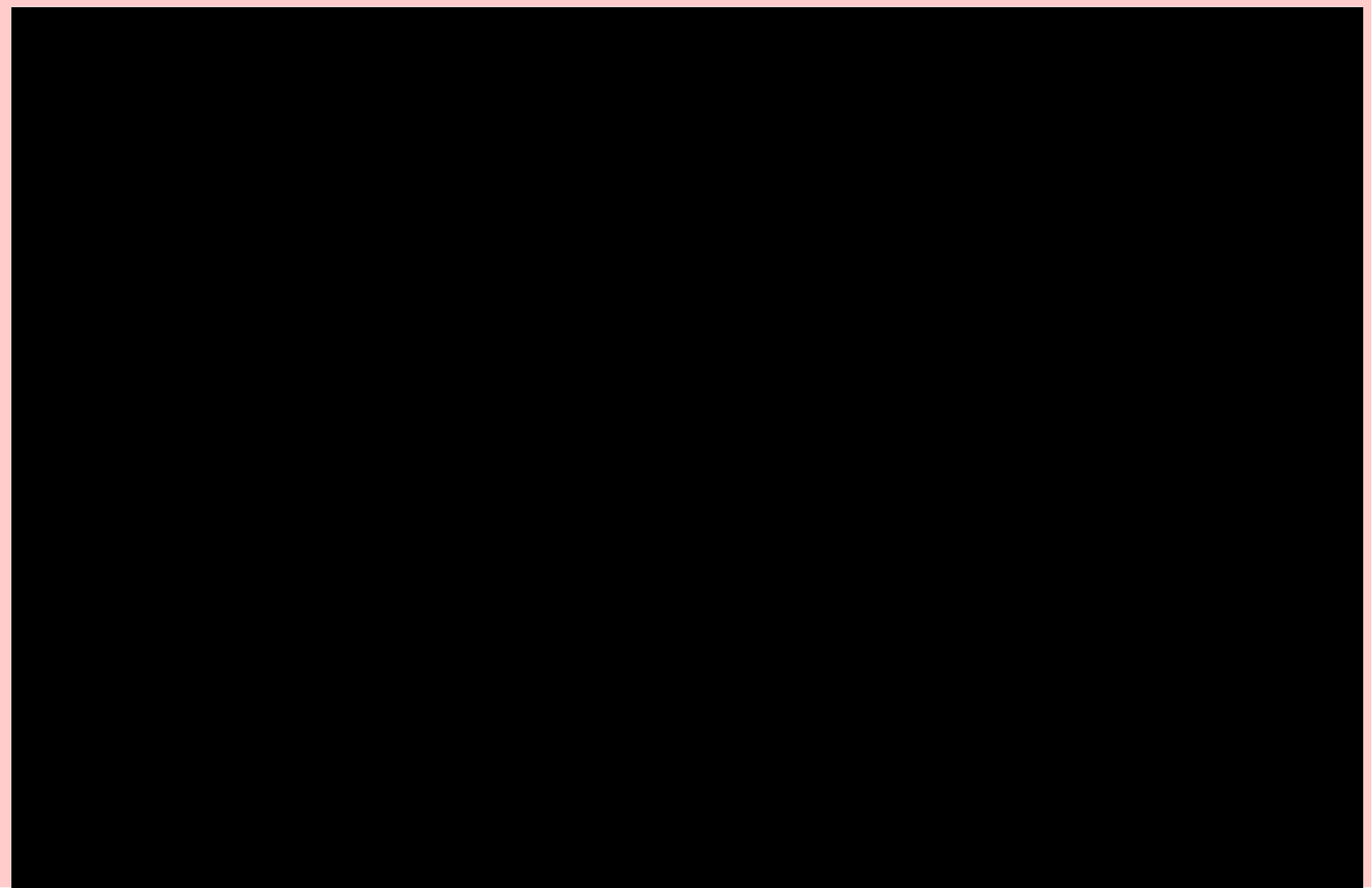


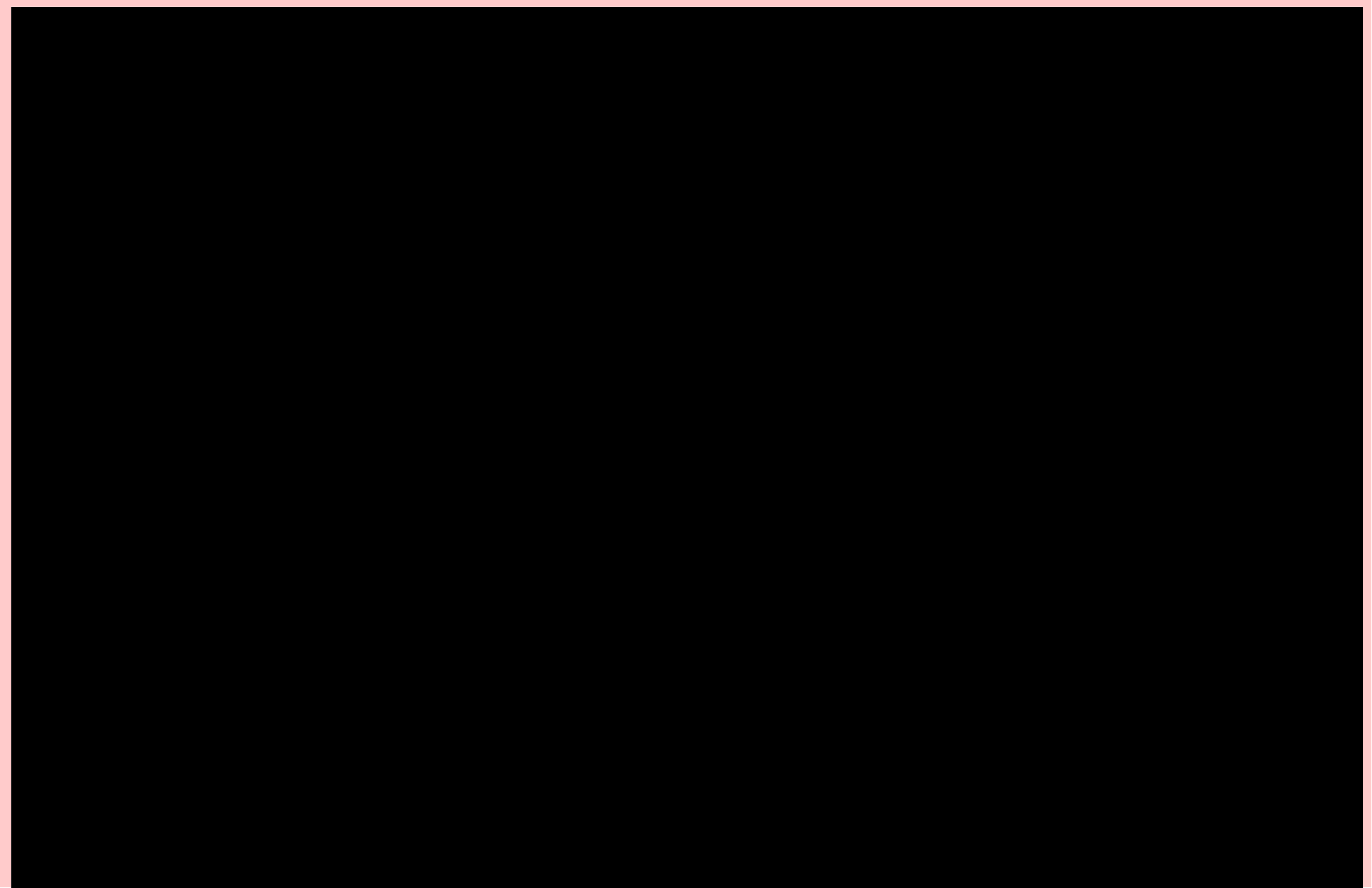


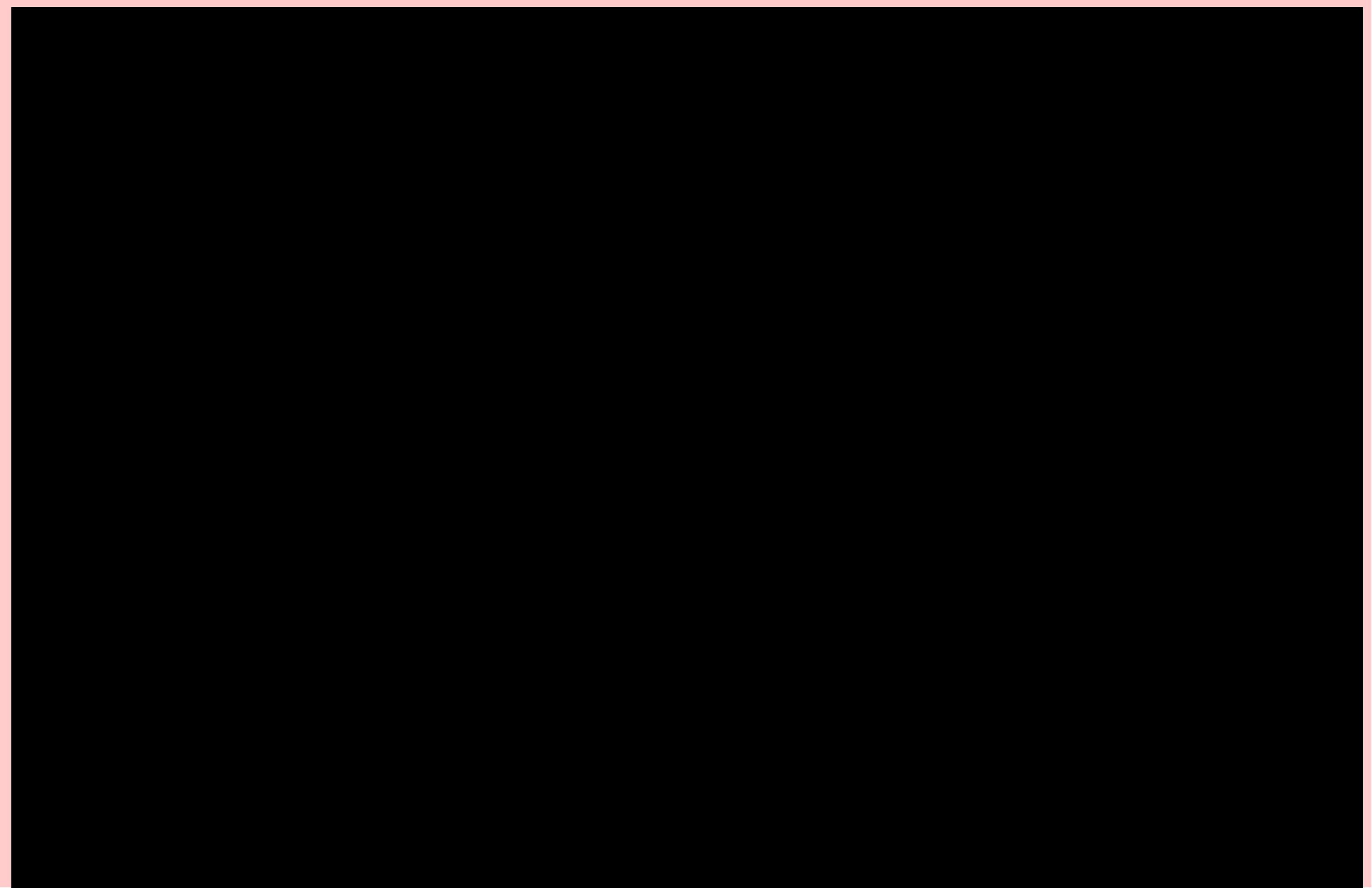


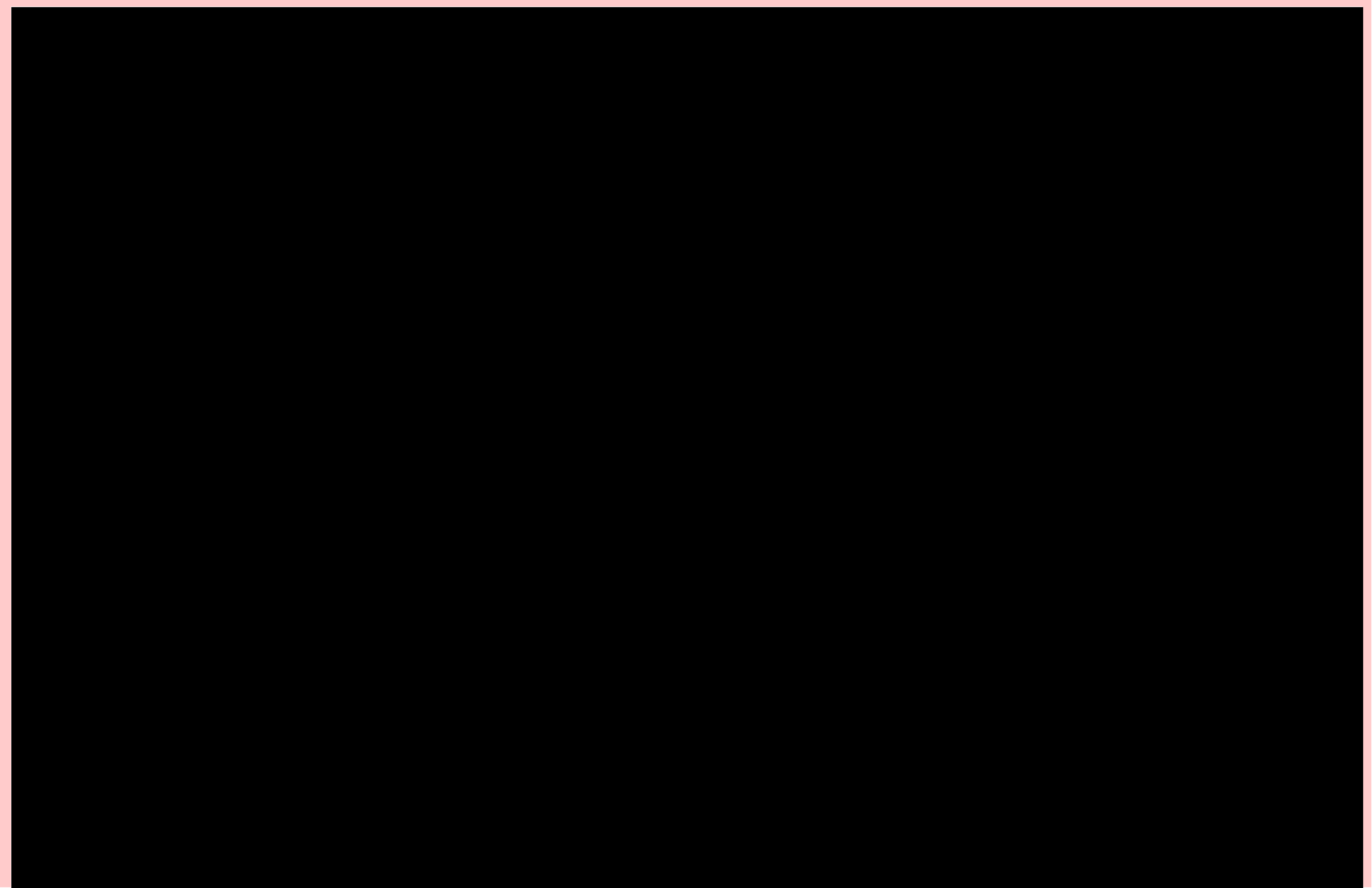


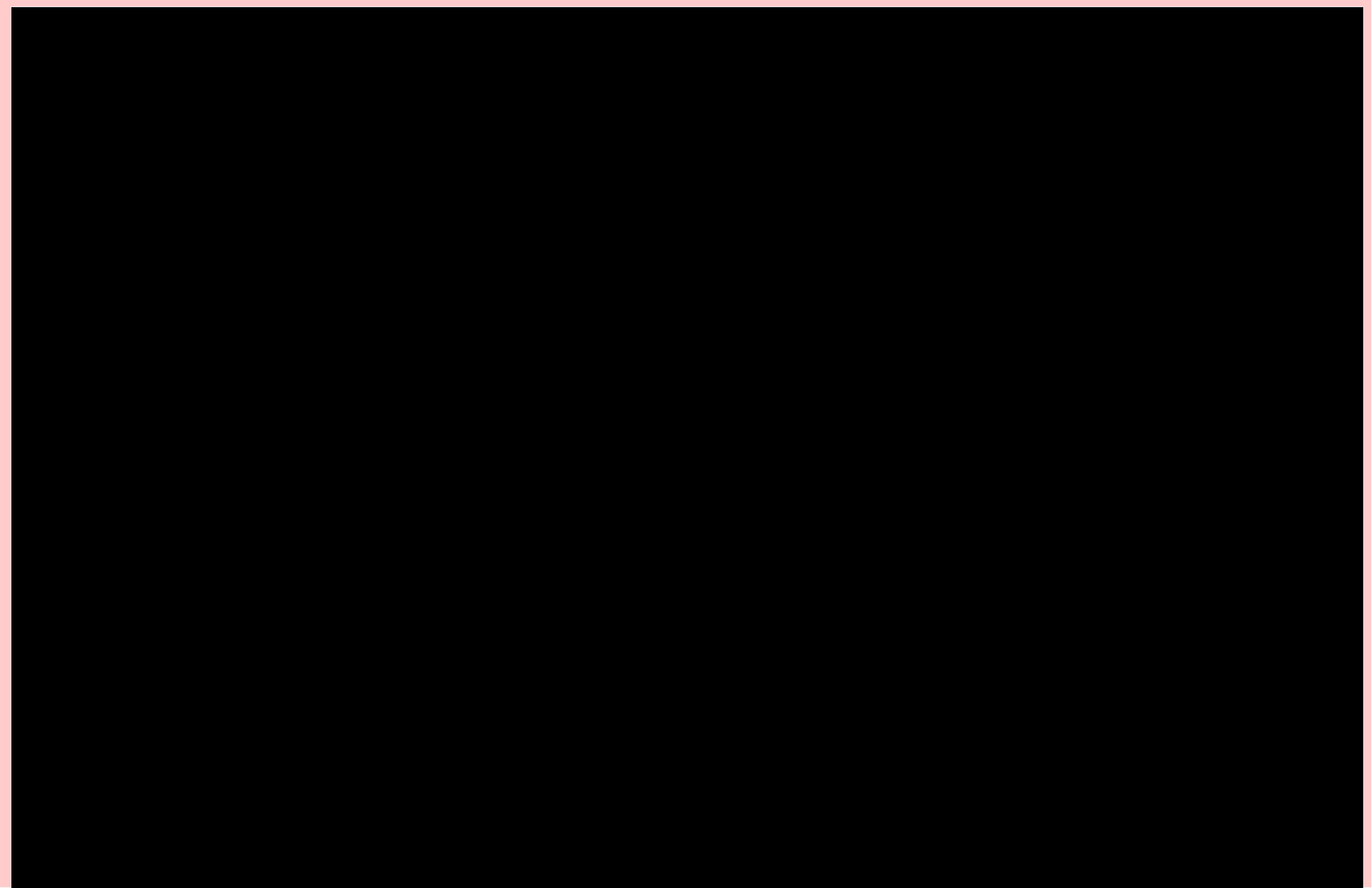


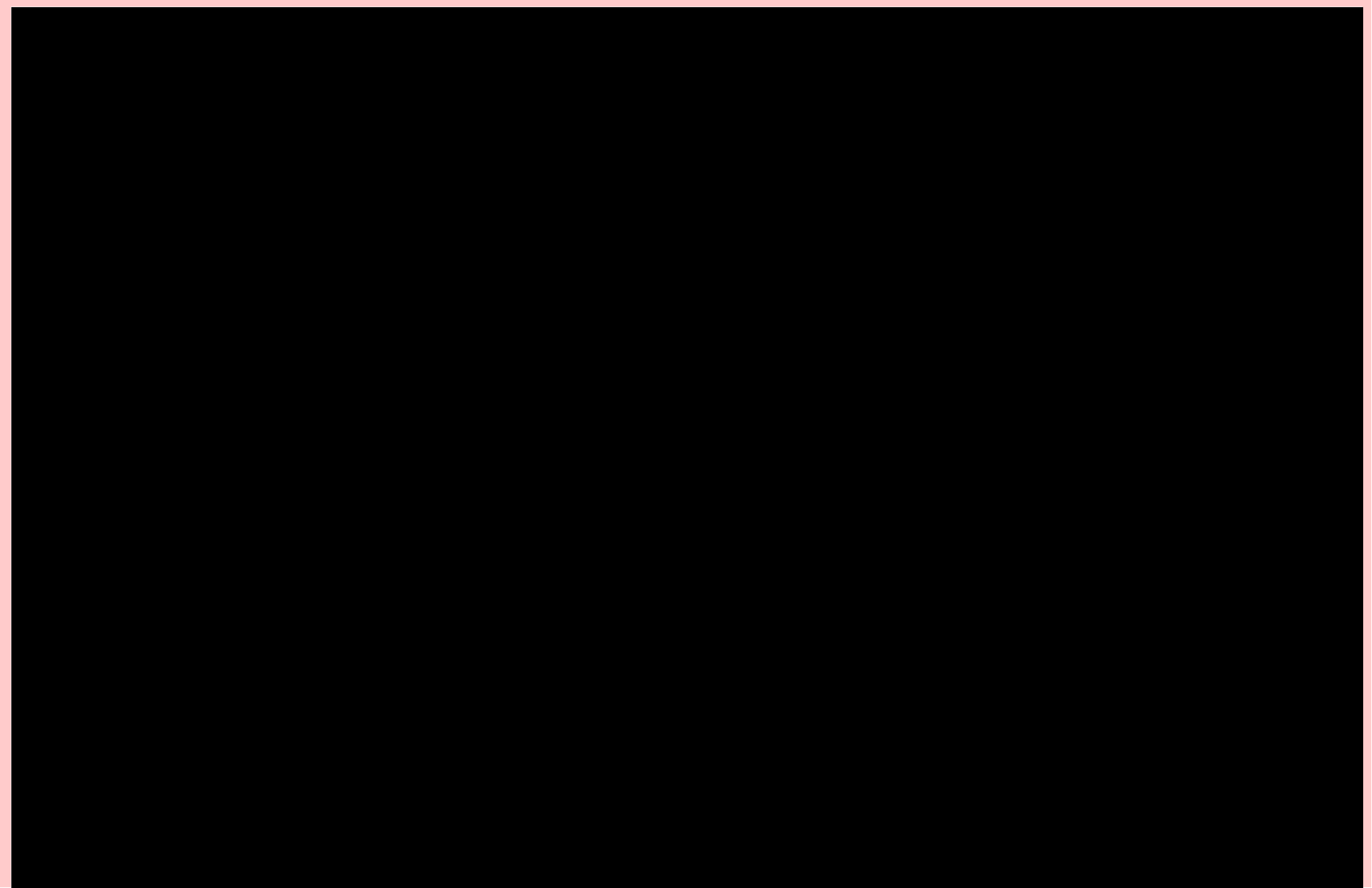


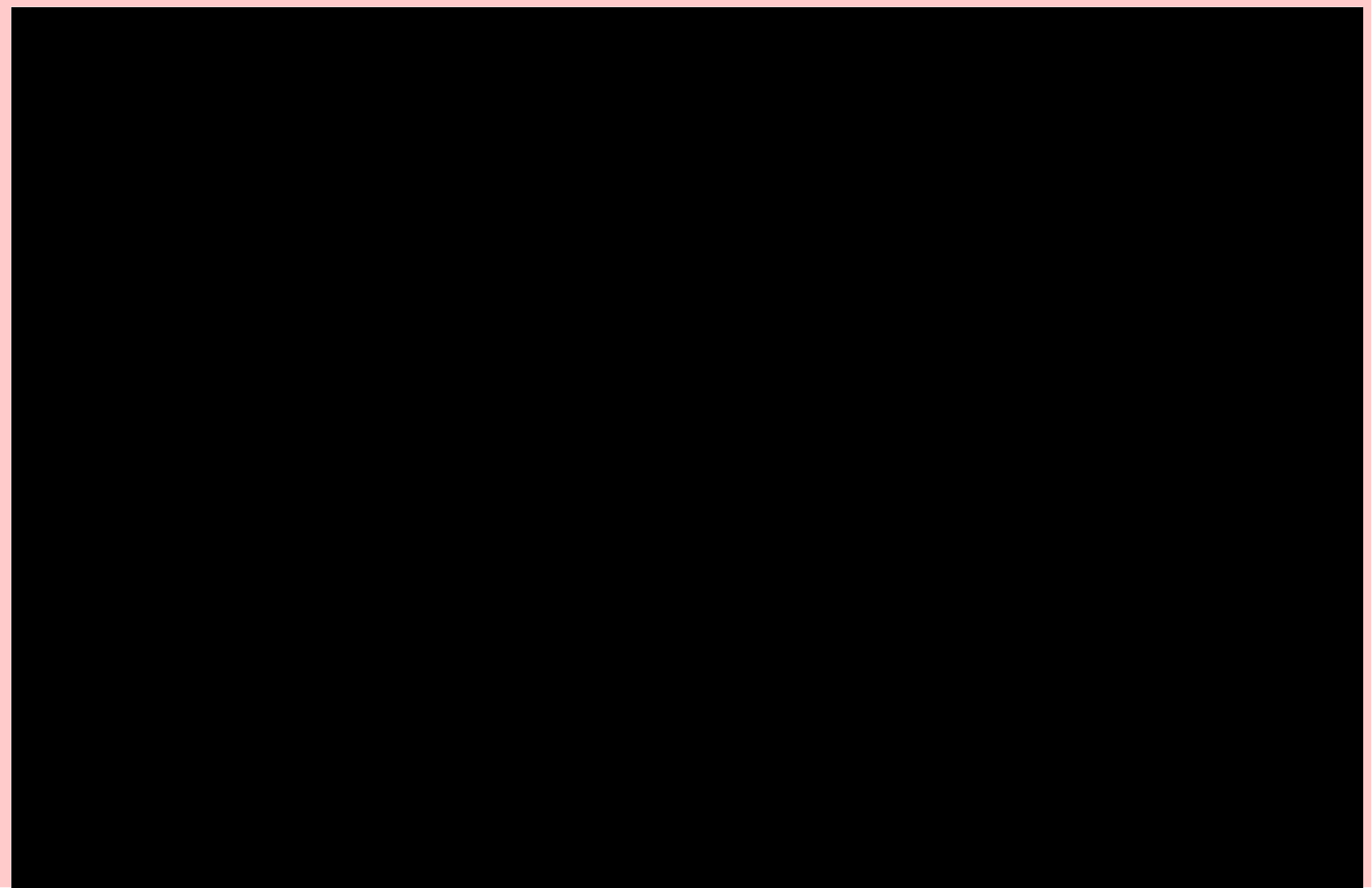


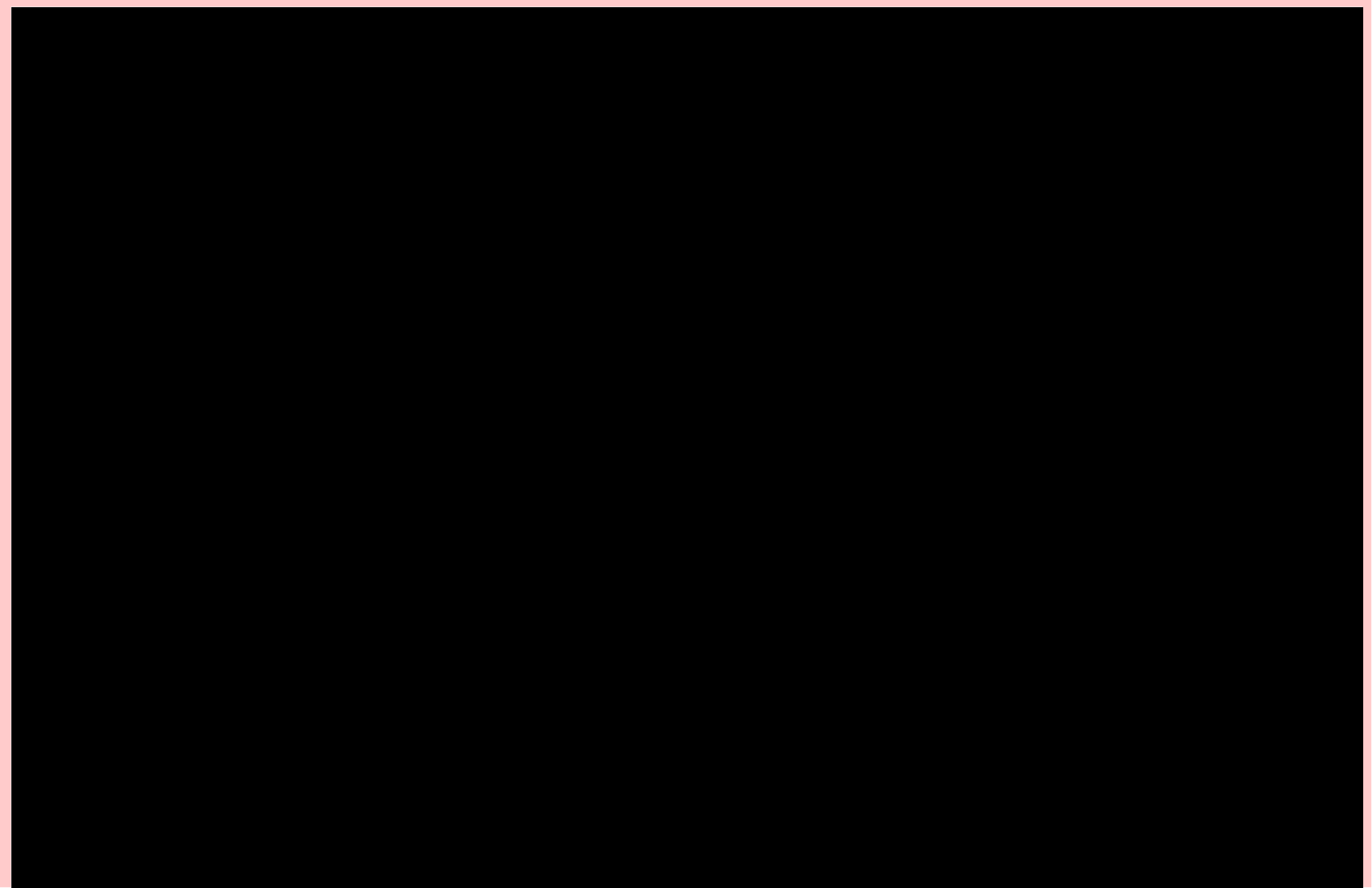


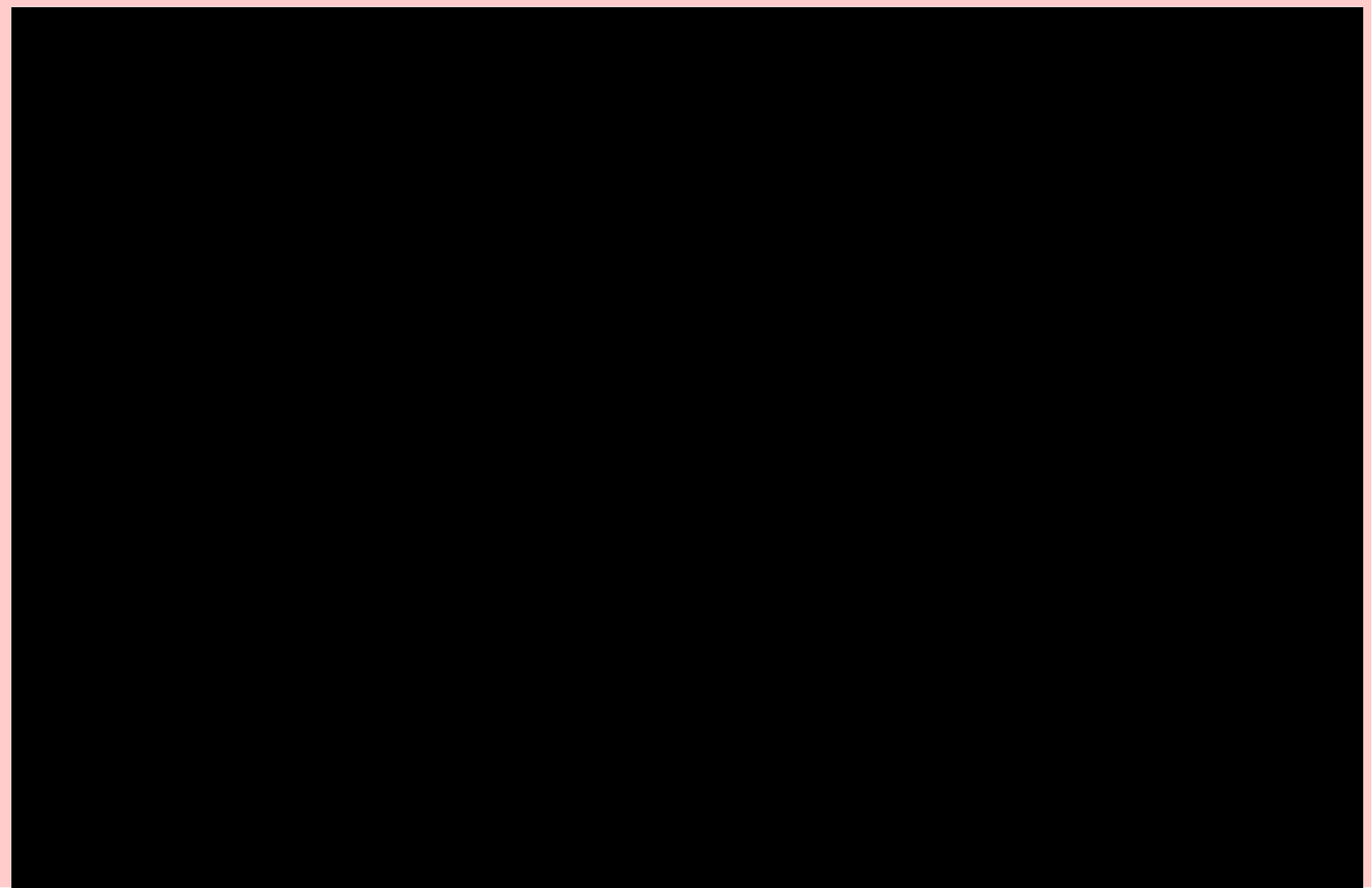


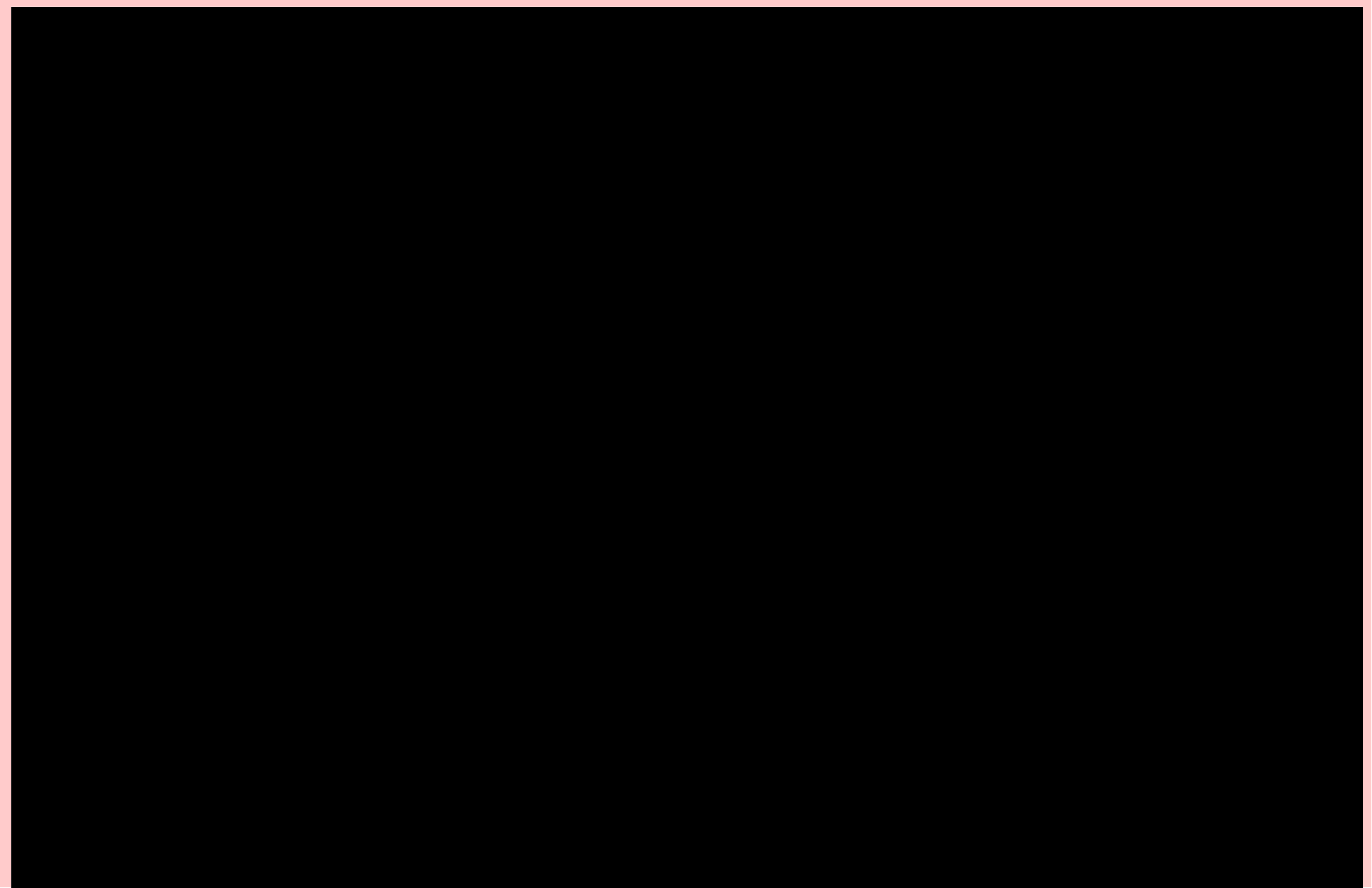


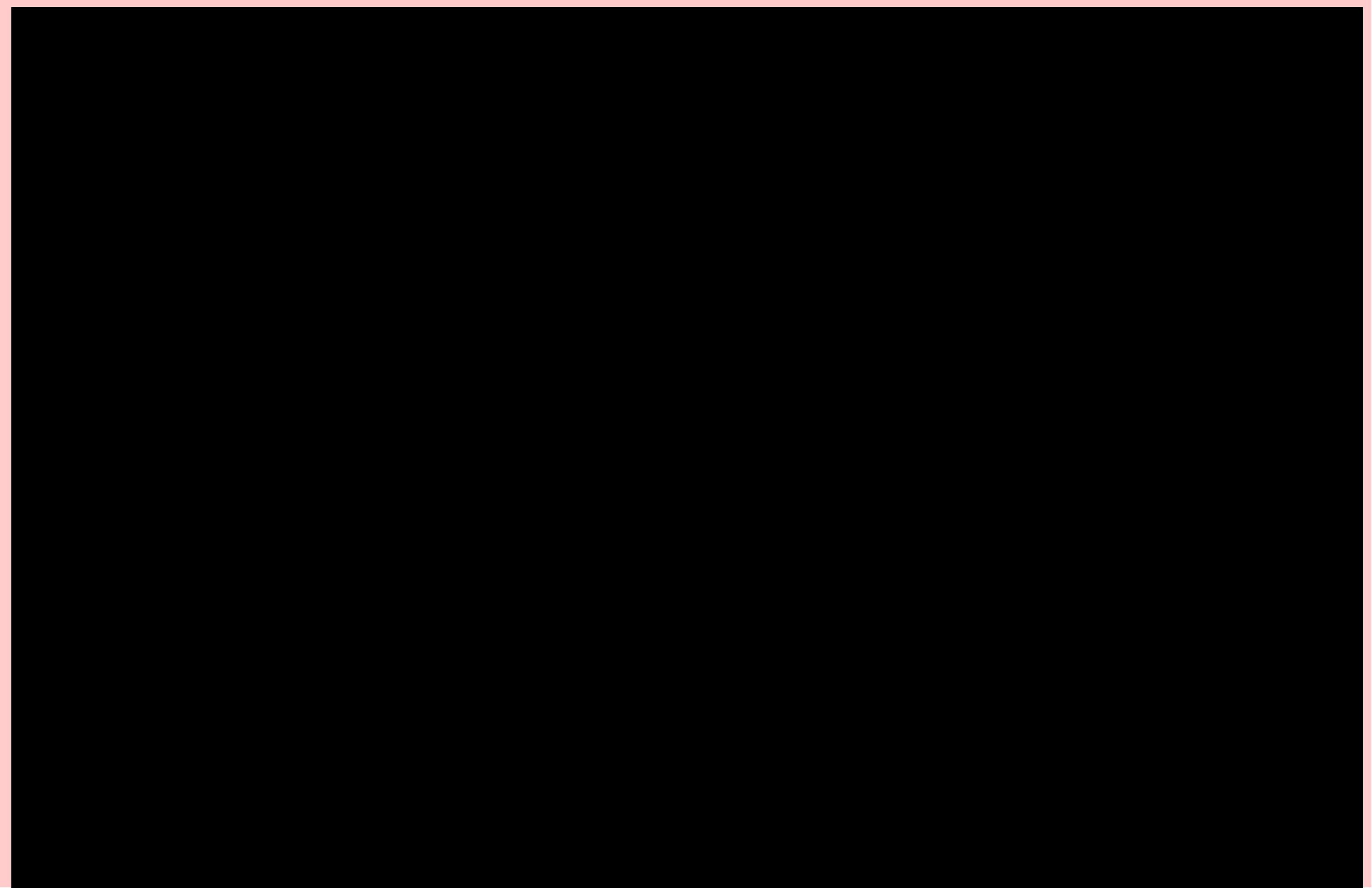


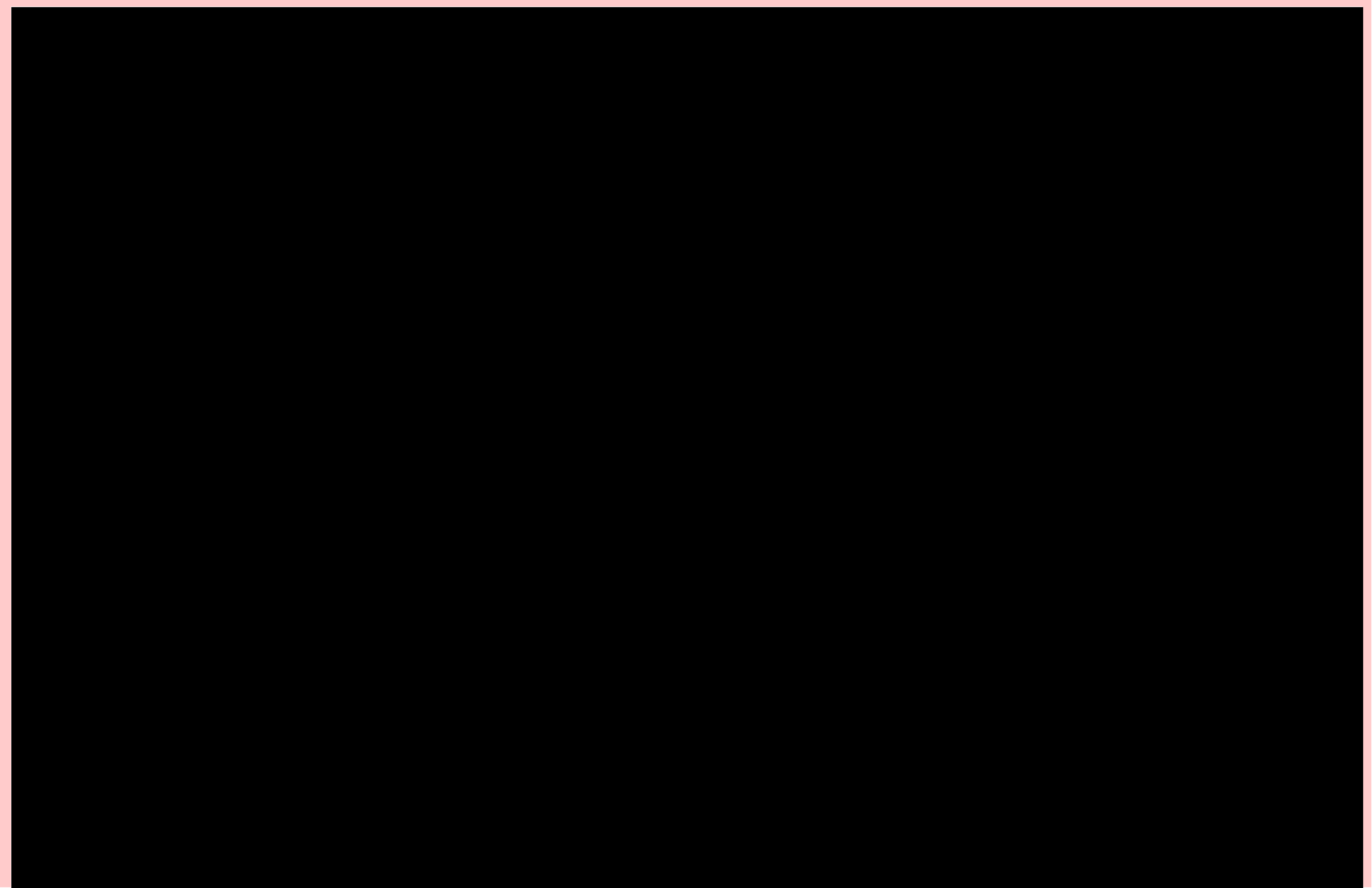


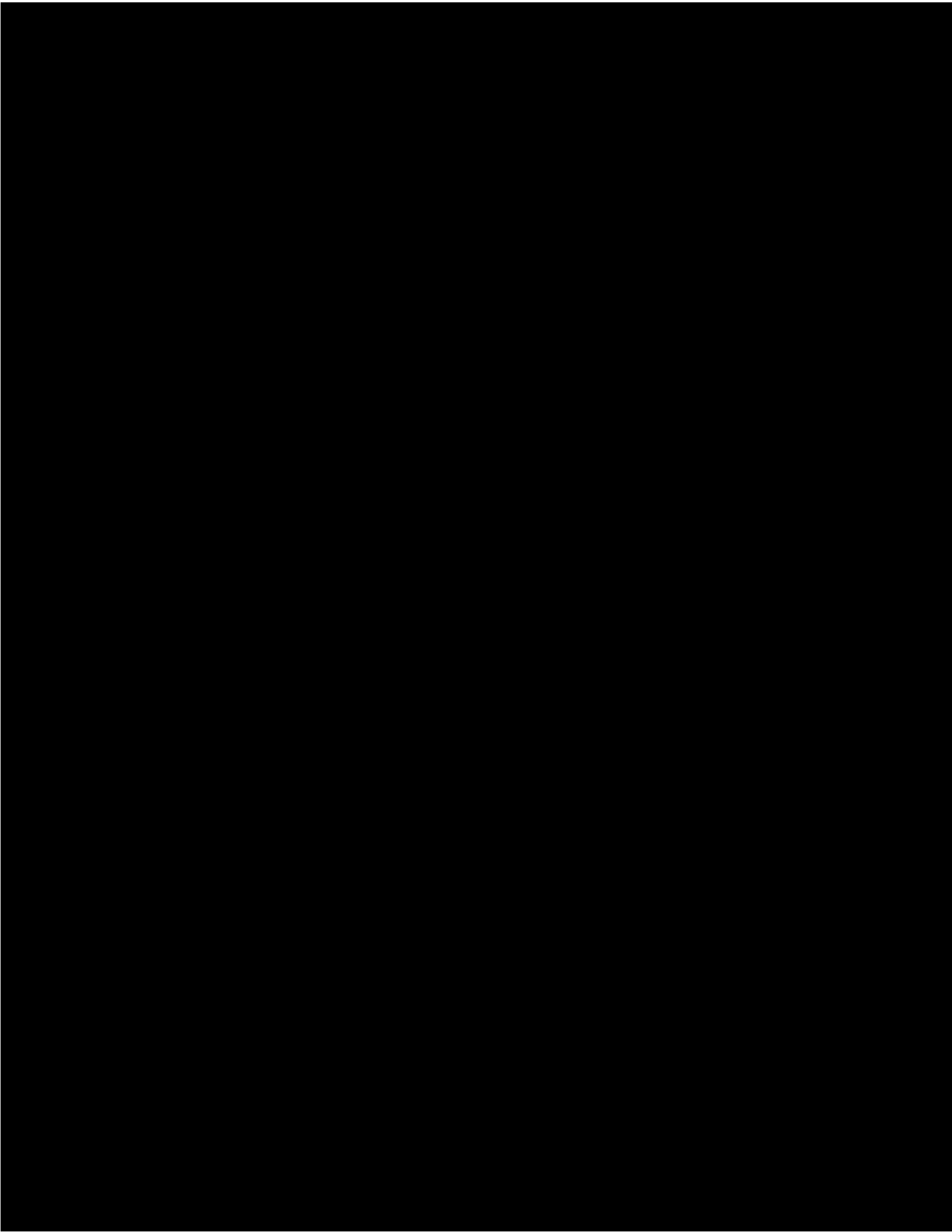


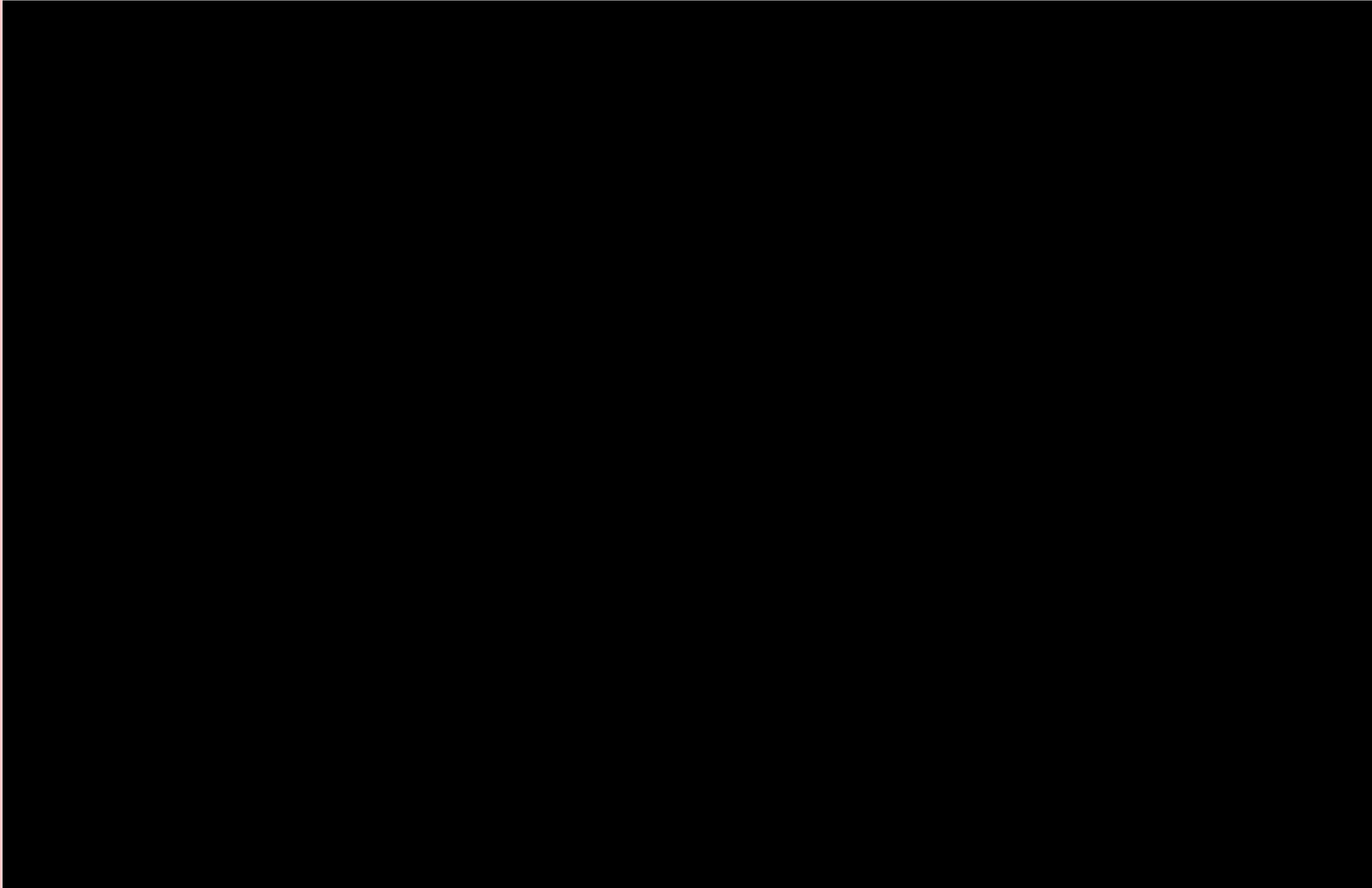














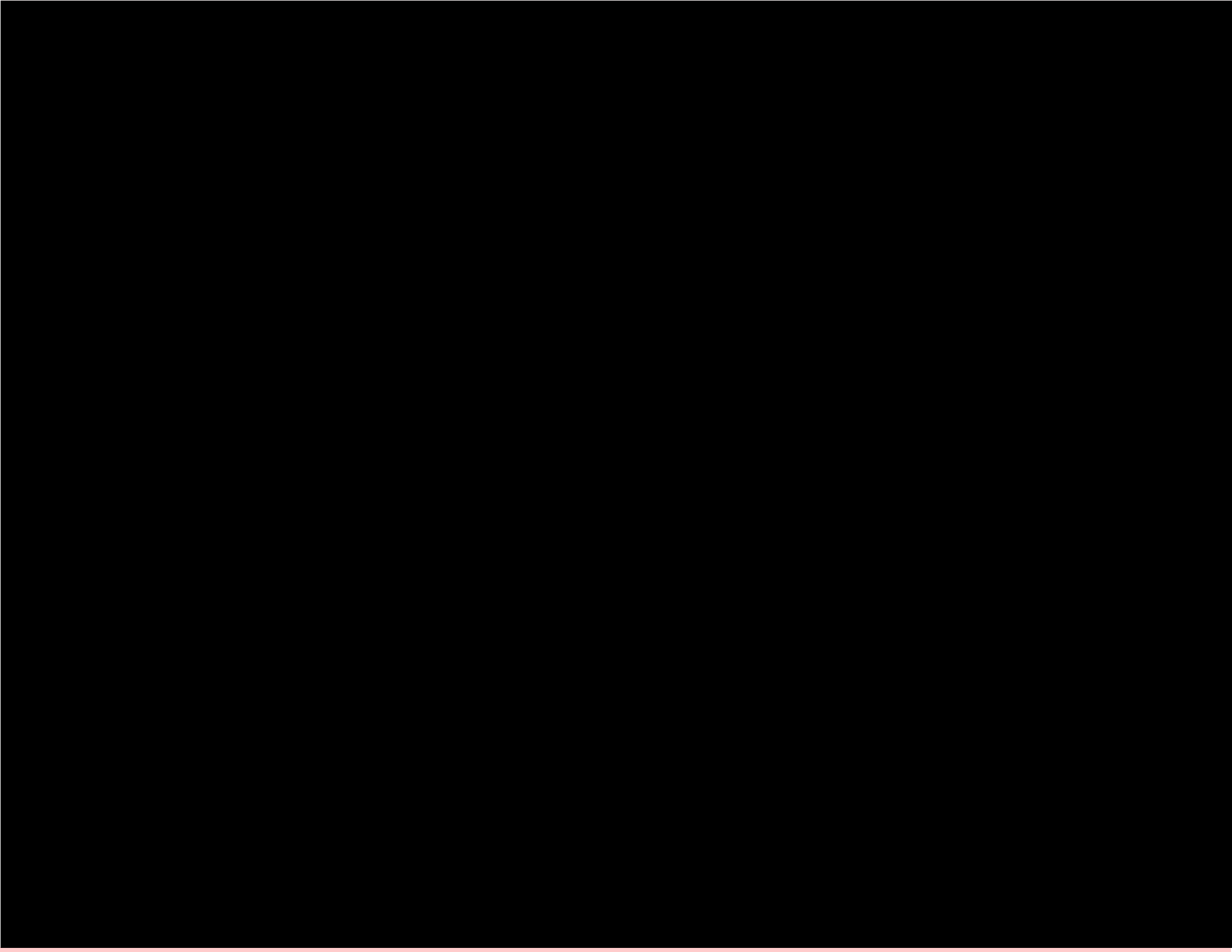












EXHIBIT 65

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

COUR SUPÉRIEURE

No : 500-17-118830-218

VIDÉOTRON LTÉE, société ayant un établissement au 612, rue Saint-Jacques, 17^e étage, en les ville et district judiciaire de Montréal, province de Québec, H3C 4M8;

Demanderesse

c.

ROGERS COMMUNICATIONS CANADA INC., société ayant un établissement au 800, rue de la Gauchetière O., bureau 4000, en les ville et district judiciaire de Montréal, province de Québec, H5A 1K3;

Défenderesse

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AU SOUTIEN DE SA DEMANDE, LA DEMANDERESSE EXPOSE CE QUI SUIT :

1. Les parties partagent un réseau d'infrastructures qu'elles se sont engagées à opérer conjointement jusqu'en 2033 afin de fournir des services de télécommunication sans fil à leurs clients respectifs;
2. En mai 2018, la défenderesse Rogers Communications Canada Inc. (« **Rogers** ») a provoqué artificiellement une impasse relativement à l'opération et au développement de ce réseau conjoint, mettant la demanderesse Vidéotron ltée (« **Vidéotron** ») devant un fait accompli : Rogers développait son propre réseau parallèle;
3. Or, en agissant de la sorte, Rogers manque à ses obligations contractuelles de loyauté et de coopération, et fait défaut de se conduire avec bonne foi dans l'exécution de ses obligations;
4. Afin de mitiger les dommages causés par ce manquement contractuel et continuer de desservir ses clients de façon compétitive, Vidéotron a dû mettre en place une infrastructure distincte à certains égards, ce qui l'a forcée à dépenser des sommes qu'elle n'aurait pas eu à engager n'eût été de l'impasse causée par Rogers, et à dépenser des sommes dans le futur, en sus de ce qu'elle aurait eu à investir dans le réseau conjoint n'eût été de l'impasse;
5. Vidéotron réclame en conséquence la somme de 850,3M \$ en dommages-intérêts compensatoires à ce titre, en sus de pertes de revenu connexes qui demeurent à être quantifiées;
6. De plus, Vidéotron demande que le tribunal enjoigne à Rogers de respecter jusqu'à leur terme ses obligations en vertu de l'entente d'opération du réseau conjoint, sauf en ce qui a trait aux conséquences déjà concrétisées de l'impasse artificielle, afin d'éviter que le préjudice sérieux subi par Vidéotron ne s'aggrave;

I. INTRODUCTION

7. Vidéotron et Rogers sont parties à certains contrats qui gouvernent le développement et l'opération d'un réseau conjoint de télécommunication sans fil LTE (pour *Long Term Evolution*) (le « **Réseau conjoint** »), dont le *Network Operating Agreement* daté du 16 décembre 2013 (« **NOA** »), **Pièce P-1**, communiqué sous scellé;
8. À présent, le Réseau conjoint comprend des centaines de sites, de tours, et d'antennes radio, et une infrastructure commune complexe permettant de desservir des millions d'abonnés au Québec et dans la région d'Ottawa (le « **Territoire** »), et ce, grâce à l'investissement de centaines de millions de dollars dans le Réseau conjoint de part et d'autre, et à la mise en commun de licences d'utilisation de bandes de radiofréquences;
9. Le NOA est en vigueur depuis 2013 jusqu'en 2033 en l'absence de violations substantielles. Les parties ont autrement renoncé au droit de le résilier avant 2023 à moins que certaines circonstances exceptionnelles ne surviennent, et encore, sous réserve d'une période de transition d'une durée de cinq ans. Les parties ont fait ces choix contractuels pour des raisons précises, plus amplement décrites ci-après, qui doivent être respectés;

10. Les parties ont voulu que l'évolution du Réseau conjoint et le déploiement de nouvelles technologies s'effectuent de prime abord dans le cadre du NOA, avec ce que cela leur fait économiser de dépenses en capital et d'exploitation;
11. Le NOA constitue un contrat relationnel, qui sert de cadre juridique à l'intérieur duquel les parties ont convenu de coopérer afin de tirer profit de la mise en commun de certaines de leurs ressources. C'est notamment pourquoi les parties ont prévu qu'un comité de gestion déterminerait la nature et la portée précise de leurs prestations au fil de l'exécution du NOA, et qu'une procédure d'escalade permettrait de régler entre elles les différends pouvant en découler (voir section II);
12. Or, Rogers a utilisé abusivement et de mauvaise foi la procédure d'escalade prévue au NOA de manière à justifier la mise sur pied d'un réseau qui lui est propre (le « **Réseau parallèle** ») et qui concurrence le Réseau conjoint, et ce, d'une manière contraire à l'esprit et à la lettre du NOA. Rogers pousse l'audace jusqu'à déployer un réseau 5G sans avoir respecté ses obligations à ce sujet en vertu du NOA;
13. En effet, Rogers a tenté de forcer la renégociation du NOA en sa faveur en raison de ce qu'elle prétend être un nouveau contexte. Devant le refus de Vidéotron de céder à ce chantage, Rogers a refusé d'affecter de nouvelles bandes de radiofréquences au Réseau conjoint aux fins de son évolution, en diminuant sa compétitivité;
14. De manière concomitante, Rogers a exprimé son regret d'avoir signé le NOA et son insatisfaction quant à l'équilibre contractuel atteint, ses représentants ayant carrément exprimé leur souhait d'en sortir avant terme;
15. Rogers se comporte en concurrent amer et déloyal devant les parts de marché perdues au bénéfice de Vidéotron sur le Territoire, incluant dans le marché de la région d'Ottawa historiquement dominé par Rogers. Plutôt que continuer à jouer selon les règles convenues, Rogers dénature l'entente entre les parties pour en tirer un avantage concurrentiel, quitte à voir ses coûts fixes augmenter;
16. En somme, Rogers refuse délibérément de remplir ses obligations fondamentales aux termes du NOA, et voit ses dépenses augmenter de centaines de millions de dollars afin d'entraver les activités de sa cocontractante Vidéotron, au mépris total des intérêts de cette dernière;
17. Cette conduite de Rogers constitue un abus de ses droits contractuels et des manquements aux devoirs de coopération, de loyauté et de bonne foi qui lui incombent, privant Vidéotron de ce dont elle pouvait s'attendre du NOA et lui causant un préjudice sérieux (voir section III);
18. Vidéotron a donc dû mettre sur pied son propre réseau LTE-A (pour LTE *Advanced*) afin de mitiger le préjudice qu'elle subit du fait que Rogers se met à desservir sa propre clientèle par son Réseau parallèle, plutôt qu'investir dans le Réseau conjoint pour en maintenir la compétitivité conformément à l'esprit du NOA. La valeur des investissements de Vidéotron dans le Réseau conjoint, se chiffrant à plusieurs centaines de millions de dollars, est aussi diminuée puisqu'il n'évolue plus depuis la mise en place du Réseau parallèle;

19. Autrement, Vidéotron se serait retrouvée en position concurrentielle désavantageuse à l'égard de tout le marché, incluant Rogers, entraînant la perte de centaines de milliers d'abonnés et portant un coup très dur à sa réputation auprès des consommateurs. Vidéotron réclame des dommages-intérêts en conséquence (voir section **IV**);
20. En ce qui a trait aux autres obligations prévues par le NOA, l'impasse demeure malgré les discussions entre les parties, de sorte que Vidéotron demande que certaines ordonnances d'injonction décrites dans la présente soient prononcées au fond, garantissant le respect de la lettre et de l'esprit du NOA par Rogers jusqu'à l'échéance de son terme, le 15 août 2033 (voir section **V**);

II. LE CONTEXTE

21. Les particularités du fonctionnement d'un réseau de télécommunications sans fil LTE (**A**) et l'identité des parties en présence (**B**) servent d'arrière-plan à la relation stratégique à long terme que Vidéotron et Rogers ont voulu encadrer par le NOA;

A) LE FONCTIONNEMENT D'UN RÉSEAU SANS FIL LTE

22. Un réseau de télécommunications sans fil LTE se compose d'une grande quantité d'appareils radio dont l'opération dépend d'une infrastructure complexe d'équipements de télécommunication et de coûteuses licences d'utilisation exclusives d'un spectre de radiofréquences (« **Spectre** »);
23. Au Canada, les Spectres constituent une ressource naturelle dont l'usage est géré par Innovation, Sciences et Développement économique Canada (« **ISDE** »);
24. Plusieurs Spectres sont utilisés par les opérateurs en télécommunications sans fil au Canada. Les bandes 700 MHz et 2100 MHz sont utilisées dans le Réseau conjoint;
25. Chaque Spectre possède des caractéristiques de propagation qui lui sont propres, et qui varient en fonction de sa fréquence;

B) LES PARTIES

26. Rogers est un opérateur en télécommunications, offrant notamment des services sans fil partout au Canada, et ce, depuis environ 1985;
27. Vidéotron est un opérateur en télécommunications, offrant notamment des services sans fil dans le Territoire, et ce, depuis septembre 2010;
28. En 2008, Vidéotron a participé aux enchères d'ISDE et acquis une licence pour le Spectre de 2100 MHz;
29. Cette acquisition s'effectuait en prévision du lancement par Vidéotron d'un service de télécommunications sans fil au Québec, effectué en 2010;

30. Au fil du temps, les parties ont respectivement développé au Québec leurs zones de couverture et sites respectifs;
31. Depuis l'entrée en vigueur du NOA, la technologie LTE-A est devenue accessible;
32. Il s'agit d'une norme de téléphonie mobile dérivée du protocole LTE, mais qui permet des débits de données descendants (en téléchargement) largement supérieurs à ce que permet un réseau LTE (de l'ordre de 1 Gbps), tout en demeurant complètement compatible avec celui-ci;
33. Cette évolution passe principalement par l'agrégation de plusieurs Spectres;
34. Les parties avaient anticipé l'assujettissement du LTE-A au NOA et son intégration au Réseau conjoint, comme il appert de l'article 9 du NOA, Pièce P-1, et de la définition de « Derived and Evolutionary Technology » qui figure à son article 1.1;
35. En date de la présente, Rogers contribue 40 MHz de Spectre au Réseau conjoint, réparti sur les fréquences 700 MHz et AWS-1, alors que Vidéotron en contribue 30 MHz réparti sur les fréquences 700 MHz et AWS-1 MHz, et acquitte un loyer à Rogers pour l'écart de 10 MHz. De manière connexe, et toujours sous l'égide du NOA, Rogers rend aussi disponible certaines fréquences sur son réseau 3G, auxquelles les clients de Vidéotron ont accès à certaines conditions;
36. Quelque temps suivant l'entrée de Vidéotron dans le marché des télécommunications sans fil, Rogers l'a approchée afin d'explorer la possibilité de mettre sur pied un réseau sans fil conjoint utilisant le protocole LTE, en raison notamment de la demande croissante par les abonnés pour l'accès à cette technologie, et des investissements considérables requis pour la leur rendre disponible;

II. LE NOA : UN CONTRAT RELATIONNEL

37. Suivant cette approche, les parties ont négocié pendant presque deux ans (**A**), pour s'entendre sur le cadre juridique qui gouvernerait leur relation aux fins de ce Réseau conjoint;
38. Comme il appert de ce qui suit, les parties ont manifestement voulu former un contrat relationnel dont leurs prestations respectives n'étaient pas déterminées avec précision, mais plutôt fonction de leur bonne entente, coopération, loyauté et de la plus haute bonne foi : le NOA (**B**);

A) L'HISTORIQUE DES NÉGOCIATIONS

39. Dès 2011, les parties ont sérieusement exploré la formation d'une relation stratégique visant à exploiter un même réseau sans fil LTE;
40. D'emblée, Rogers proposait de littéralement construire ce réseau conjointement sur la base des réseaux préexistants, dans le but de minimiser les dépenses en capital et d'opération, tout en optimisant l'expérience des abonnés de chaque partie, le tout en fonction d'indicateurs de performance préétablis;
41. La mise en commun des Spectres respectivement détenus par les parties aux fins du Réseau conjoint était aussi au cœur de la relation proposée;
42. À cette époque, Rogers suggérait que la relation ait un terme de dix ans, sujet à renouvellement et à une période de transition à l'échéance ou en cas de résiliation;
43. Au fil des discussions entre les parties, il a rapidement été convenu que le terme de la relation devrait être d'au moins vingt (20) ans et anticiper l'évolution du Réseau conjoint vers les technologies à venir (la « Derived and Evolutionary Technology »);
44. En effet, tant d'efforts et de ressources mises en commun par les parties ne pouvaient se justifier que si le Réseau conjoint durait assez longtemps pour en amortir le coût, et que par l'assurance que le Réseau conjoint ne deviendrait pas rapidement désuet ou mis de côté par l'une ou l'autre des parties. Il s'agissait d'un objectif expressément recherché par les deux parties, leurs intérêts se rejoignant à cet égard;
45. En raison de la durée envisagée et de l'impossibilité de prévoir à l'avance avec précision les investissements qui seraient requis par le développement du Réseau conjoint, l'idée d'une structure décisionnelle fluide et paritaire s'est aussi imposée;
46. En septembre 2011, les parties se sont rencontrées pour discuter des principes directeurs qui gouverneraient la relation envisagée;
47. Les parties ont alors notamment souligné la nécessité de prévoir un mécanisme relatif aux affectations futures de Spectres au Réseau conjoint en raison de l'évolution des besoins;
48. Devant l'impossibilité de prévoir des prestations spécifiques de part et d'autre, les parties ont convenu que l'équité (*fairness*) entre les parties en guiderait la détermination, illustrant le caractère relationnel de l'entente voulue, comme il appert notamment d'un projet de présentation datant de l'automne 2012 sur lesquelles les parties ont travaillé afin de résumer leurs positions dans le cadre de la négociation, **Pièce P-2** communiqué sous scellé;
49. En date du 29 mai 2013, les parties ont formalisé leur volonté de coopération et l'intention de mettre en commun certaines de leurs ressources en signant une lettre d'intention, **Pièce P-3** (la « **Lettre d'intention** » ou « **LOI** ») communiquée sous scellé, qui mettait la table pour une entente définitive à cet effet;

50. Les parties ont conjointement communiqué au public les grandes lignes de cette entente de partage de réseau et de Spectres, comme il appert d'un communiqué de presse daté du 29 mai 2013, **Pièce P-4**;

Cette entente unique bénéficiera aux entreprises et aux consommateurs et s'inscrit parfaitement dans le plan stratégique de Rogers, a déclaré le président et chef de la direction de Rogers, Nadir Mohamed. Cette entente de partage de réseau et de spectre, combinée avec l'élargissement de notre empreinte LTE, permettra à encore plus de consommateurs de profiter de la connectivité supérieure et des vitesses incroyablement rapides offertes par la technologie LTE.

[...]

Dans le cadre de cette entente, Vidéotron et Rogers se répartiront les coûts reliés au déploiement et à l'exploitation d'un réseau LTE partagé, ce qui générera des économies en capital et en investissement.

51. Finalement, en date du 16 décembre 2013, les parties ont conclu une série de contrats interreliés, dont le NOA, Pièce P-1, soit l'entente définitive envisagée par la Lettre d'intention;
52. La durée des négociations ayant mené au NOA – plus de deux ans – témoigne de l'importance stratégique que les parties accordaient à la relation contractuelle ainsi formalisée, et aux incidences de la mise en commun de ressources en résultant;

B) LE NOA ET SON CONTENU OBLIGATIONNEL

53. Le contenu obligationnel du NOA, entré en vigueur rétroactivement à compter du 15 août 2013, illustre aussi l'importance que revêtait le partenariat pour les parties et le caractère relationnel qu'elles souhaitaient y conférer;
54. Ce caractère s'illustre principalement par les principes directeurs qui animent le NOA (1), et la mécanique contractuelle voulue par les parties (2);

1) Principes directeurs

55. Vidéotron et Rogers ont conclu le NOA dans le but de développer et d'opérer le Réseau conjoint dans le Territoire, comme il appert du NOA, Pièce P-1;
56. Les parties ont rapidement pris l'habitude de référer au Réseau conjoint et par extension au NOA comme *Teamnet*, illustrant leur volonté de faire équipe;
57. Le NOA s'imprègne d'un nombre de principes directeurs qui révèlent les normes de la relation de coopération que les parties ont voulu maintenir à long terme;
58. **Premièrement**, les parties voulaient construire un Réseau conjoint dont la performance des services de transmission sans fil de données et de la voix excède ou égale celle des réseaux concurrents sur le Territoire, comme il appert du paragraphe A du préambule du NOA, Pièce P-1;

59. **Deuxièmement**, l'intérêt de mettre sur pied un Réseau conjoint consistait à minimiser la structure globale de coûts au bénéfice des deux parties, et ultimement de leurs abonnés, dont l'expérience client doit être la même au niveau de la transmission de la voix et des données, comme il appert du paragraphe A du préambule du NOA, Pièce P-1, et de ses articles 8.7 et 13.1;
60. **Troisièmement**, la commercialisation des services de Vidéotron et Rogers qui reposent sur le Réseau conjoint devait se faire de manière indépendante et en concurrence l'une avec l'autre, de sorte que les parties ne partagent pas d'information à ce sujet, incluant quant aux appareils utilisés et aux services et applications envisagés, comme il appert du paragraphe B du préambule du NOA, Pièce P-1, et de son article 10;
61. **Quatrièmement**, les parties mettent en commun certains actifs et ressources aux fins du Réseau conjoint, mais en conservent respectivement la propriété, l'objectif étant d'atteindre une contribution équitable des parties sur le plan des dépenses en capital et d'opération et des Spectres, comme il appert des articles 2.3, 3.1 et 14 du NOA, Pièce P-1;
62. **Cinquièmement**, les parties souhaitaient que leur partenariat s'inscrive dans la durée, soit :
- a) Un terme de vingt (20) ans, avec des possibilités très limitées de résiliation avant les dix premières années (e.g. insolvabilité, changement de contrôle ou manquement à une obligation fondamentale du NOA), et ensuite, que dans des circonstances tout aussi limitées, mais incluant aussi une impasse (*Deadlock* ou « **Impasse** ») d'une valeur supérieure à 100M \$, comme il appert de l'article 17 du NOA, Pièce P-1;
 - b) Comme mentionné au paragraphe 43 ci-avant, en corollaire à cette volonté de durée, les Parties souhaitaient que le Réseau conjoint évolue et intègre les nouvelles technologies;
 - c) De même, en cas de résiliation du NOA, ou d'absence de prolongation ou de renouvellement suivant son terme, une période de transition substantielle de cinq ans était prévue, durant laquelle les parties se devront encore un très haut niveau de collaboration (articles 17 et 18 du NOA, Pièce P-1);
63. **Sixièmement**, le Réseau conjoint était destiné à servir de réseau primaire à Vidéotron et à Rogers, comme il appert de l'article 8.14 du NOA, Pièce P-1, et de l'article 3.7(i) de la LOI, Pièce P-3, dans le but que les ressources investies par les parties en matière de télécommunications sans fil y soient prioritairement consacrées, toujours en considérant l'introduction de nouvelles technologies;
64. **Finalement**, et afin de réconcilier la tension entre chacun des principes directeurs susmentionnés et favoriser l'atteinte de l'objet du NOA, les parties ont confié à un comité paritaire de gestion (*Management Committee* ou « **Comité de gestion** ») la discrétion de déterminer les prestations des parties au fil du temps, le tout sur la base d'indicateurs objectifs de performance (les « **KPIs** »). Gardant en tête la bonne entente qui devait gouverner l'exécution du NOA, un mécanisme interne de règlement de différends fut élaboré, comme il appert de l'article 22 du NOA, Pièce P-1 (la « **Procédure d'escalade** »);

65. Ces principes directeurs prennent vie dans la mécanique contractuelle particulière que les parties ont élaborée dans le NOA;

2) Mécanique contractuelle

66. Les dispositions du NOA consistent principalement en des énoncés de principe et des méthodes de calcul, et ne prévoient que peu de prestations déterminées avec précision, comme en font notamment foi l'article 14.5B du NOA, Pièce P-1, et ses articles 2.1 et 3.1, reproduits ci-après :

- 2.1. The Parties in creating the Network will each provide services, technology, Equipment and cash, and other non-LTE assets as may be required from time to time, all in accordance with the terms of this Agreement.
- 3.1. The Equipment that is required for the development and delivery of the Network Services by each of Rogers and Videotron separately shall be provided by each of the Parties as set forth in any Annual Build Plan, and as such Equipment shall remain the property of the Party who contributes it.

[notre soulignement]

67. L'objet du NOA est l'aventure commune que constitue le Réseau conjoint. Les parties ont en grande partie lié leur destinée en mettant en commun leurs ressources, et en s'engageant à investir dans une même infrastructure durant vingt (20) ans;
68. Le NOA participe ainsi de la nature d'un contrat relationnel, dont le Comité de gestion (i), le partage de coûts et de Spectres (ii), et la Procédure d'escalade (iii) sont quelques-uns des mécanismes voués à permettre aux parties de collaborer en continu afin d'atteindre les objectifs du contrat, et de connaître la nature et la portée de leurs prestations au fil du temps;
- i. Le Comité de gestion*
69. Les parties ont confié les décisions relatives au Réseau conjoint à leurs experts respectifs, siégeant de manière paritaire au Comité de gestion, qui prend ses décisions à l'unanimité, comme il appert des articles 12.3 et 12.6 du NOA, Pièce P-1;
70. C'est en effet le Comité de gestion qui veille à ce que les parties atteignent l'objectif premier du partenariat, soit que la performance du Réseau conjoint égale ou dépasse celle des concurrents, tout en minimisant la structure globale de coûts. Les responsabilités du Comité de gestion dépassent la liste qui en est faite à l'article 22 du NOA, Pièce P-1, chaque section du contrat, ou presque, y faisant référence;
71. Le Comité de gestion veille notamment à la mise en œuvre et au suivi des plans annuels et quinquennaux devant être adoptés en vertu du NOA, établit et révisé annuellement les KPIs du Réseau conjoint, s'assure que des actions sont prises pour corriger tout défaut en vertu du NOA, et détermine s'il y a lieu d'introduire de nouvelles technologies dans le Réseau conjoint;

72. En formant le NOA, les parties ne pouvaient prévoir à l'avance de quelle façon il serait le plus approprié de faire évoluer le Réseau conjoint, au gré des changements technologiques et considérant les actifs disponibles. Le Comité de gestion et son rôle incarnent ainsi le fort désir de coopération des parties, qui ont voulu demeurer flexibles quant aux moyens d'atteindre la finalité du NOA;
73. C'est pourquoi les parties ont assujéti à des bases objectives (les KPIs) les décisions stratégiques (incluant quant à quels actifs mettre à contribution, et de quelle façon) et concernant le partage des coûts requis;
74. En somme, le mécanisme du Comité de gestion et les principes qu'il est appelé à appliquer démontrent que la confiance des parties en leur capacité à s'entendre est au cœur du NOA;
 - ii. Le partage des actifs et des coûts
75. Vidéotron et Rogers détiennent toutes deux différents Spectres leur permettant d'offrir les services de télécommunications sans fils susmentionnés;
76. Rogers en a acquis certains sans contrepartie et d'autres, en acquérant des sociétés les détenant déjà;
77. Quant à Vidéotron, elle a pu bénéficier de règles des enchères d'ISDE qui favorisent les nouveaux entrants et opérateurs régionaux;
78. En mettant en commun leurs Spectres, les parties bénéficient d'un plus large éventail de radiofréquences qu'elles n'auraient séparément, et ce, pour un coût global plus bas;
79. Dès la formation du Réseau conjoint, les parties augmentaient leur capacité à fournir des services de téléphonie mobile LTE sur le Territoire par le simple effet de la reconfiguration de l'utilisation des Spectres qu'elles détenaient déjà;
80. Cet avantage concurrentiel devient encore plus marqué alors que s'impose la norme LTE A, qui requiert l'agrégation de Spectres;
81. De manière pratique, les parties se sont engagées à l'avance à demander à ISDE des licences subordonnées relatives aux Spectres de leur cocontractante mis à contribution dans le Réseau conjoint, afin que leurs abonnés respectifs puissent en bénéficier sans qu'il n'y ait transfert des Spectres, comme il appert de l'article 4.2 du NOA, Pièce P-1;
82. Le NOA prévoit, entre autres, les modalités de partage des coûts entre les parties quant aux investissements en capitaux (par exemple suivant une décision commune d'étendre le réseau à une nouvelle région non desservie). La contribution respective des parties dépendra notamment de la nature du projet (tel qu'un ajout de capacité, une augmentation de la vitesse maximale annoncée, un élargissement de la couverture, etc.);

83. Lorsque le Réseau conjoint requiert l'ajout de nouveaux Spectres, la contribution de la partie qui affecte cet actif au Réseau conjoint est prise en compte dans le calcul du partage des coûts. La valeur du spectre est établie en suivant la formule de calcul du *Spectrum Base Cost*, comme il appert de l'article 14.5.3 du NOA, Pièce P-1;
84. Le NOA prévoit ainsi que les parties se paieront certains loyers, dont le *Spectrum Usage Fee* prévu au NOA, pour l'utilisation de Spectres appartenant à l'autre partie aux fins du Réseau conjoint;
85. Le NOA prévoyait d'emblée que seuls certains Spectres de Rogers étaient exclus du Réseau conjoint et non assujettis aux termes du NOA, comme il appert de l'article 9.3;
86. En effet, à une époque où ces Spectres (2,3 GHz, 2,6 GHz TDD et 3,5 GHz – le « Réseau exclu ») n'étaient pas susceptibles d'être employés avec la technologie LTE, Rogers les avait dédiés à une coentreprise avec Bell, de sorte qu'ils n'étaient pas disponibles aux fins du NOA;
87. Par ailleurs, Rogers en détenait plusieurs suivant son acquisition de la société Microcell, qui en avait obtenu les droits sans enchères;
88. Le NOA prévoit que le *Spectrum Base Cost* est déterminé à partir de la moyenne des coûts d'acquisition de Spectre suivant la plus récente enchère pertinente organisée par ISDE pour un Spectre donné, comme il appert de la définition contenue à l'article 1.1 du NOA, Pièce P-1;
89. Les parties ont choisi cette méthode objective notamment afin de tenir compte des coûts totaux acquittés par les parties relativement au Réseau conjoint, de façon à satisfaire l'objectif de le garder concurrentiel en minimisant la structure de coûts globale;
90. En effet, suivant les dispositions du NOA, les parties ont tout à gagner que l'une ou l'autre puisse acquérir des Spectres au plus bas prix, car cela affecte le « loyer » que les parties se paient pour l'utilisation des Spectres mis en commun dans le Réseau conjoint;
91. C'est le Comité de gestion qui est chargé de déterminer si la contribution de Spectres au Réseau conjoint est nécessaire et quel montant une partie peut être appelée à payer à l'autre pour son utilisation considérant certains paramètres, dont :
 - a) La finalité pour laquelle un Spectre est incorporé au Réseau conjoint;
 - b) Si l'une ou l'autre des parties, ou les deux, en ont besoin;
 - c) Le caractère identique ou similaire de la contribution des parties en matière de Spectres, déterminé selon certains critères préétablis;
 - d) L'utilisation relative par chaque partie d'un Spectre donné (ou GRU), telle que projetée pour les deux prochaines années;

comme il appert notamment de l'article 14.5.3.4. du NOA, Pièce P-1;

92. Il est à noter qu'en date du 18 janvier 2017, les parties ont modifié les méthodes de calculs prévues aux articles 14.5.3.4 et 14.5.3.5 du NOA, comme il appert du 1^{er} amendement au NOA, **Pièce P-5**;
93. De plus, le NOA prévoit à l'avance certaines balises afin de déterminer le « loyer » des Spectres, par exemple dans les annexes relatives au *Spectrum Base Cost*;
94. Cette façon de déterminer la « valeur » d'un Spectre aux fins de l'exécution du NOA se veut particulièrement objective en ce qu'elle évacue les considérations commerciales de chaque partie lorsque vient le temps de mettre un prix sur leurs contributions respectives. Cette approche permet de surcroît d'éviter tout partage d'information quant aux raisons commerciales pour lesquelles elles ont payé un prix particulier pour l'acquisition d'un Spectre, ce qui serait contraire au principe voulant que le NOA n'entraîne pas le partage d'informations relatives aux stratégies de commercialisation;
95. Comme il est expliqué ci-après, Rogers a voulu forcer la renégociation des mécanismes de partage des coûts basés sur les *Spectrum Base Cost* et *Spectrum Usage Fee* dans le but de modifier l'équilibre et l'harmonie contractuels du NOA;

iii. La Procédure d'escalade

96. En formant le NOA, les parties ont choisi de se lier par un terme de vingt (20) ans, ce qui est considérable eu égard notamment à la vitesse de l'évolution technologique dans le domaine des télécommunications sans fil;
97. La durée de ce terme – et l'interdiction virtuelle d'y mettre fin avant le 15 août 2023 (article 22.1.5. du NOA, Pièce P-1) – servaient d'incitatifs à l'engagement à long terme des parties et visaient à permettre l'amortissement des investissements communs dans le Réseau conjoint;
98. D'ailleurs, depuis les premiers échanges entre les parties concernant la mise en place du Réseau conjoint, les discussions visaient une planification à long terme du réseau allant jusqu'en 2025;
99. Considérant la durée et l'intensité de la relation, ainsi que le caractère indéterminé des prestations des parties, un mécanisme interne de résolution de différend a été convenu à l'article 22 du NOA, Pièce P-1, la Procédure d'escalade, prévoyant ce qui suit dans ses grandes lignes :
- a) L'incapacité du Comité de gestion d'arriver à une décision unanime à tout sujet constitue un Différend;
 - b) À défaut pour le Comité de gestion d'arriver à une décision unanime dans les trente (30) jours après qu'une question lui ait été soumise, un Comité exécutif (*Executive Committee*) est formé à cette fin, composé des chefs de la direction de chacune des parties;

- c) À défaut pour le Comité exécutif d'arriver à une décision unanime dans les trente (30) jours après qu'une question lui ait été soumise, un Comité spécial (*Special Committee*) est formé à cette fin, composé de dirigeants ou administrateurs de la société-mère de chacune des parties;
 - d) À défaut pour le Comité spécial d'arriver à une décision unanime dans les trente (30) jours après qu'une question lui ait été soumise, la situation est qualifiée d'Impasse;
100. En convenant de la Procédure d'escalade, les parties reconnaissent leur attente relative au caractère relationnel du NOA, voulant régler entre elles tout Différend et s'en remettre ultimement à la bonne entente des familles respectivement à leur tête pour œuvrer au succès du Réseau conjoint;
101. Jusqu'en 2018, les parties se sont conduites de manière conforme à cette attente, sans insister sur la lettre de la Procédure d'escalade;
102. Finalement, en cas d'Impasse, il a été prévu que le *statu quo* prévale, à l'exception du changement demandé, qui pourra aller de l'avant aux frais de la partie l'ayant requis, à condition que :
- a) ce changement n'affecte pas le Réseau conjoint et/ou les KPIs; et que
 - b) l'autre partie n'en bénéficie pas;
- comme il appert de l'article 22.1.4 du NOA, Pièce P-1;
103. Comme il est expliqué ci-après, Rogers a escamoté le rôle du Comité de gestion et de la Procédure d'escalade, les instrumentalisant afin de justifier la mise sur pied de son Réseau parallèle;

III. ROGERS ABUSE DE SES DROITS CONTRACTUELS

104. Depuis l'entrée en vigueur du NOA, la haute direction de Rogers a subi plusieurs changements qui ont fini par modifier la façon dont Rogers exécute ses obligations en vertu du NOA, et l'interprétation qu'elle en fait;
105. D'abord, peu après l'entrée en vigueur du NOA, le vice-président de Rogers qui avait été au centre de sa négociation et qui représentait jusqu'alors le pouvoir décisionnel principal à ce sujet du côté de Rogers, Nikos Katinakis, a quitté son poste;
106. Ensuite, le président-directeur général de Rogers qui était en poste durant toute la négociation du NOA et de ses ententes connexes et qui y a activement participé, Nadir Mohamed, a cédé sa place à Guy Laurence de 2014 à 2016, et à Joe Natale depuis;

107. Depuis l'arrivée en poste de ces nouveaux dirigeants chez Rogers, l'entente entre les parties est difficile. À la lumière des faits ci-après décrits, il est devenu évident que Rogers crée ces difficultés de toutes pièces dans l'intention de provoquer la fin du NOA ou mettre sur pied un Réseau parallèle;
108. Vidéotron s'en voit contrainte de déposer la présente demande à l'encontre de son partenaire stratégique Rogers, en raison de la conduite de cette dernière qui met en péril le Réseau conjoint et dénature la relation contractuelle incarnée par le NOA;
109. En effet, après avoir convenu avec Vidéotron de la nécessité de mettre à jour le Réseau conjoint (A), et des principales modalités d'un tel exercice (B), Rogers a tenté de forcer la renégociation du NOA et a pris prétexte du refus de Vidéotron pour mettre sur pied un Réseau parallèle, abusant ainsi de ses droits et contrevenant au NOA (C);

A) LES PARTIES ACCEPTENT DE METTRE À JOUR LE RÉSEAU CONJOINT

110. Depuis l'entrée en vigueur du NOA, Rogers a toujours été réticente à planifier le Réseau conjoint à plus long terme que l'année en cours, bien que le Comité de gestion doive en principe définir des objectifs budgétaires quinquennaux, comme prévu à l'article 12.1.3 du NOA, Pièce P-1;
111. Jusqu'en 2017, Rogers a effectivement refusé les demandes répétées de Vidéotron de convenir d'un plan de modernisation du Réseau conjoint sur un horizon de trois à cinq ans, plutôt que de se limiter aux plans annuels jusque-là favorisés par Rogers;
112. Soudain, au printemps 2017, Rogers a pris la position que le Réseau conjoint devait être mis à jour afin de rejoindre ou dépasser les niveaux de performance de celui de ses concurrents, et donc que des investissements majeurs devaient être effectués par les parties au cours des prochaines années afin de maintenir la compétitivité du Réseau conjoint (la « **Mise à jour** » ou « *Uplift* »);
113. Rogers a exprimé cette intention pour la première fois le 26 avril 2017 lors d'une réunion du Comité de gestion, comme il appert du compte-rendu de cette réunion, **Pièce P-6**;
114. Comme il appert de ce compte-rendu, les parties n'ont alors rien convenu d'autre que d'engager des discussions conjointes de travail;
115. Le 9 juin 2017, à l'occasion d'une réunion du Comité de gestion, Rogers a pour la première fois présenté une proposition relative à la Mise à jour. Cette proposition impliquait notamment que Vidéotron procède à l'actualisation de 416 sites sur les deux années à venir, pour un total de 929 sites pour les deux parties, comme il appert d'une présentation de Rogers à ce sujet, **Pièce P-7**;
116. Vidéotron s'est mise à analyser la proposition de Rogers afin de déterminer l'approche qu'elle était disposée à adopter relativement aux déploiements des investissements et à leur échéancier, le tout dans le respect de l'intention des parties en formant le Réseau conjoint et signant le NOA;

117. Entre autres, Vidéotron se préoccupait de l'ampleur de la Mise à jour proposée par Rogers et de l'architecture à adopter pour le Réseau conjoint afin que les performances dépassent celles de la concurrence alors que de nouvelles technologies (dont le protocole 5G, ou « **Réseau 5G** ») devaient être implantées dans un avenir relativement rapproché;
118. Le ou vers le 16 juin 2017, les parties ont poursuivi leurs discussions relatives à la Mise à jour sur la base d'un projet soumis par Rogers à cette fin, comme il appert d'un courriel de M. Simon Parent et de ses pièces jointes, en liasse, **Pièce P-8**;
119. Rapidement, Vidéotron a accepté le principe proposé par Rogers, et s'est ensuivi une période de négociation entre les parties afin de convenir des modalités de la Mise à jour;
120. En effet, Vidéotron était d'avis que l'objectif recherché par la Mise à jour pouvait être atteint à meilleurs coûts en privilégiant une configuration différente du Réseau conjoint, comme il appert notamment d'un courriel de M. Serge Legris du 7 juillet 2017, **Pièce P-9**;
121. Le 1^{er} août 2017, les parties se sont rencontrées dans le cadre d'une réunion du Comité de gestion convoquée par Rogers et ont tenu des discussions à haut niveau visant à identifier la meilleure façon de partager le Spectre de chacune des parties aux fins de la Mise à jour, comme il appert du compte-rendu de cette réunion, **Pièce P-10**;
122. À l'issue de cette réunion, tous ont convenu qu'il serait préférable que les parties conçoivent et planifient conjointement la Mise à jour lorsque leur haute direction respectives se seront entendues quant aux objectifs précis du projet, comme il appert du compte-rendu de la réunion du Comité de gestion du 1^{er} août 2017, **Pièce P-10**;
123. Le 23 août 2017, suivant des discussions et rencontres entre les parties, Vidéotron a convenu de procéder à la Mise à jour, mais a proposé que les investissements requis s'étalent plutôt sur quatre ans, comme il appert de la proposition de Vidéotron et du courriel de transmission, en liasse, **Pièce P-11**;

B) LES PARTIES CONVIENNENT DES PRINCIPALES MODALITÉS DE LA MISE À JOUR

124. Le 6 septembre 2017, les parties se sont réunies sous l'égide du Comité de gestion. À cette occasion, leurs représentants ont souligné qu'elles partageaient une perspective et des approches similaires, mais qu'il leur restait à s'aligner quant à certains aspects de la Mise à jour, comme il appert d'une copie du procès-verbal de cette réunion, **Pièce P-12**;
125. Le 6 octobre 2017, les parties se sont rencontrées dans le cadre d'une rencontre ordinaire du Comité de gestion et n'ont qu'effleuré le sujet de la Mise à jour, se limitant pour l'essentiel à des enjeux opérationnels. Rogers n'a soulevé aucun problème avec la contre-proposition de Vidéotron sous étude;
126. Rogers avait alors eu plus d'un mois et demi pour étudier la contre-proposition de Vidéotron, et n'a aucunement indiqué qu'elle y voyait un problème;

127. Le 25 octobre 2017, Rogers a toutefois communiqué à Vidéotron une nouvelle proposition, incluant i) une position mitoyenne quant au délai d'exécution de la Mise à jour (trois ans, allant jusqu'à quatre ou cinq ans pour les nouveaux sites), mais augmentant de plus de 40 % le nombre de sites qu'elle voulait soumettre à la Mise à jour (de 929 à 1 329), comme il appert d'une copie du projet de Mise à jour portant cette date, **Pièce P-13**;
128. À cette époque, les parties s'entendaient déjà sur la technologie à utiliser et il ne leur restait qu'à convenir de qui s'occuperait de chaque site à construire ou mettre à jour et de l'échéancier à ce sujet, comme il appert notamment d'un courriel du Vice-président – réseaux d'accès sans fil (*Wireless Access Networks*) de Rogers, Arnold Abramowitz, **Pièce P-14**;
129. Le 13 novembre 2017, les parties se sont à nouveau réunies dans le cadre d'une rencontre ordinaire du Comité de gestion. Les discussions concernant la Mise à jour ont principalement porté sur l'échéancier des investissements et ont souligné que les parties étaient alignées quant à leur position, comme il appert du procès-verbal de cette réunion, **Pièce P-15**;
130. Plus spécifiquement, comme en fait foi ce procès-verbal, les parties s'accordaient sur les besoins relatifs au Réseau 5G et à l'approche à adopter à ce sujet, mais devaient encore arriver à une entente concernant l'échéancier des investissements à cette fin;
131. Une semaine plus tard, le 22 novembre 2017, de manière cohérente avec ces discussions, Vidéotron a indiqué à Rogers qu'elle acceptait essentiellement sa dernière proposition et convenait de mettre à jour 1 321 sites dans un délai de cinq ans, comme il appert de cette proposition et de son courriel de transmission, en liasse, **Pièce P-16**;
132. L'année 2017 s'est donc terminée avec les parties convenant des principaux éléments de la Mise à jour, sujet à une simple demande de Rogers afin d'étudier davantage la dernière proposition de Vidéotron, sans mention d'urgence ou de référence à la Procédure d'escalade, comme il appert d'un courriel d'Arnold Abramowitz du 1^{er} décembre 2017, **Pièce P-17**;

C) ROGERS DÉTOURNE LA PROCÉDURE D'ESCALADE

133. Or, de nouveaux changements à la direction de Rogers ont donné une tout autre tournure à la relation entre les parties. En janvier 2018, Rogers a annoncé l'embauche d'un nouveau Directeur de la technologie (CTO), Jorge Fernandes, devant entrer en poste dans les semaines suivantes, comme il appert notamment d'un article à ce sujet, **Pièce P-18**;
- i. *Rogers veut assujettir la Mise à jour à une renégociation du NOA et invoque abusivement la Procédure d'escalade*
134. Le 28 janvier 2018, Arnold Abramowitz écrit à Vidéotron, insistant soudainement sur le déclenchement imminent de la Procédure d'escalade prévue au NOA en cas de désaccord persistant quant à la Mise à jour, comme il appert d'une copie de ce courriel, **Pièce P-19**;

135. Il annonçait du même souffle que Rogers avait déjà commencé à mettre sur pied son Réseau parallèle, anticipant une Impasse au sens du NOA;
136. Ce courriel avait de quoi surprendre, les positions échangées par les parties jusqu'alors ne dénotant aucune Impasse et montrant que les parties s'étaient entendues sur l'essentiel de la Mise à jour, ne restant qu'à en arrêter les détails;
137. Le 29 janvier 2018, à l'occasion d'une rencontre à Montréal, Rogers communique à Vidéotron une proposition aux bases et à l'ampleur radicalement différentes de ce qu'elle avait avancé jusqu'à présent, comme il appert du document intitulé *Rogers' Final Proposal – Network Uplift*, **Pièce P-20**;
138. En effet, Rogers annonce pour la première fois qu'elle ne reconnaissait pas comme applicable à la Mise à jour les méthodes de détermination de la valeur des actifs affectés au Réseau conjoint par les parties (*Spectrum Base Cost*) et de l'utilisation de Spectres par l'une ou l'autre des parties (*Spectrum Usage Fee*), prévues au NOA, et propose des modifications majeures qui augmenteraient de manière drastique les coûts que devrait assumer Vidéotron pour bénéficier des Spectres que Rogers affecte au Réseau conjoint;
139. Spécifiquement, la proposition de Mise à jour de Rogers va au-delà de la Mise à jour et prévoit des changements radicaux au NOA, notamment :
 - a) que Vidéotron paye un loyer additionnel pour les Spectres de Rogers; et
 - b) le refus de reconnaître certaines équivalences entre les Spectres déjà convenues explicitement à cette fin dans le NOA et ses annexes;
140. Bref, Rogers propose à Vidéotron une Mise à jour du Réseau conjoint à condition que Vidéotron renonce aux arrangements financiers prévus au NOA, convenus suivant de longues négociations, et ce, moins de cinq ans après l'entrée en vigueur d'une entente devant en durer vingt (20), alors que le NOA ne peut être modifié que par le consentement écrit des parties (article 23.18 du NOA, Pièce P-1);
141. Les impacts de cette demande pour Vidéotron se révéleraient catastrophiques, se chiffrant en dépenses dépassant de plusieurs centaines de millions de dollars ce qui a été convenu au NOA;
142. Cette demande n'avait jamais été communiquée par Rogers auparavant. Au contraire, lorsque Rogers avait proposé par le passé que des investissements soient effectués dans le Réseau conjoint, elle inscrivait la détermination de la contribution financière de chacun à l'intérieur des modalités du NOA, comme il appert notamment d'une présentation de Rogers à ce sujet datée du 10 octobre 2014, **Pièce P-21**;
143. Aussi, Rogers indique qu'en plus de mettre à jour plus de 1 300 sites du Réseau conjoint comme discuté depuis six mois, elle demande que Vidéotron paie des intérêts sur le solde des montants dus à Rogers en vertu du NOA lorsque ce solde excède 10M \$ (les « **Ledger Fees** »);

144. Or, le NOA ne prévoit aucunement de Ledger Fees;
145. La perception d'intérêts se justifiait selon Rogers par le déséquilibre entre les obligations respectives des parties qui découlerait des changements proposés par Rogers au calcul des *Spectrum Base Cost* et *Spectrum Usage Fee*;
146. En somme, Rogers désirait imposer un plan qui déroge au NOA en revoyant les méthodes de calcul, et en voulant percevoir des intérêts sur les sommes découlant de ce nouveau déséquilibre, le tout sans assise dans le NOA;
147. Le courriel d'Arnold Abramovitz du 28 janvier 2018, Pièce P-19, prenait alors tout son sens : l'objectif de Rogers n'était pas de travailler de bonne foi et en collaboration avec Vidéotron au maintien et au développement d'un Réseau conjoint concurrentiel, mais bien de surenchérir continuellement avec des demandes exorbitantes dans le but de mener à une Impasse artificielle et ainsi justifier la mise sur pied par Rogers d'un Réseau parallèle;
148. De plus, Rogers a communiqué cette nouvelle position finale (« *final proposal* ») à Vidéotron quelques heures avant la réunion du Comité de gestion prévue pour le 30 janvier 2018, affirmant qu'il s'agissait de la dernière chance dont disposaient les parties pour s'entendre sur la Mise à jour, sans quoi il y aurait Impasse au sens du NOA;
149. Rogers ne pouvait adopter cette position et prétendre être de bonne foi après avoir tout juste complètement changé les bases de la discussion en cours quant à la Mise à jour et y avoir ajouté plusieurs nouveaux enjeux importants, incluant des modifications majeures aux termes négociés du NOA, sans donner l'occasion aux parties d'en discuter;
150. En faisant preuve de telles impatience et intransigeance, Rogers a manqué à son obligation de bonne foi et abusé de ses droits en plaçant Vidéotron devant un dilemme : consentir à une renégociation des termes du NOA qui soit plus favorable à Rogers, ou refuser cette renégociation et se voir distancer par son partenaire stratégique – Rogers – qui profitera de l'Impasse artificielle pour mettre sur pied un Réseau parallèle plus performant que le Réseau conjoint;
151. En février 2018, le nouveau Directeur de la technologie (CTO) de Rogers, Jorge Fernandes, entre en poste;
152. Le 2 mars 2018, ce dernier, lors d'une réunion du Comité exécutif, confirme par ses propos ce que la conduite de Rogers montrait déjà : il affirme qu'il n'avait jamais vu une entente de partenariat aussi mauvaise que le NOA, qui avantageait, selon lui, Vidéotron au détriment de Rogers, d'où le désir de Rogers de la renégocier. De plus, Rogers s'est plainte d'avoir perdu des parts de marchés au bénéfice de Vidéotron depuis la conclusion du NOA. Jorge Fernandes indiquait aussi que quiconque avait négocié le NOA pour Rogers et y travaillait encore devrait être congédié;
153. Le CTO de Rogers demande aussi à Vidéotron de lui faire une proposition afin de modifier ou de renégocier le NOA de manière à en donner les rênes à Rogers (« *make Rogers the leader* »);

154. Ces propos ont surpris Vidéotron. Le NOA avait été longuement négocié par des parties sophistiquées moins de cinq ans auparavant, dans le but que celui-ci perdure pendant vingt (20) ans, sans jamais que l'une ou l'autre des parties n'ait plus de pouvoir ou soit le *leader*. L'importance économique et stratégique du NOA pour les parties montre bien qu'elles n'ont jamais envisagé qu'il puisse être écarté en grande partie si prématurément, voire renégoié, comme Rogers tentait de le faire. Seul un changement à la direction de Rogers pouvait expliquer cette volte-face;
155. En cherchant par tous les moyens de renier le NOA et d'en entraver l'exécution, Rogers se comporte de manière contraire aux attentes légitimes de Vidéotron découlant du NOA, et manque à son obligation de coopération qui requiert qu'elle négocie de bonne foi la Mise à jour afin de donner plein effet au NOA;
156. Le refus de Vidéotron de renégocier les termes du NOA ne peut servir de base à invoquer la Procédure d'escalade. La situation invoquée par Rogers à cette fin ne fait pas partie des cas de figure envisagés par le NOA à cet égard;
157. C'est par ailleurs malgré l'opposition de Vidéotron au déclenchement de la Procédure d'escalade que Rogers l'a invoquée. En effet, Vidéotron n'était pas d'avis – et ne l'est toujours pas – que la Procédure d'escalade pouvait être déclenchée de bonne foi par Rogers dans les circonstances;
158. Le 8 mars 2018, Rogers a transmis un avis à Vidéotron, présentant une interprétation indûment stricte de la Procédure d'escalade, comme il appert d'une copie d'un courriel de Rogers à ce sujet, **Pièce P-22**;
159. Cet avis était d'ailleurs tout à fait contraire à l'intention communiquée par le président-directeur général de Rogers à son homologue de Vidéotron, qui avait plutôt indiqué que Rogers continuerait de négocier, sans formalisme indu;
160. Le 21 mars 2018, Rogers a légèrement rectifié sa position, mais continué de s'en tenir à la Procédure d'escalade, comme il appert d'une copie d'un courriel de Rogers à ce sujet, **Pièce P-23**;
161. Le 23 mars 2018, toujours désireuse d'en arriver à un compromis qui permettrait aux parties de retirer tous les bénéfices attendus du NOA, Vidéotron communique à Rogers une nouvelle contre-proposition acceptant la plupart des aspects de la Mise à jour proposée par Rogers, à l'intérieur ou à l'extérieur de bâtiments, et se montrant disposée à discuter de modifications aux méthodes de valorisation des actifs affectés au Réseau conjoint, sans toutefois consentir au loyer additionnel faramineux exigé par Rogers, comme il appert de cette contre-proposition, **Pièce P-24**;
162. Considérant que se trouvaient désormais sur la table des investissements envisagés se chiffrant en plusieurs centaines de millions sur cinq ans, Vidéotron proposait aussi de prolonger le terme du NOA de cinq ans afin d'en permettre l'amortissement;

163. Le 21 mars 2018, la directrice des affaires juridiques de Rogers a confirmé à son homologue de Vidéotron que les parties privilégieraient des discussions informelles plutôt que de recourir à des avis officiels en vertu du NOA;

ii. Rogers fabrique une Impasse

164. Deux semaines plus tard, Rogers a néanmoins choisi de référer le différend au Comité spécial – dernière étape de la Procédure d’escalade – en date du 6 avril 2018, comme il appert d’une lettre de Jorge Fernandes à cet effet, **Pièce P-25**;

165. Le 20 avril 2018, en prévision de la rencontre du Comité spécial, des équipes de Rogers et de Vidéotron se sont réunies pour clarifier leurs positions respectives;

166. Rogers a alors à nouveau soulevé d’autres enjeux, demandant notamment que la planification de la technologie 5G s’effectue immédiatement et s’enquérant pour la première fois de la capacité de Vidéotron à déployer la technologie 4.5G, en plus de mentionner une nouvelle approche au partage des coûts de déploiement de nouvelles technologies;

167. Cette attitude allait à nouveau à l’encontre de l’esprit de collaboration requis par le NOA, en plus d’être contradictoire : alors que les parties en étaient prétendument à la dernière étape de la Procédure d’escalade, une partie de bonne foi aurait identifié les enjeux encore en suspens pour s’y concentrer, plutôt que d’en soulever d’entièrement nouveaux;

168. Lors de la rencontre du 20 avril 2018, les parties étaient pourtant rapprochées dans leurs positions, du moins en ce qui a trait à ce qui peut être soumis au Comité de gestion pour décision et faire l’objet d’une Impasse

169. Suivant cette rencontre, les parties ont dû discuter de ce qu’il adviendrait si aucune entente n’était atteinte à la prétendue date ultime de la Procédure d’escalade selon Rogers, soit le 7 mai 2018;

170. Le président et chef de la direction de Rogers, Joe Natale, a alors indiqué à son homologue d’alors chez Vidéotron, Manon Brouillette, que l’important était que les parties restent en contact et continuent de progresser. Rogers a même proposé à Vidéotron de tenir des appels hebdomadaires chaque vendredi à cette fin;

171. Considérant ces propos et ceux de la directrice des affaires juridiques de Rogers voulant que des discussions informelles soient à privilégier aux avis formels, Vidéotron était alors justifiée de croire que Rogers négocierait de bonne foi afin d’arriver à une entente sur la Mise à jour donnant plein effet au NOA, et n’insisterait pas sur la Procédure d’escalade;

172. Or, le 27 avril 2018, Rogers communiqué à nouveau à Vidéotron une proposition plus exorbitante que les précédentes et annonce réaffecter son Spectre de 850 MHz à d’autres usages que celui convenu en lien avec le NOA, malgré les impacts d’une telle manœuvre sur les services reçus par les abonnés de Vidéotron, comme il appert de cette proposition, **Pièce P-26**;

173. La proposition concernant la méthode de valorisation des actifs affectés au Réseau conjoint posait de nouveaux problèmes dans la mesure où Rogers souhaitait majorer de 30 % le *Spectrum Usage Fee* en fonction des types d'appareils disponibles sur le marché et leur comptabilité, ce qui (i) n'est pas un facteur de valorisation prévu dans le NOA et (ii) aurait pour effet de forcer les Parties à moduler leurs offres commerciales et le choix des appareils portatifs en fonction de ce facteur, ce qui serait contraire aux objectifs du NOA;
174. Cette proposition de Rogers écartait aussi l'application du concept de Spectre similaire, prévu au NOA et son Annexe 1.1B;
175. Le 30 avril 2018, Manon Brouillette écrit à son homologue de Rogers, exprimant sa surprise devant les positions de cette dernière qui désavantagent systématiquement Vidéotron, et la volonté de Rogers de renégocier des aspects cruciaux du NOA, comme il appert d'un échange de courriels entre Manon Brouillette et Joe Natale, **Pièce P-27**;
176. La PDG d'alors chez Vidéotron a aussi souligné par ce courriel l'impression croissante que Rogers cherchait par tous moyens de sortir du NOA, en cherchant à rendre systématiquement plus onéreuses et difficiles d'exécution les obligations de Vidéotron en vertu du NOA;
177. Le 1^{er} mai 2018, Joe Natale a réitéré que Rogers poursuivait la mise sur pied de son Réseau parallèle sans attendre l'issue de la Procédure d'escalade, comme il appert d'un échange de courriels, **Pièce P-27**;
178. Ce courriel est truffé d'inexactitudes, la plus importante étant que Vidéotron se soit traînée les pieds et ait retardé la Mise à jour, forçant Rogers à l'entamer seule de son côté;
179. En effet, les délais afin que les parties arrivent à une entente concernant la Mise à jour découlent entièrement des demandes sans cesse nouvelles de Rogers, notamment quant à une refonte complète du mode de valorisation des actifs affectés au Réseau conjoint et aux tarifs d'accès;
180. L'absence d'empressement de Rogers à résoudre ce différend entre les parties sert en effet l'objectif illégitime de Rogers, soit celui de placer Vidéotron devant une situation de fait équivalente à la fin du NOA, le Réseau parallèle étant en place;
181. Le 3 mai 2018, le Comité spécial se réunit et, le lendemain, Manon Brouillette écrit à Joe Natale afin de prévoir d'emblée un appel pour discuter de la contre-proposition imminente de Vidéotron;
182. Avant même de recevoir cette contre-proposition annoncée par Vidéotron, Rogers transmet à Vidéotron, le 7 mai 2018, un avis de l'Impasse entre les parties en vertu du NOA, **Pièce P-28** (l'« **Avis d'Impasse** »), adoptant ainsi une conduite contraire à ce que la directrice des affaires juridiques et le PDG de Rogers avaient annoncé durant les semaines précédentes;

183. C'est par désinvolture caractérisée à l'égard de Vidéotron que Rogers insiste sur la lettre du NOA en invoquant l'Impasse. Rogers dénature et détourne les obligations contenues au NOA et fabrique une Impasse pour mettre sur pied son Réseau parallèle de manière concomitante, et ce, au mépris total des intérêts de sa co-contractante Vidéotron. En fait, Rogers cherche manifestement à tirer un avantage concurrentiel de l'Impasse qu'elle a créée, et avec insouciance quant aux conséquences qui en résultent pour cette dernière;
184. Le 9 mai 2018, Manon Brouillette exprime à Joe Natale sa surprise devant l'Avis d'Impasse et réitère sa demande qu'un appel soit tenu, comme il appert du courriel transmis à cette fin, **Pièce P-29**, ce à quoi elle se fait répondre que Joe Natale ne saurait se rendre disponible avant plusieurs jours;
185. Toujours le 9 mai 2018, Vidéotron répond à la dernière proposition de Rogers, insistant sur le respect des termes du NOA quant au *Spectrum Base Cost*. De plus, Vidéotron offre de mettre à jour encore plus de sites que prévu, et ce, dans un délai de trois ans, comme il appert de cette contre-proposition et de son courriel de transmission, **Pièce P-30** et **Pièce P-29**;
186. Durant les semaines suivantes, Rogers insiste pour que se tiennent des discussions techniques entre les représentants des parties concernant cette dernière proposition de Vidéotron, apparemment dans le seul but d'en clarifier certains aspects, mais sans qu'un représentant de Rogers ayant un pouvoir décisionnel ne soit impliqué;
187. Vidéotron se déclare surprise et préoccupée par cette conduite qui n'a rien des démarches sérieuses entre partenaires auxquelles Vidéotron pouvait s'attendre considérant l'ampleur de l'enjeu et l'insistance de Rogers de recourir à la Procédure d'escalade, comme il appert d'un courriel de Manon Brouillette daté du 21 mai 2018, **Pièce P-31**;
188. En parallèle, un autre indice émanant de Rogers confirme à Vidéotron que le véritable objectif de sa co-contractante est de mettre fin, formellement ou factuellement, au NOA. En effet, le 23 mai 2018, le Directeur de l'approvisionnement (*Chief Procurement Officer*) de Rogers, Michael Kalmar, confirme lors d'un appel avec le chef de la Direction financière de Vidéotron, Philippe Cloutier, que le NOA est largement critiqué à l'interne chez Rogers, ce qui empêche l'atteinte d'une entente sur la Mise à jour;

iii. Les suites de l'Avis d'Impasse

189. Le 25 mai 2018, Rogers confirme à nouveau qu'elle procède de son côté à la mise sur pied d'un Réseau parallèle, prétendument en raison de l'Impasse, le tout par la voie d'un courriel de Joe Natale, **Pièce P-32**, alors qu'elle avait en fait commencé ces travaux avant même de constater une prétendue Impasse;
190. Les 30 et 31 mai 2018, devant l'insistance de Vidéotron pour que les discussions se poursuivent et que Rogers formule une contre-proposition, particulièrement quant à la valorisation du Spectre, Rogers indique qu'elle ne s'engage pas à formuler une telle contre-proposition et que son PDG ne participera pas à d'autres discussions à ce stade;

191. Le 29 juin 2018, toujours dans le but de comprendre l'évolution des positions de Rogers et d'arriver à un compromis qui permettrait la Mise à jour, Vidéotron communique à Rogers sa compréhension des positions adoptées par cette dernière dans l'année précédente, le sommaire des dérogations souhaitées par Rogers au NOA, et leur impact financier pour Vidéotron, comme il appert d'une copie d'une lettre, **Pièce P-33**;
192. Le 10 juillet 2018, Rogers confirme par voie de lettre que ce n'est que depuis 2018 qu'elle a soulevé son insatisfaction avec le mécanisme de partage des coûts relatifs aux Spectres, menant à l'Impasse invoquée pour mettre en place son Réseau parallèle, comme il appert d'une copie de cette lettre, **Pièce P-34**;
193. En conclusion, il appert que Rogers a mené de mauvaise foi les négociations relatives à la Mise à jour, ses propositions allant toujours croissantes et incluant de nouvelles composantes au point de provoquer une Impasse sur la base de prétextes, comme il appert de l'historique ci-avant décrit des positions prises par les parties;
194. Il est manifeste que l'objectif de Rogers était de fabriquer un prétexte afin de procéder à la mise en place injustifiée du Réseau parallèle, contrairement à la lettre et à l'esprit du NOA;
195. Les discussions subséquentes entre les parties ont fini par révéler le véritable objectif recherché par Rogers, soit le démantèlement prématuré du Réseau conjoint (*unwinding*). En effet, après avoir exploré sans succès d'autres voies de sortie à l'Impasse, Rogers a rapidement mis sur la table ses propositions visant un démantèlement du Réseau conjoint;
196. Les échanges entre les parties survenus depuis confirment la volonté de Rogers de répudier le NOA et montrent qu'elle envisage une fin abrupte qui causerait préjudice à Vidéotron et à sa clientèle, comme il appert de lettres confidentielles échangées de part et d'autre les 30 juin (**Pièce P-35**), 10 juillet (**Pièce P-36**) et 17 juillet 2020 (**Pièce P-37**) et des propositions et contre-propositions confidentielles échangées les 1^{er} mai (**Pièce P-38**) et 30 juillet 2020 (**Pièce P-39**), et 11 mars 2021 (**Pièce P-40**), communiquées sous scellé;
197. L'écoulement du temps entre l'Impasse et la présente s'explique par ces discussions demeurées sans issue en raison du refus de Vidéotron de céder aux pressions de Rogers visant à convenir d'un démantèlement prématuré du Réseau conjoint, qui lui causerait préjudice et affecterait négativement ses abonnés. À titre de cocontractant loyal et de bonne foi, Vidéotron a pris le temps de comprendre ce que proposait Rogers et d'arriver à un compromis qui respecte l'esprit du NOA, mais force est de constater que l'institution des présentes procédures est la seule solution au différend entre les parties;
198. De plus, les parties ont suspendu la prescription du 7 mai au 30 octobre 2021, comme il appert d'ententes à cette fin, **Pièce P-41** et **Pièce P-42**;
199. Pour finir, Rogers n'a jamais démontré de considération pour ses obligations de loyauté, de coopération et de bonne foi envers Vidéotron, s'en tenant à des positions qui lui conféreraient un net avantage concurrentiel, préservant ainsi l'Impasse.

IV. LE PRÉJUDICE CAUSÉ PAR L'IMPASSE ARTIFICIELLE

200. La conduite ci-avant décrite de Rogers est intentionnellement fautive, dénote une insouciance et une témérité grossières, et constitue un abus de droit et un manquement à ses obligations de bonne foi, de loyauté et de coopération dans l'exécution du NOA;
201. Les positions adoptées par Rogers contreviennent à la lettre et à l'esprit du NOA, qui ne permettent aucunement qu'une partie puisse unilatéralement imposer à l'autre sa détermination de la valeur d'un actif affecté au Réseau conjoint puisque la formule de calcul et les équivalences des Spectres y sont déjà explicitement prévues. La volonté qu'a Rogers de revoir la méthode de valorisation des actifs affectés au Réseau conjoint (*Spectrum Base Cost*) et des tarifs d'accès (*Spectrum Usage Fee*) dans le NOA va à l'encontre des principes directeurs de cette entente, incluant son caractère relationnel qui place ce type de décisions entre les mains du Comité de gestion;
202. De même, la configuration du Réseau conjoint ne peut être déterminée unilatéralement par une partie, et doit faire l'objet de véritables discussions au Comité de gestion. En formant le NOA, les parties ont choisi des bases objectives à ces fins, et ont assigné au Comité de gestion la responsabilité de voir à son application. Rogers a complètement escamoté ce processus;
203. Rogers a profité du Réseau conjoint pour concurrencer Vidéotron depuis 2013 et, alors que l'utilisation d'un protocole LTE plus avancé se profilait, elle invoque un prétexte pour faire cavalière seule, en dépit de la volonté des parties de développer et exploiter un Réseau conjoint jusqu'en 2033 et d'y intégrer les nouvelles technologies;
204. Cette volonté commune s'est récemment vu transgresser à nouveau, alors que Rogers annonçait compléter le déploiement de son propre réseau 5G, comme il appert d'un communiqué émis le 25 octobre 2021 à ce sujet, **Pièce P-43**;
205. L'historique des positions adoptées respectivement par les parties depuis juin 2017 démontre combien Rogers a tout fait pour faire dérailler les discussions concernant la Mise à jour et rien pour qu'elles aboutissent à ce qu'aurait dû être son objectif si elle exécutait de bonne foi ses obligations en vertu du NOA, soit une entente pour la Mise à jour rapide du Réseau conjoint. Chaque fois que Vidéotron acquiesçait à une demande de Rogers dans le cadre de ces discussions, Rogers répliquait par la surenchère, s'éloignant d'une position commune;
206. Rogers a déstabilisé l'équilibre contractuel entre les parties et dénaturé le NOA. Elle a créé artificiellement l'Impasse, en abus de ses droits en vertu du NOA. Elle a contrevenu aux attentes légitimes de Vidéotron en détournant la Procédure d'escalade prévue au NOA, pour justifier la mise sur pied de son Réseau parallèle;
207. En assujettissant la mise en commun d'actifs des parties relatifs à la Mise à jour à l'acceptation par Vidéotron de modifications majeures et préjudiciables au NOA, Rogers exerce de façon déraisonnable et excessive son droit de mettre sur pied un Réseau parallèle en cas d'Impasse;

208. Rogers utilise manifestement le NOA à une fin autre que celle envisagée par les parties, et au détriment du dessein commun qui avait été convenu. Elle agit uniquement dans son propre intérêt en invoquant l'Impasse aux fins d'un motif ultérieur, soit la mise sur pied du Réseau parallèle, ce qui constitue un abus de droit;
209. En l'espèce, Rogers n'a pas fait preuve de la bonne foi requise pour pouvoir invoquer légalement l'Impasse, mais a plutôt usé de prétextes pour provoquer artificiellement l'échec des négociations. Considérant la nature du NOA et des discussions survenues entre les parties ces derniers mois, la mise sur pied par Rogers d'un Réseau parallèle s'apparente à une cessation abrupte et injustifiée de ses prestations;
210. Vidéotron est doublement victime de la conduite déloyale de Rogers : d'une part, cette dernière s'est donnée une longueur d'avance par son Réseau parallèle lancé sous prétexte d'une Impasse artificielle; d'autre part, Vidéotron a dû investir massivement dans le Réseau LTE-A, bien au-delà de ce qu'elle aurait eu à investir dans le Réseau conjoint si Rogers respectait ses obligations.
211. Les investissements de Rogers dans le Réseau parallèle contreviennent à la lettre et à l'esprit du NOA, qui requièrent que le Réseau conjoint soit le réseau primaire des parties et que l'introduction de nouvelles technologies, comme le LTE-A, passe par le Réseau conjoint, comme il appert des articles 8.14 et 9 du NOA, Pièce P-1. Ces investissements devaient se faire dans le Réseau conjoint;
212. La mise sur pied du Réseau parallèle affecte négativement et de manière déloyale la position concurrentielle de Vidéotron, placée devant deux options préjudiciables : d'une part, continuer de tenter de faire entendre raison à Rogers afin que cette dernière respecte la lettre et l'esprit du NOA pendant qu'elle bâtit le Réseau parallèle et diminue la compétitivité de Vidéotron; d'autre part, mettre sur pied à grands frais son propre réseau LTE-A (le « Réseau LTE-A ») afin de desservir les clients de Vidéotron avant que l'écart de compétitivité avec Rogers et les autres concurrents ne soit trop grand;

A) LES DÉPENSES ADDITIONNELLES ENTRAÎNÉES

213. Considérant le fait accompli devant lequel Rogers a placé Vidéotron, il serait inutile de demander au tribunal que Rogers continue de respecter ses obligations en vertu du NOA relativement aux technologies 5G et LTE-A, car le Réseau parallèle et le Réseau LTE-A ont déjà dû être mis en place;
214. Afin de mitiger le préjudice causé par l'Impasse artificielle, Vidéotron a en effet dû investir massivement en dépenses de capital et d'exploitation depuis l'Impasse afin de mettre en place le Réseau LTE-A, et devra faire de même d'ici à la fin du terme du NOA, en 2033, ce qui cause une perte à Vidéotron se chiffrant minimalement à une somme de 850,3M \$ actualisée en date de la présente, sauf à parfaire, qu'elle réclame à Rogers à titre de dommages-intérêts compensatoires pour le préjudice causé par cette dernière, comme il sera plus amplement démontré et détaillé par un rapport d'expertise à produire;
215. Ces dépenses visent notamment l'acquisition de sites et d'équipements additionnels;

216. Une part considérable de ces sommes excède ce qu'il restait à investir dans le Réseau conjoint en fonction des prévisions des parties en l'absence d'Impasse, ou constituent des investissements déjà faits dans le Réseau conjoint, qui doivent être répétés aux fins du Réseau LTE-A, ce qui constitue donc la mesure du préjudice subi par Vidéotron pour ce motif;

B) PERTES DE REVENUS ENVISAGÉES

217. Il est aussi probable que la compétitivité de Vidéotron ait décliné en raison de la conduite de Rogers, considérant la longueur d'avance que celle-ci s'est donnée en préparant son Réseau parallèle depuis au moins le début de l'année 2018, en plus de retarder la Mise à jour du Réseau conjoint pendant que les concurrents de Vidéotron modernisaient leurs infrastructures. Vidéotron en est toujours à quantifier la perte de revenu conséquente;

218. La mise en place d'un Réseau parallèle par Rogers prive également Vidéotron de revenus potentiels à quantifier. Les articles 8.1 et 8.6 du NOA, Pièce P-1, prévoient que les parties partagent les revenus tirés d'ententes avec des tiers quant à l'utilisation du Réseau conjoint. Or, Vidéotron ne bénéficiera pas d'ententes de ce type dont Rogers pourrait convenir avec des tiers quant à l'utilisation du Réseau parallèle, ce qui constitue une autre façon pour Rogers de désavantager sa concurrente Vidéotron envers laquelle elle a pourtant un devoir contractuel de loyauté en vertu du NOA. En effet, n'eut été de l'Impasse artificielle, le Réseau parallèle n'existerait simplement pas;

219. La trame factuelle ci-avant décrite démontre que Rogers fait preuve de mauvaise foi, abuse de ses droits, et est responsable d'une faute lourde et intentionnelle au sens de l'article 1474 du *Code civil du Québec*, de sorte que le tribunal devrait écarter l'application des clauses de limitation et d'exonération de responsabilité prévues à l'article 21 du NOA, Pièce P-1. Le refus arbitraire de Rogers d'exécuter ses obligations en vertu du NOA vide ce dernier de sa cause et devrait avoir le même effet;

V. LE RESPECT DU NOA POUR LE FUTUR

220. La conduite déloyale de Rogers a pour effet de placer Vidéotron devant un autre fait accompli : le Réseau conjoint n'évolue plus, privé d'investissements en raison de l'Impasse. Vidéotron est doublement victime de cette conduite fautive, considérant la longueur d'avance que Rogers s'est donnée par son Réseau parallèle;

221. La légèreté avec laquelle Rogers a mené les discussions relatives à la Mise à jour confirme sa réelle intention, soit d'affaiblir sa concurrente Vidéotron, quitte à se priver des économies substantielles permises par le Réseau conjoint. Si Rogers avait décidé de mettre fin au NOA, elle ne s'y serait pas prise autrement. Son manque de flexibilité, son impatience et son intransigeance sont déraisonnables et lui permettent de tirer un avantage indu de la situation;

222. Les discussions tenues entre les parties pour discuter de la Mise à jour ont révélé ce qui motive véritablement Rogers à vouloir modifier le NOA moins de cinq ans après sa signature, sans que ses termes ne le permettent : elle juge que l'entente ne lui est plus favorable en raison de pertes de parts de marché au Québec et dans la région d'Ottawa, en grande partie au bénéfice de Vidéotron;
223. Ne pouvant forcer un divorce *de jure* selon les termes du NOA, Rogers tente d'en provoquer un *de facto*;
224. En ce qui a trait au reste du Réseau conjoint (i.e. hormis ce qui est désormais visé par le Réseau parallèle et le Réseau LTE-A), Vidéotron est en droit de demander au tribunal d'enjoindre à Rogers de respecter ses obligations en vertu du NOA jusqu'à l'échéance du terme de l'entente le 15 août 2033, en sus de la période de transition y prévue, à l'exception des services désormais couverts par les Réseau parallèle et Réseau LTE-A, pour lesquels Vidéotron réclame l'octroi de dommages-intérêts;
225. Finalement, Vidéotron demande au tribunal d'ordonner à Rogers de maintenir l'accès à son réseau HSPA au moins jusqu'au 1^{er} juillet 2024, conformément à l'article 8.9 du NOA;
226. Ce faisant, Vidéotron ne fait qu'insister sur le respect de la volonté commune des parties en formant le NOA, qui consistait à mettre sur pied un Réseau conjoint qui constituerait l'instrument privilégié par les parties pour fournir à leurs abonnés respectifs des services de télécommunications sans fil LTE, et de technologies dérivées ou plus récentes;
227. Par ailleurs, Rogers menace notamment de :
- a) limiter les Spectres dont peuvent bénéficier les clients de Vidéotron, à moins que Vidéotron n'accepte de payer un loyer additionnel non prévu au NOA en contrepartie, et de retirer carrément l'accès à d'autres;
 - b) modifier la configuration du traitement de certains appels des clients de Vidéotron qui transitent par les équipements et Spectres de Rogers (*Circuit Switched Fallback* ou *CSFB*);
228. Vidéotron réserve ses droits de demander au tribunal d'intervenir avant une audience au fond afin de préserver ses droits advenant que ces menaces soient mises à exécution;

POUR CES MOTIFS, PLAISE AU TRIBUNAL :

DÉCLARER que la défenderesse a contrevenu au *Network Operating Agreement* en mettant sur pied son propre réseau de télécommunications sans fil sur le Territoire;

ORDONNER à la défenderesse de payer à la demanderesse la somme de 850 300 000 \$ à titre de dommages-intérêts à parfaire, majorée de l'intérêt au taux légal et de l'indemnité additionnelle prévue à l'article 1619 du *Code civil du Québec* à compter du 7 mai 2018;

ORDONNER à la défenderesse de respecter ses obligations en vertu du *Network Operating Agreement*, tel qu'amendé, et ce, jusqu'à l'échéance de son terme le 15 août 2033, sauf en ce qui a trait aux technologies LTE-A et 5G pour lesquels les parties ont mis en place des réseaux distincts;

ORDONNER à la défenderesse de maintenir l'accès à son réseau HSPA à la demanderesse au moins jusqu'au 1^{er} juillet 2024, conformément à l'article 8.9 du *Network Operating Agreement*;

Le tout avec les frais de justice.

Montréal, le 29 octobre 2021

Woods s.e.n.c.r.l./U.P.

Woods s.e.n.c.r.l.

Avocats de la demanderesse

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Code BW 0208 / Notre référence : 3971-50

AVIS D'ASSIGNATION
(articles 145 et suivants C.p.c.)

Dépôt d'une demande en justice

Prenez avis que la partie demanderesse a déposé au greffe de la Cour supérieure du district judiciaire de Montréal la présente demande introductive d'instance.

Réponse à cette demande

Vous devez répondre à cette demande par écrit, personnellement ou par avocat, au palais de justice de Montréal situé au 1, rue Notre-Dame Est, Montréal, H2Y 1B6 dans les 15 jours de la signification de la présente demande ou, si vous n'avez ni domicile, ni résidence, ni établissement au Québec, dans les 30 jours de celle-ci. Cette réponse doit être notifiée à l'avocat du demandeur ou, si ce dernier n'est pas représenté, au demandeur lui-même.

Défaut de répondre

Si vous ne répondez pas dans le délai prévu, de 15 ou de 30 jours, selon le cas, un jugement par défaut pourra être rendu contre vous sans autre avis dès l'expiration de ce délai et vous pourriez, selon les circonstances, être tenu au paiement des frais de justice.

Contenu de la réponse

Dans votre réponse, vous devez indiquer votre intention, soit :

- de convenir du règlement de l'affaire;
- de proposer une médiation pour résoudre le différend;
- de contester cette demande et, dans les cas requis par le Code, d'établir à cette fin, en coopération avec le demandeur, le protocole qui régira le déroulement de l'instance. Ce protocole devra être déposé au greffe de la Cour du district mentionné plus haut dans les 45 jours de la signification du présent avis ou, en matière familiale, ou, si vous n'avez ni domicile, ni résidence, ni établissement au Québec, dans les trois mois de cette signification;
- de proposer la tenue d'une conférence de règlement à l'amiable.

Cette réponse doit mentionner vos coordonnées et, si vous êtes représenté par un avocat, le nom de celui-ci et ses coordonnées.

Lieu du dépôt de la demande en justice

Lieu du dépôt de la demande en justice Cette demande est, sauf exceptions, entendue dans le district judiciaire où est situé votre domicile ou, à défaut, votre résidence ou le domicile que vous avez élu ou convenu avec le demandeur. Si elle n'a pas été déposée dans le district où elle peut

être entendue et que vous voulez qu'elle y soit transférée, vous pouvez présenter une demande au tribunal à cet effet.

Cependant, si cette demande porte sur un contrat de travail, de consommation ou d'assurance ou sur l'exercice d'un droit hypothécaire sur l'immeuble vous servant de résidence principale, elle est entendue dans le district où est situé le domicile ou la résidence du salarié, du consommateur ou de l'assuré, qu'il soit demandeur ou défendeur, dans le district où est situé cet immeuble ou dans le district où le sinistre a eu lieu s'il s'agit d'une assurance de biens. Si cette demande n'a pas été déposée dans le district où elle peut être entendue et que vous voulez qu'elle y soit transférée, vous pouvez, sans qu'une convention contraire puisse vous être opposée, présenter une demande à cet effet au greffier spécial de ce district.

Transfert de la demande à la Division des petites créances

Si vous avez la capacité d'agir comme demandeur suivant les règles relatives au recouvrement des petites créances, vous pouvez également communiquer avec le greffier du tribunal pour que cette demande soit traitée selon ces règles. Si vous faites cette demande, les frais de justice du demandeur ne pourront alors excéder le montant des frais prévus pour le recouvrement des petites créances.

Convocation à une conférence de gestion

Dans les 20 jours suivant le dépôt du protocole mentionné plus haut, le tribunal pourra vous convoquer à une conférence de gestion en vue d'assurer le bon déroulement de l'instance. À défaut, ce protocole sera présumé accepté.

Pièces au soutien de la demande

Au soutien de sa demande introductive d'instance, la partie demanderesse dénonce les pièces suivantes :

- Pièce P-1** (SOUS SCELLÉ) *Network Operating Agreement* daté du 16 décembre 2013;
- Pièce P-2** (SOUS SCELLÉ) Projet de présentation datant de l'automne 2012;
- Pièce P-3** (SOUS SCELLÉ) *Letter of Intent* datée du 29 mai 2013;
- Pièce P-4** Communiqué de presse de Vidéotron et Rogers intitulé « Rogers et Vidéotron entendent déployer un réseau LTE élargi au Québec et à Ottawa » daté du 29 mai 2013;
- Pièce P-5** (SOUS SCELLÉ) *Amendment No. 1 to the Network Operating Agreement* daté du 18 janvier 2017;
- Pièce P-6** (SOUS SCELLÉ) Compte-rendu de la réunion du Comité de gestion du 26 avril 2017;
- Pièce P-7** (SOUS SCELLÉ) Présentation de Rogers intitulée « Vidéotron and Rogers MCM » datée du 9 juin 2017;

- Pièce P-8** (SOUS SCÉLLÉ) Courriel de Simon Parent à Sylvain Lapointe et Serge Legris daté du 15 juin 2017 et pièces jointes, en liasse;
- Pièce P-9** Courriel de Serge Legris à Arnold Abramowitz daté du 7 juillet 2017;
- Pièce P-10** (SOUS SCÉLLÉ) Compte-rendu de la réunion du Comité de gestion du 1^{er} août 2017;
- Pièce P-11** (SOUS SCÉLLÉ) Courriel de Serge Legris à Arnold Abramowitz et présentation intitulée « Videotron's Proposal for GIGALTE » datés du 23 août 2017;
- Pièce P-12** (SOUS SCÉLLÉ) Compte-rendu de la réunion du Comité de gestion du 6 septembre 2017;
- Pièce P-13** (SOUS SCÉLLÉ) Document intitulé « 2018-2021 Spectrum, Network and Site Build Plan Proposal » daté du 25 octobre 2017;
- Pièce P-14** Courriel de Arnold Abramowitz daté du 6 novembre 2017;
- Pièce P-15** (SOUS SCÉLLÉ) Compte-rendu de la réunion du Comité de gestion du 13 novembre 2017;
- Pièce P-16** (SOUS SCÉLLÉ) Courriel de Serge Legris à Arnold Abramowitz et Fadel Chbihna daté du 22 novembre 2017 et Document intitulé « Network Uplift Program – Version 3 » daté du 20 novembre 2017, en liasse;
- Pièce P-17** Courriel de Arnold Abramowitz à Serge Legris daté du 1^{er} décembre 2017 ;
- Pièce P-18** Copie d'un article intitulé « Rogers taps Vodafone exec as new CTO » daté du 25 janvier 2018 tiré du site Cartt.ca;
- Pièce P-19** (SOUS SCÉLLÉ) Courriel de Arnold Abramowitz à Serge Legris daté du 28 janvier 2018;
- Pièce P-20** (SOUS SCÉLLÉ) Document intitulé « Rogers' Final Proposal – Network Uplift » daté du 29 janvier 2018;
- Pièce P-21** (SOUS SCÉLLÉ) Présentation de Rogers intitulé « 700 MHz in Quebec – Videotron and Rogers Discussions » datée du 10 octobre 2014;
- Pièce P-22** Courriel de Anthony Staffieri à Philippe Cloutier daté du 8 mars 2018;
- Pièce P-23** Courriel de Me Marie-Claude Michaud à Me Jonathan Lee Hickey daté du 21 mars 2018;
- Pièce P-24** (SOUS SCÉLLÉ) Courriel de Serge Legris à Arnold Abramowitz et Alexander Brock daté du 23 mars 2018, et ses pièces jointes : une présentation intitulée « Teamnet : GIGA-LTE – Videotron's Proposa » datée du 23 mars 2018 et un document intitulé « Network Uplift Program – Version 4 » daté du 22 mars 2018l;
- Pièce P-25** (SOUS SCÉLLÉ) Lettre de Jorge Fernandes à Serge Legris et Mohamed Drif datée du 6 avril 2018;

- Pièce P-26** (SOUS SCÉLLÉ) Courriel de Jorge Fernandes à Manon Brouillette et Serge Legris et Mohamed Drif daté du le 27 avril 2018, et document joint intitulé « Videotron-Rogers Joint Network »;
- Pièce P-27** Courriels échangés entre Manon Brouillette et Joe Natale les 30 avril et 1^{er} mai 2018;
- Pièce P-28** Courriel de Me Marie-Claude Michaud à Serge Legris et Me Jonathan Lee Hickey daté du 7 mai 2018;
- Pièce P-29** Courriel de Manon Brouillette à Joe Natale daté du 9 mai 2018;
- Pièce P-30** (SOUS SCÉLLÉ) Document de Vidéotron intitulé « Videotron – Rogers Joint Network Uplift » daté du 9 mai 2018;
- Pièce P-31** (SOUS SCÉLLÉ) Courriel de Manon Brouillette à Joe Natale daté du 21 mai 2018;
- Pièce P-32** (SOUS SCÉLLÉ) Courriel de Joe Natale à Manon Brouillette daté du 25 mai 2018;
- Pièce P-33** (SOUS SCÉLLÉ) Lettre de Mohamed Drif à Jorge Fernandes datée du 29 juin 2018;
- Pièce P-34** Lettre de Jorge Fernandes à Mohamed Drif datée du 10 juillet 2018;
- Pièce P-35** (SOUS SCÉLLÉ) Lettre de Jorge Fernandes à Mohamed Drif datée du 30 juin 2020,;
- Pièce P-36** (SOUS SCÉLLÉ) Lettre de Mohamed Drif à Jorge Fernandes datée du 10 juillet 2020;
- Pièce P-37** (SOUS SCÉLLÉ) Lettre de M. Jorge Fernandes à M. Mohamed Drif datée du 17 juillet 2020;
- Pièce P-38** (SOUS SCÉLLÉ) Document de Vidéotron intitulé « Vidéotron’s Position – Unwinding, Timetable, Transport, Smallcell and NBIoT » daté du 1 mai 2020;
- Pièce P-39** (SOUS SCÉLLÉ) Document de Rogers intitulé « Rogers’ Response and Joint Network Unwind Counter Proposal to Videotron’s Proposal of May 1st, 2020 on Unwinding, Timetable, Transport, Small Cell and NBIoT » daté du 30 juillet 2020;
- Pièce P-40** (SOUS SCÉLLÉ) Lettre de Kye Prigg à Serge Legris et Mohamed Drif daté du 11 mars 2021 ;
- Pièce P-41** *Agreement to Suspend Prescription between Videotron Ltd. And Rogers Communications Canada Inc.* daté du 7 mai 2021;
- Pièce P-42** *Agreement to Suspend Prescription between Videotron Ltd. And Rogers Communications Canada Inc.* daté du 4 juin 2021;
- Pièce P-43** Communiqué de presse de *Rogers Communications Canada Inc.* du 25 octobre 2021.

La demanderesse communiquera les pièces à la défenderesse dans les plus brefs délais.

Demande accompagnée d'un avis de présentation

Une demande présentée en cours d'instance, une demande visée par les livres III ou V, à l'exception notamment de celles portant sur les matières familiales mentionnées à l'article 409 et de celles relatives aux sûretés mentionnées à l'article 480, ou encore certaines demandes visées par le livre VI du Code, dont le pourvoi en contrôle judiciaire, sont accompagnées, non pas d'un avis d'assignation, mais d'un avis de présentation. Dans ce cas, la préparation d'un protocole de l'instance n'est pas requise.

Montréal, le 29 octobre 2021

Woods s.e.n.c.r.l./U.P.

Woods s.e.n.c.r.l.

Avocats de la demanderesse

Me Eric Bédard

notification@woods.qc.ca

ebedard@woods.qc.ca

2000, av. McGill College, bureau 1700

Montréal (Québec) H3A 3H3

Tél. 514 982-4545 / Téléc. 514-284-2046

Code BW 0208 / Notre référence : 3971-50

N° : 500-17-118830-218

**COUR SUPÉRIEURE
DISTRICT DE MONTRÉAL
PROVINCE DE QUÉBEC**

VIDÉOTRON LTÉE, société ayant un établissement au 612, rue Saint-Jacques, 17^e étage, en les ville et district judiciaire de Montréal, province de Québec, H3C 4M8;

Demanderesse

c.

ROGERS COMMUNICATIONS CANADA INC., société ayant un établissement au 800, rue de la Gauchetière O., bureau 4000, en les ville et district judiciaire de Montréal, province de Québec, H5A 1K3;

Défenderesse

DEMANDE INTRODUCTIVE D'INSTANCE

Nature : Dommages-intérêts

Montant en litige : 850 300 000,00 \$

ORIGINAL

Me Eric Bédard
Dossier n° : 3971-50

Woods s.e.n.c.r.l.
Avocats
2000, av. McGill College, bureau 1700
Montréal (Québec) H3A 3H3
T 514 982-4545 F 514 284-2046
Notification : notification@woods.qc.ca
Code BW 0208



EXHIBIT 66

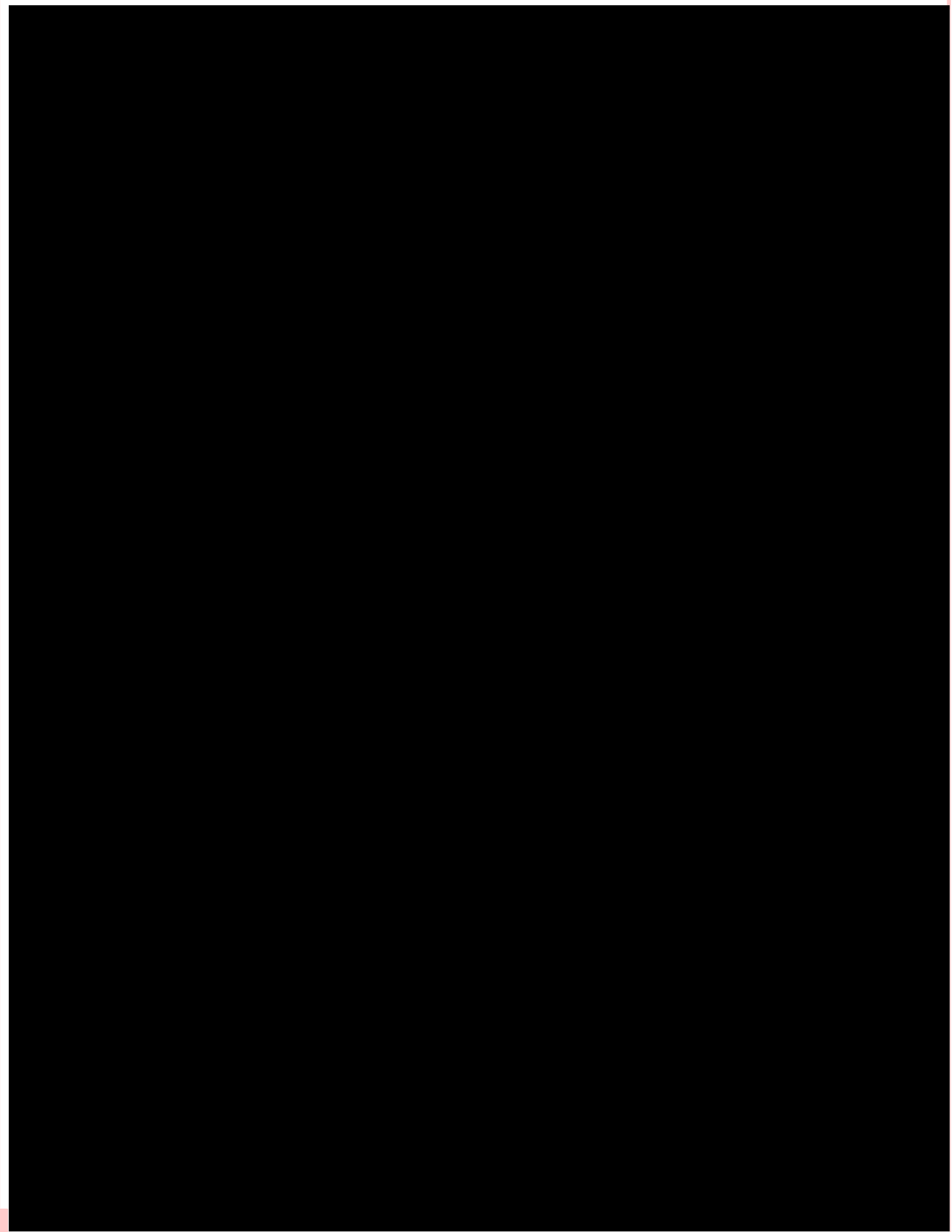
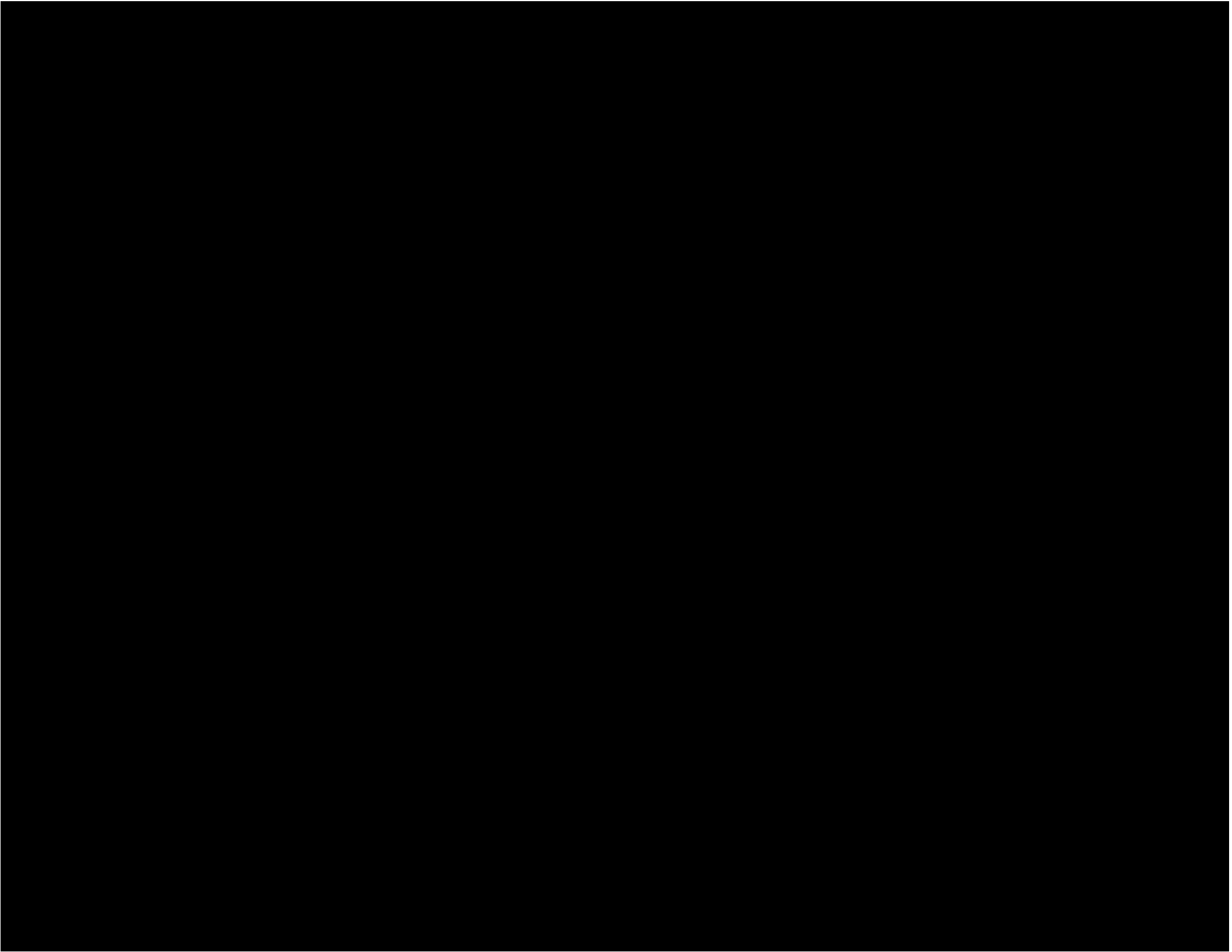
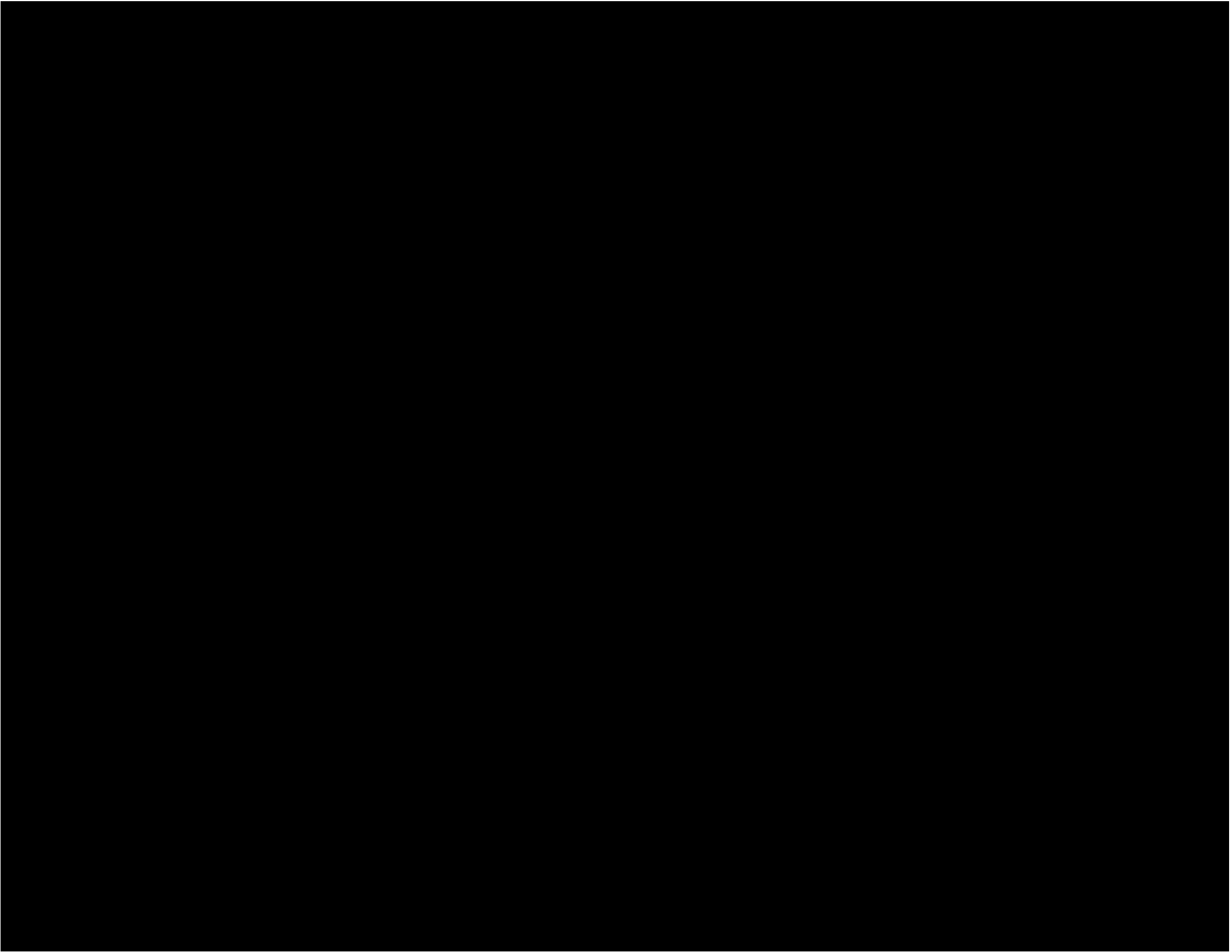
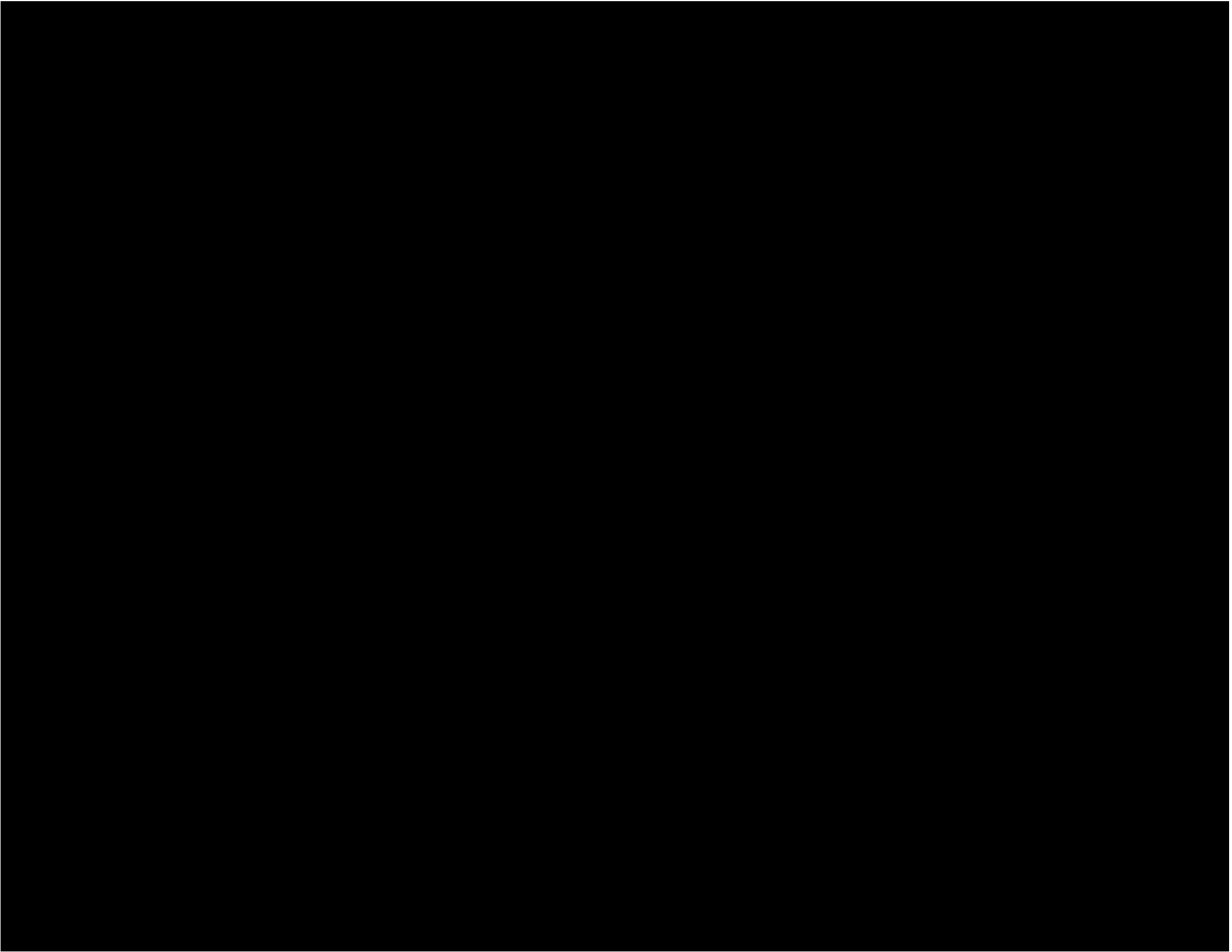


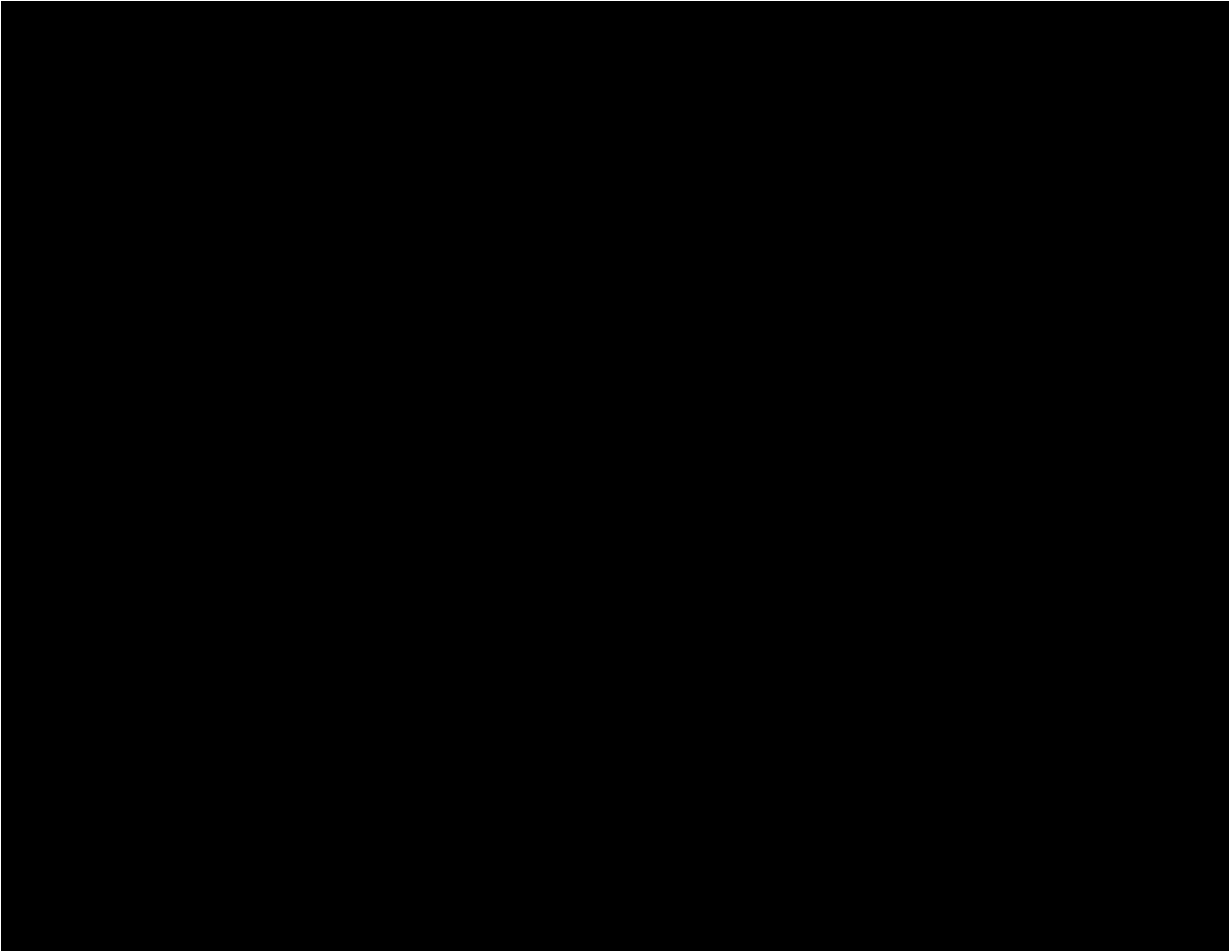
EXHIBIT 67

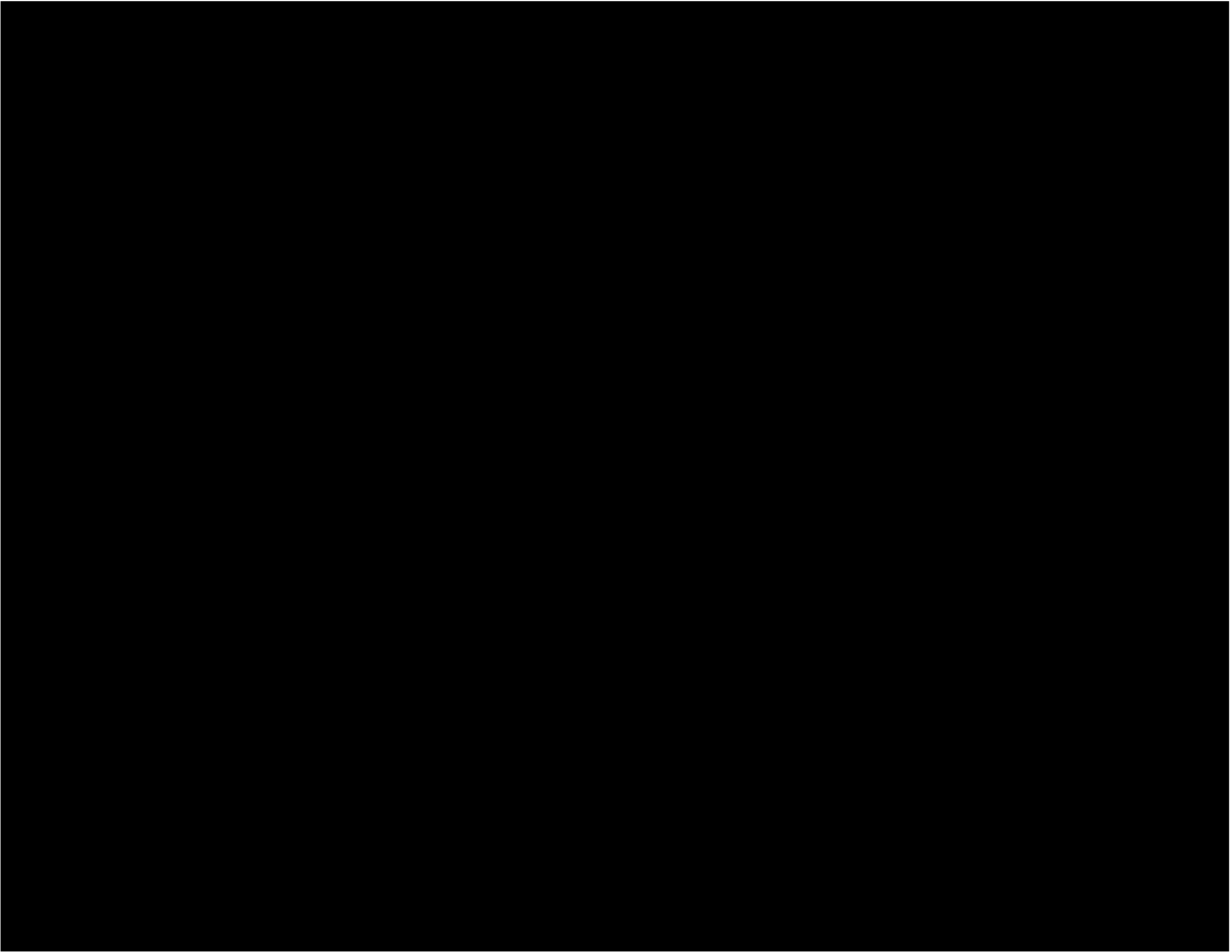


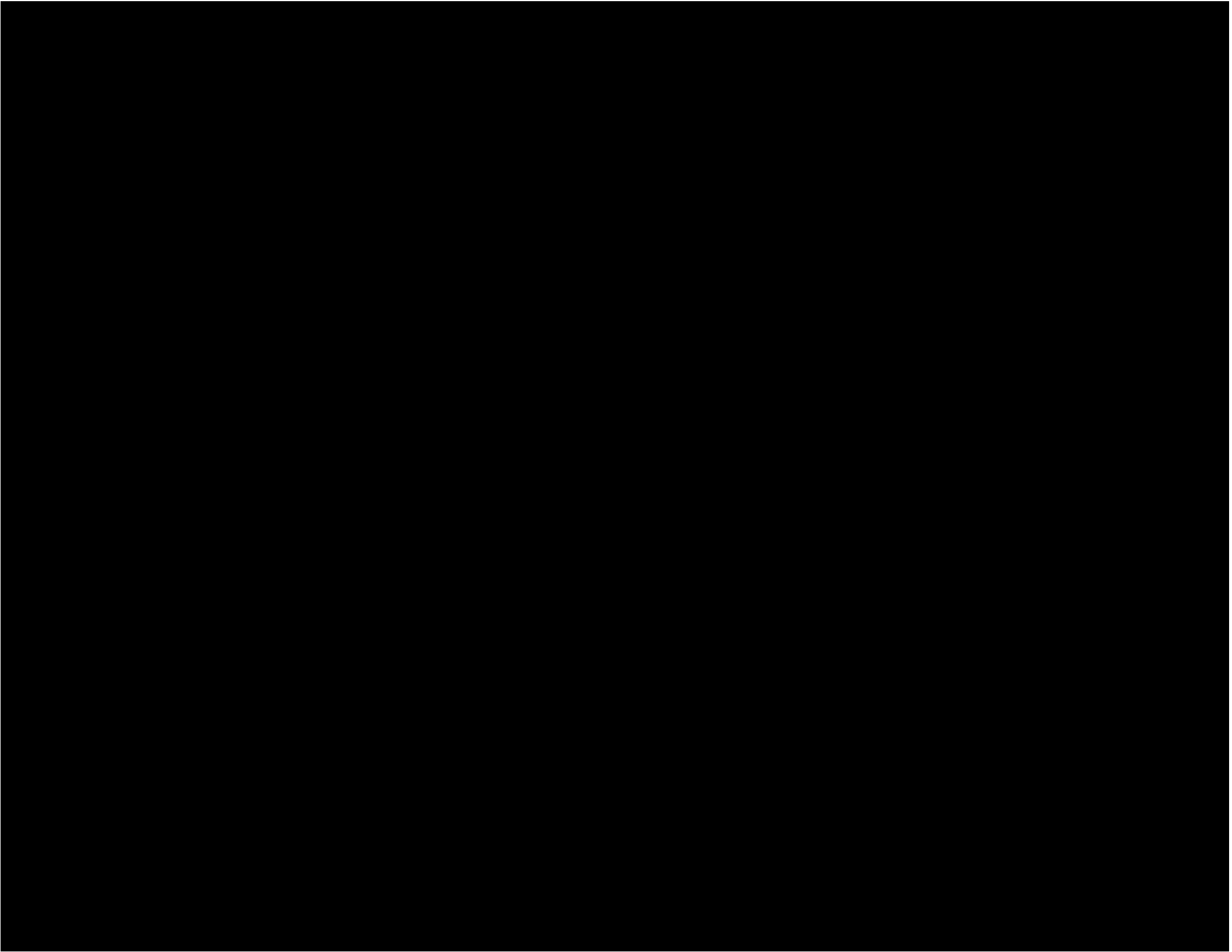


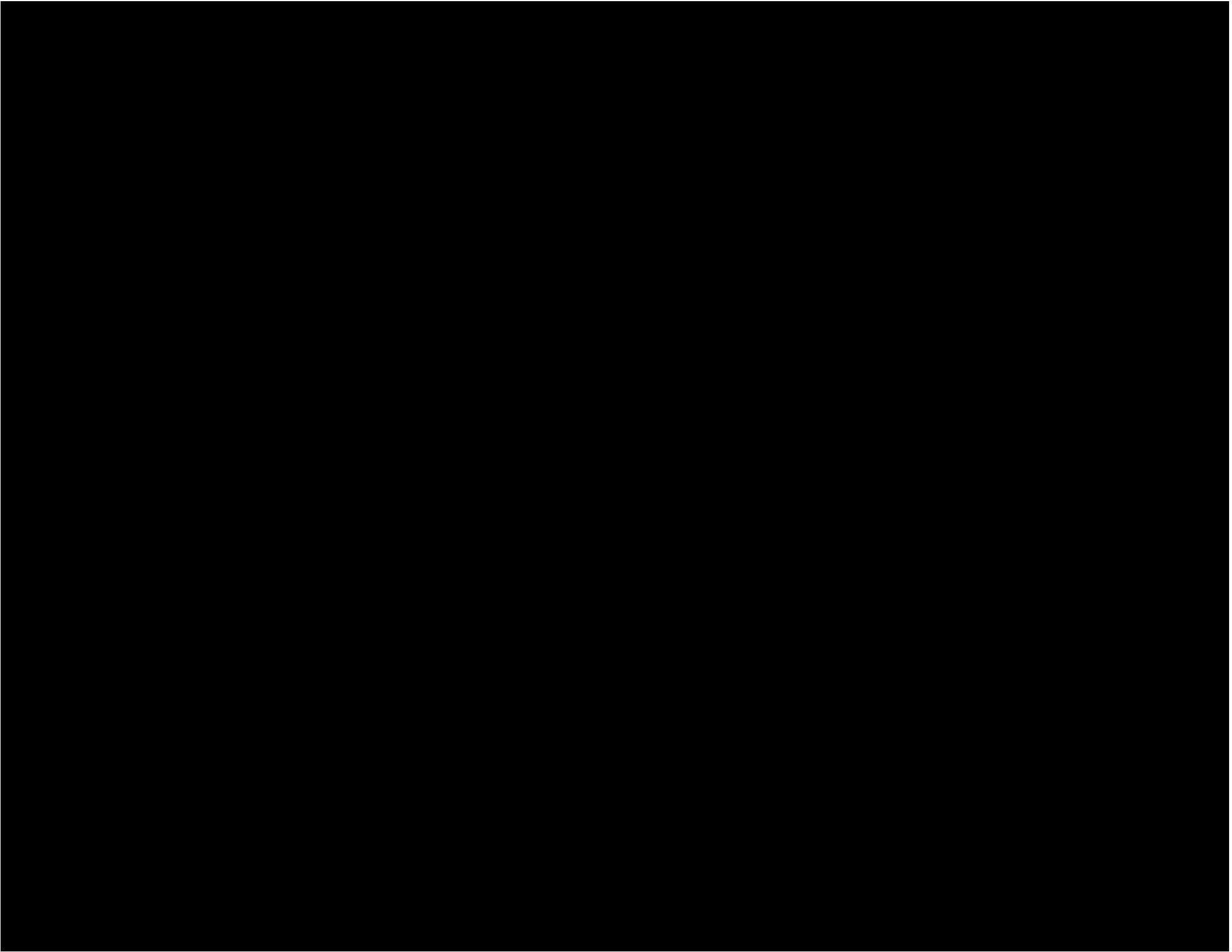


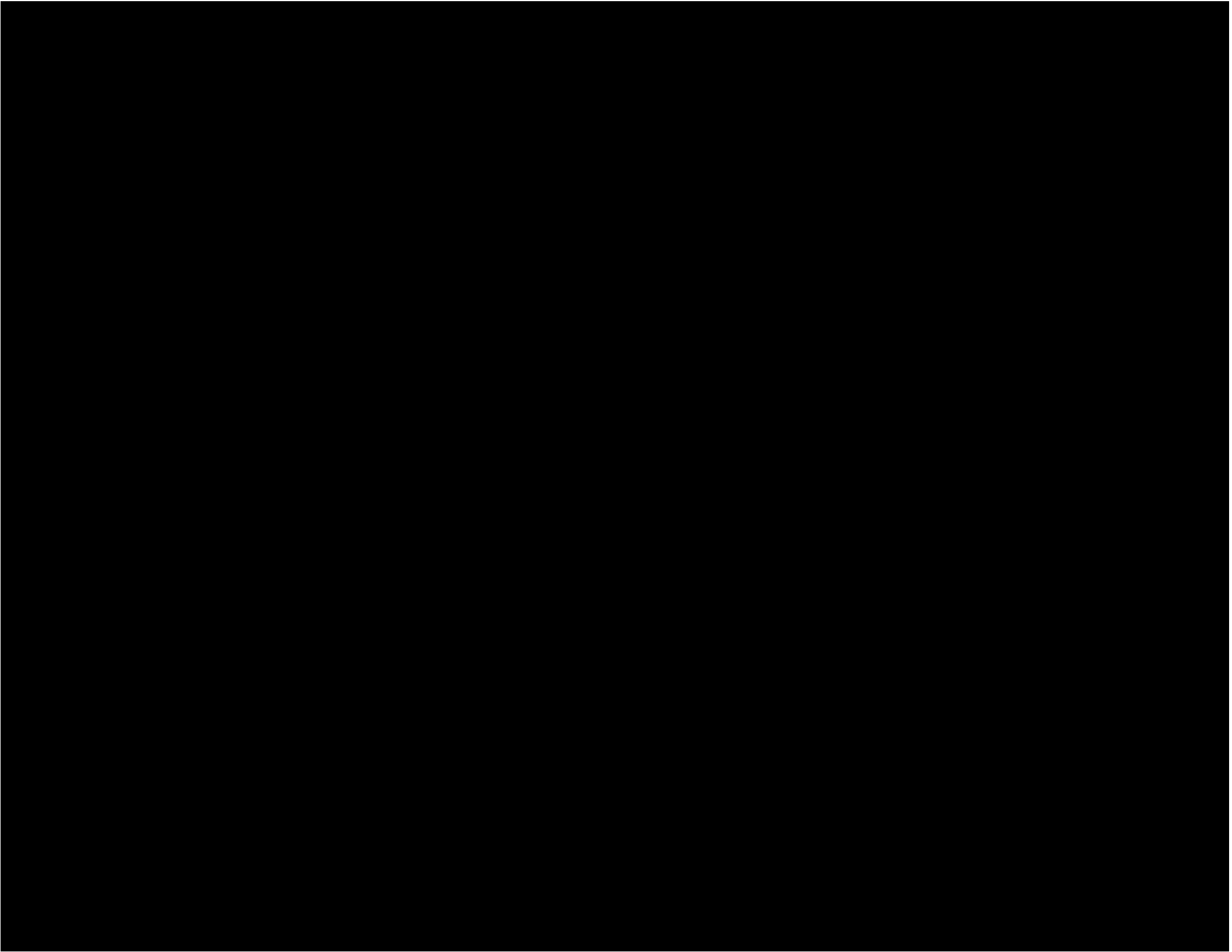




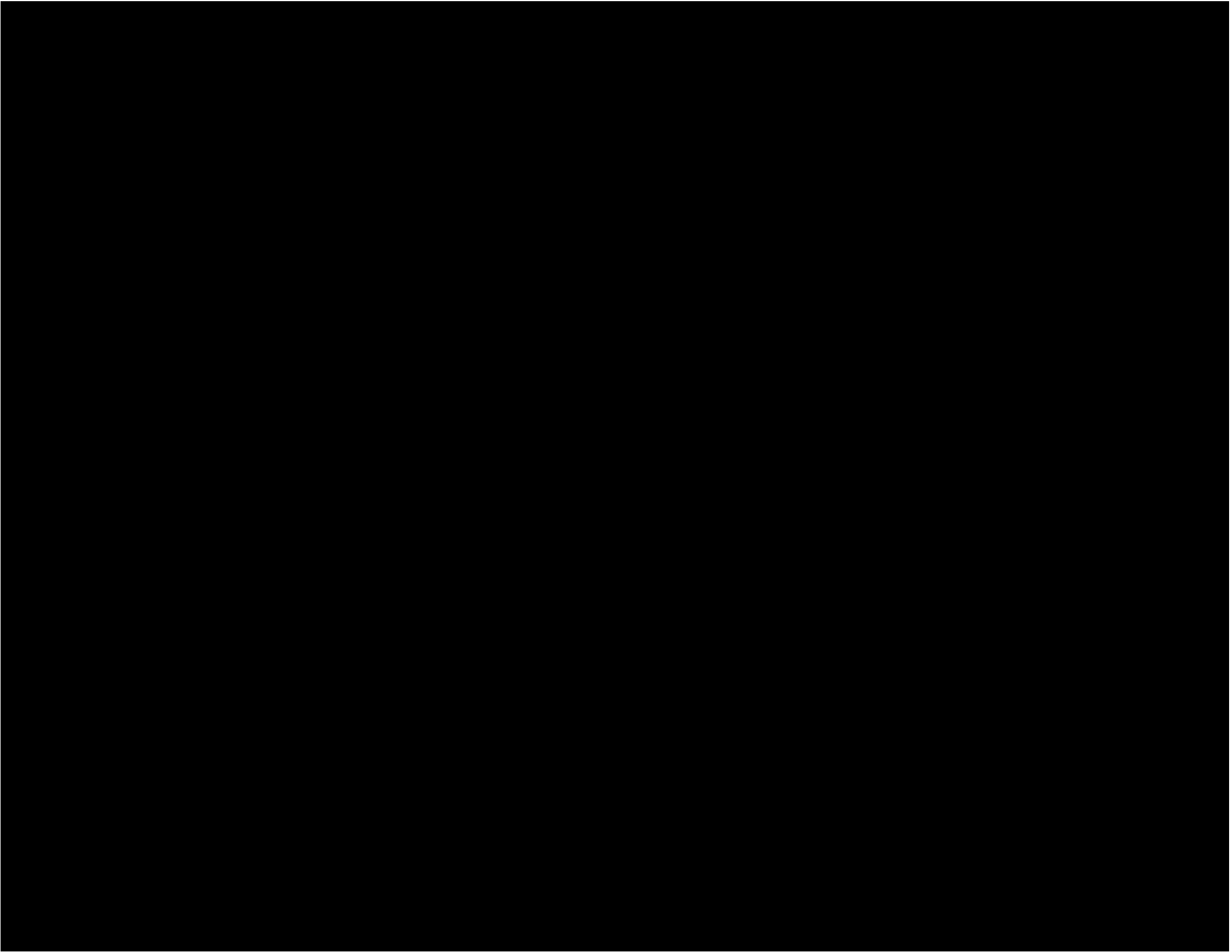


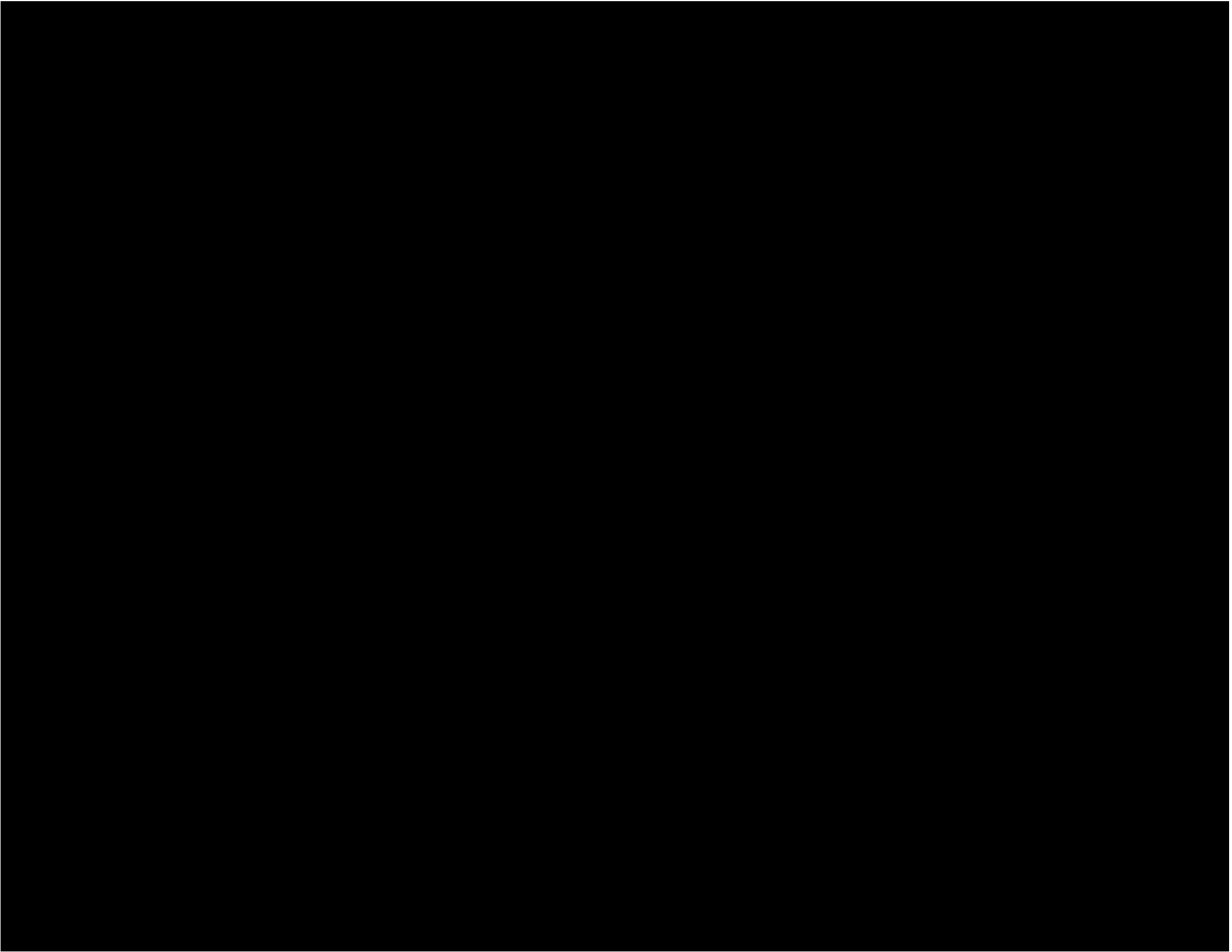


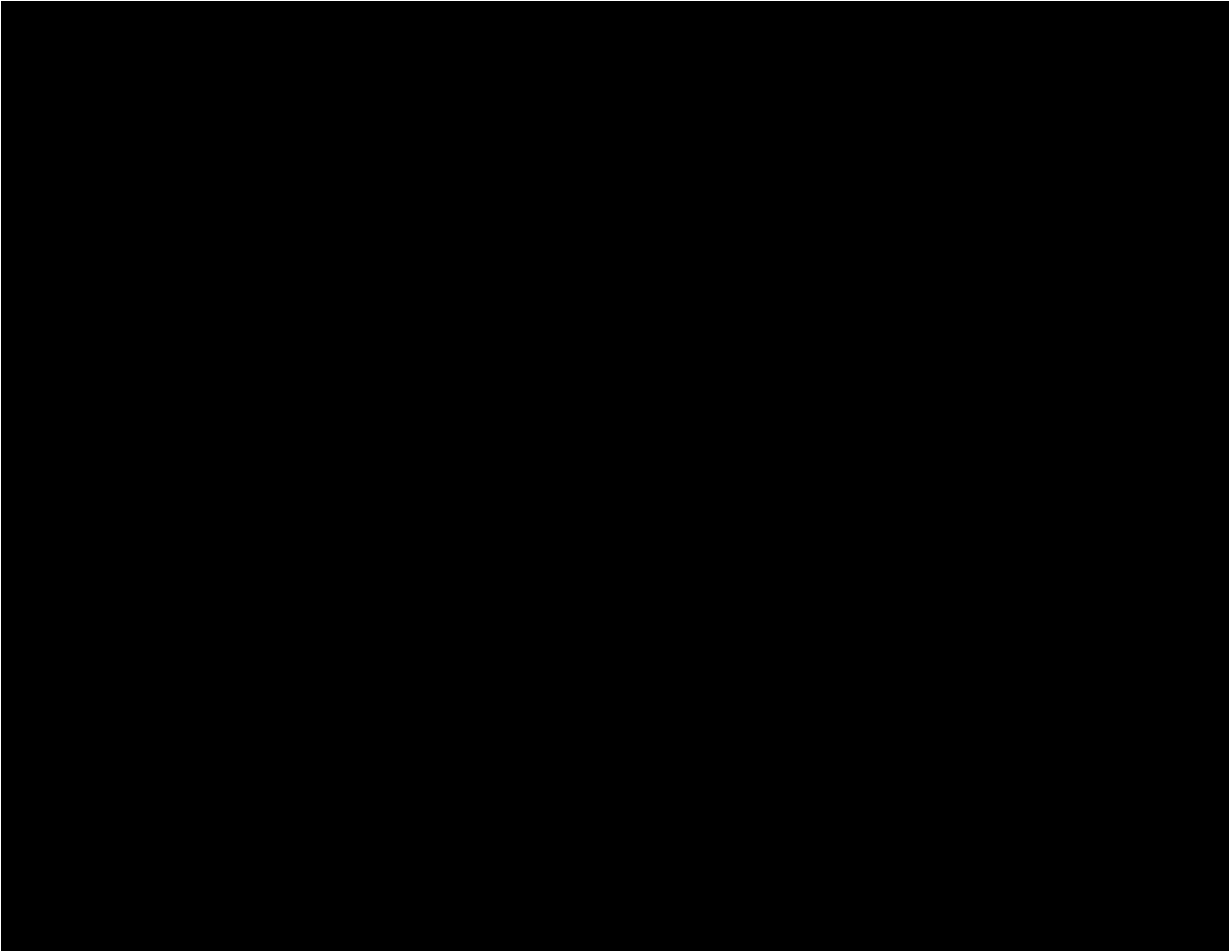


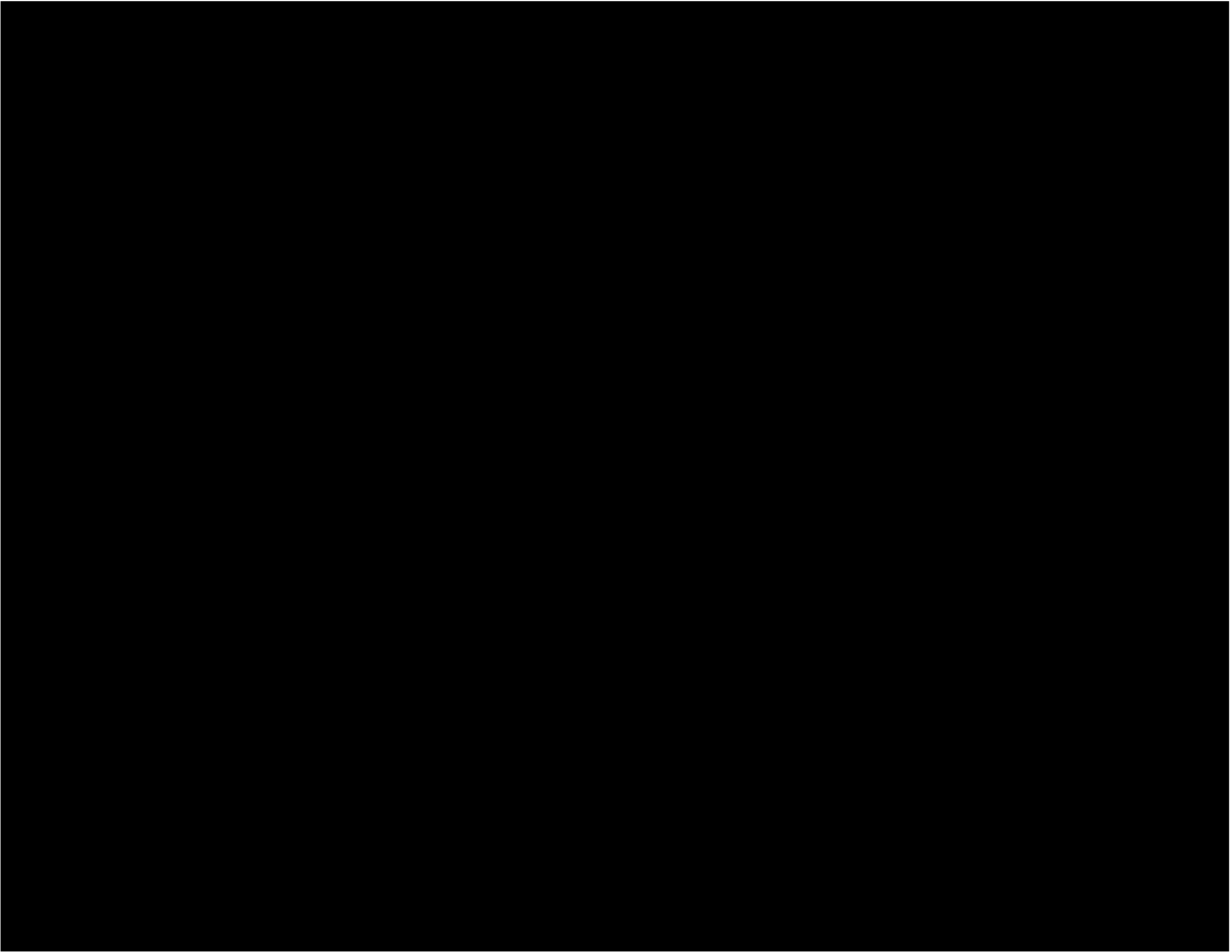


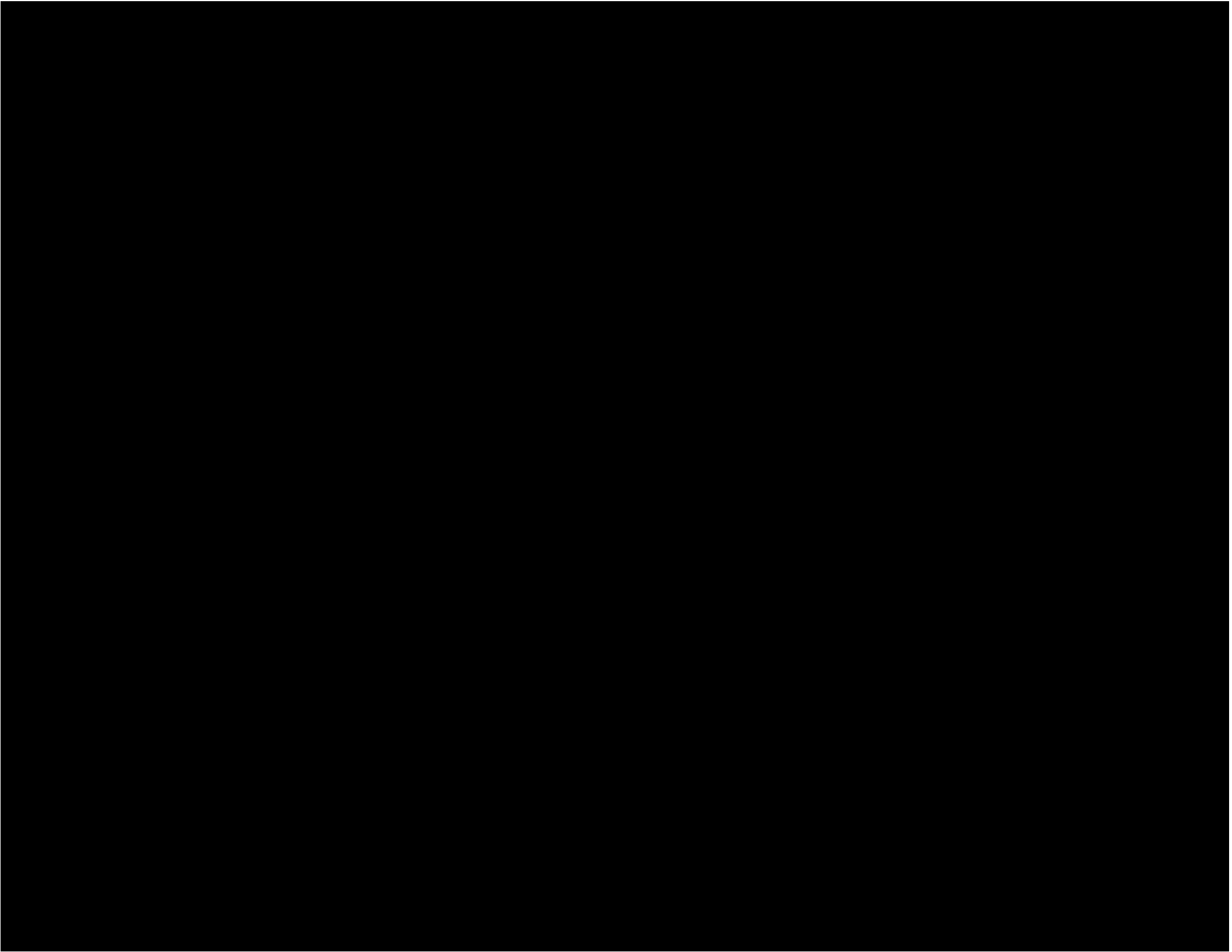


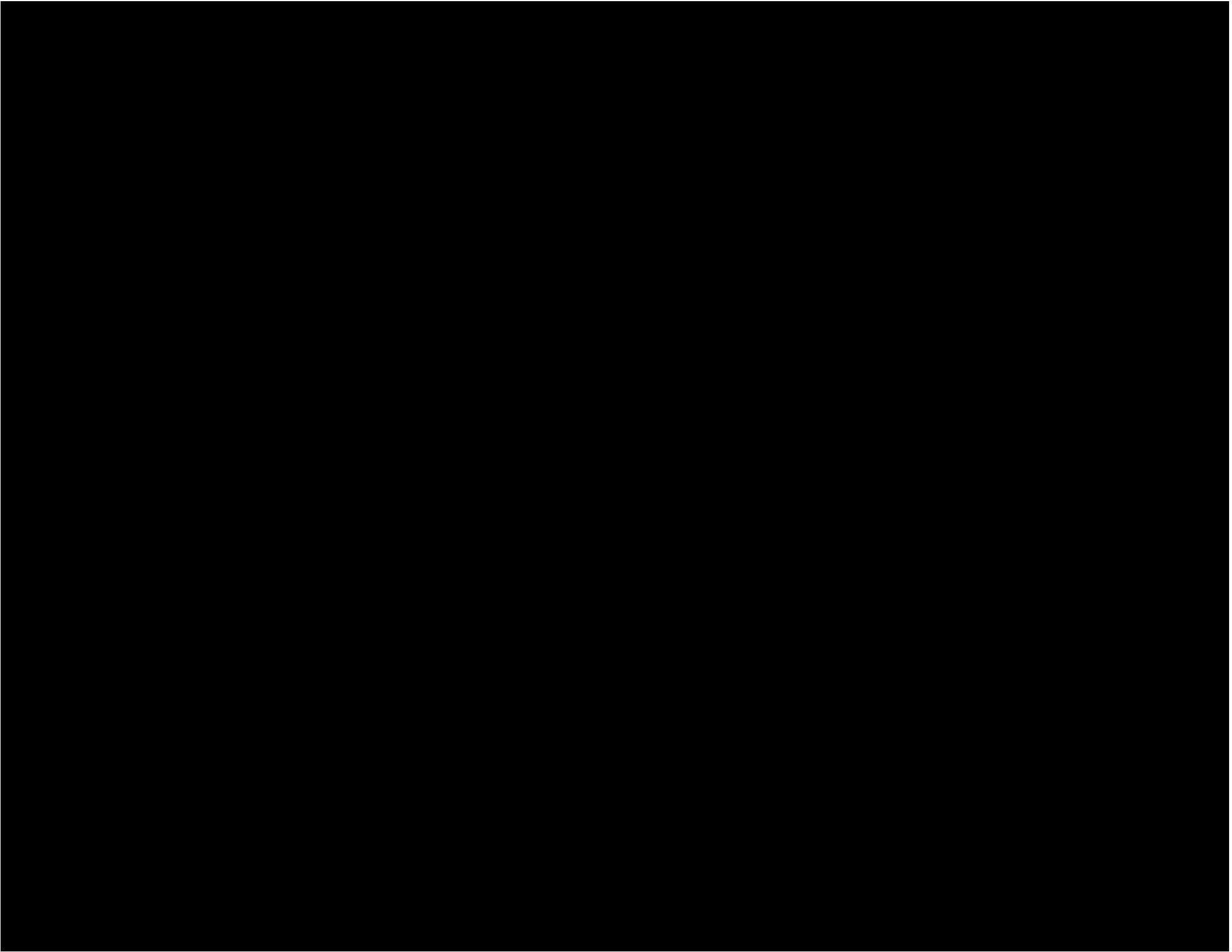


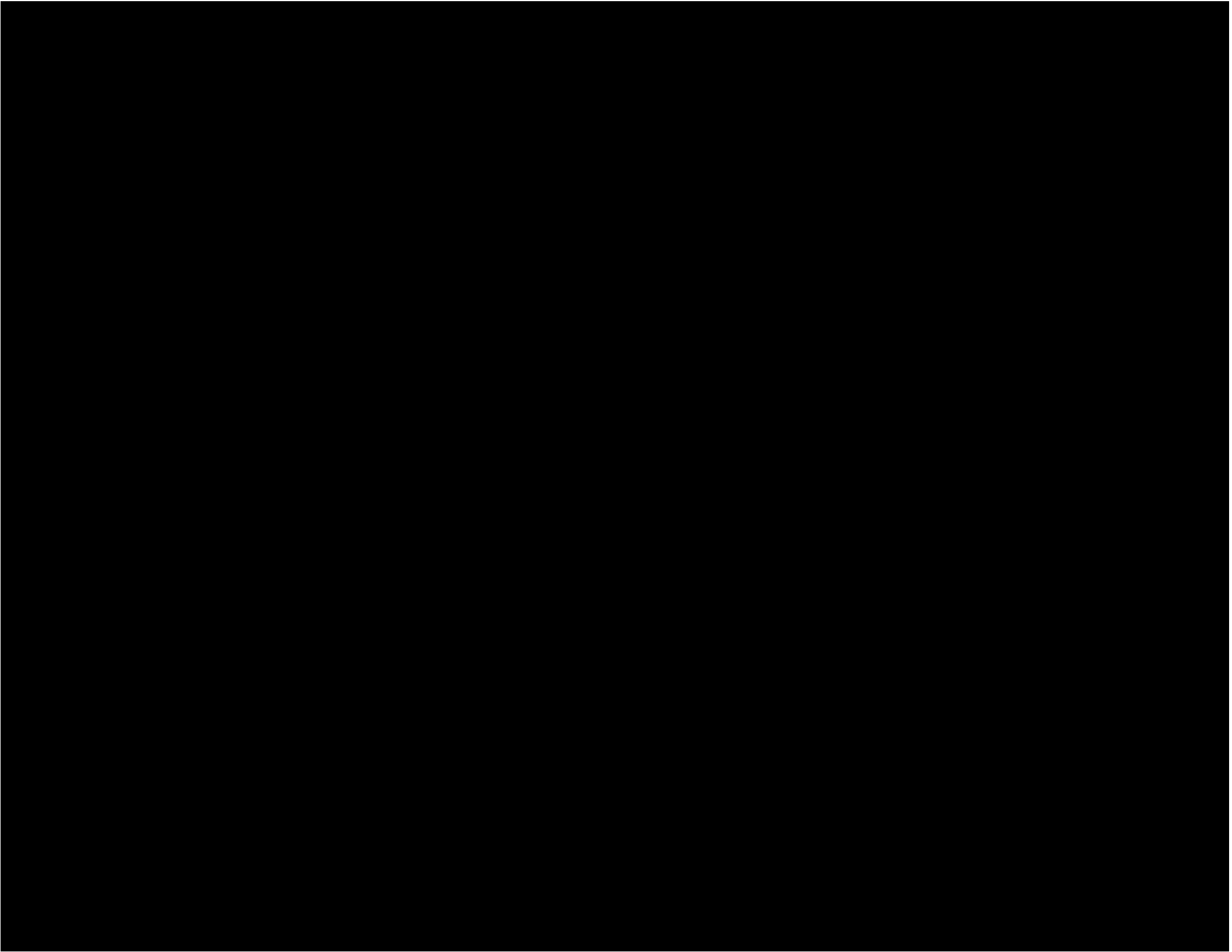




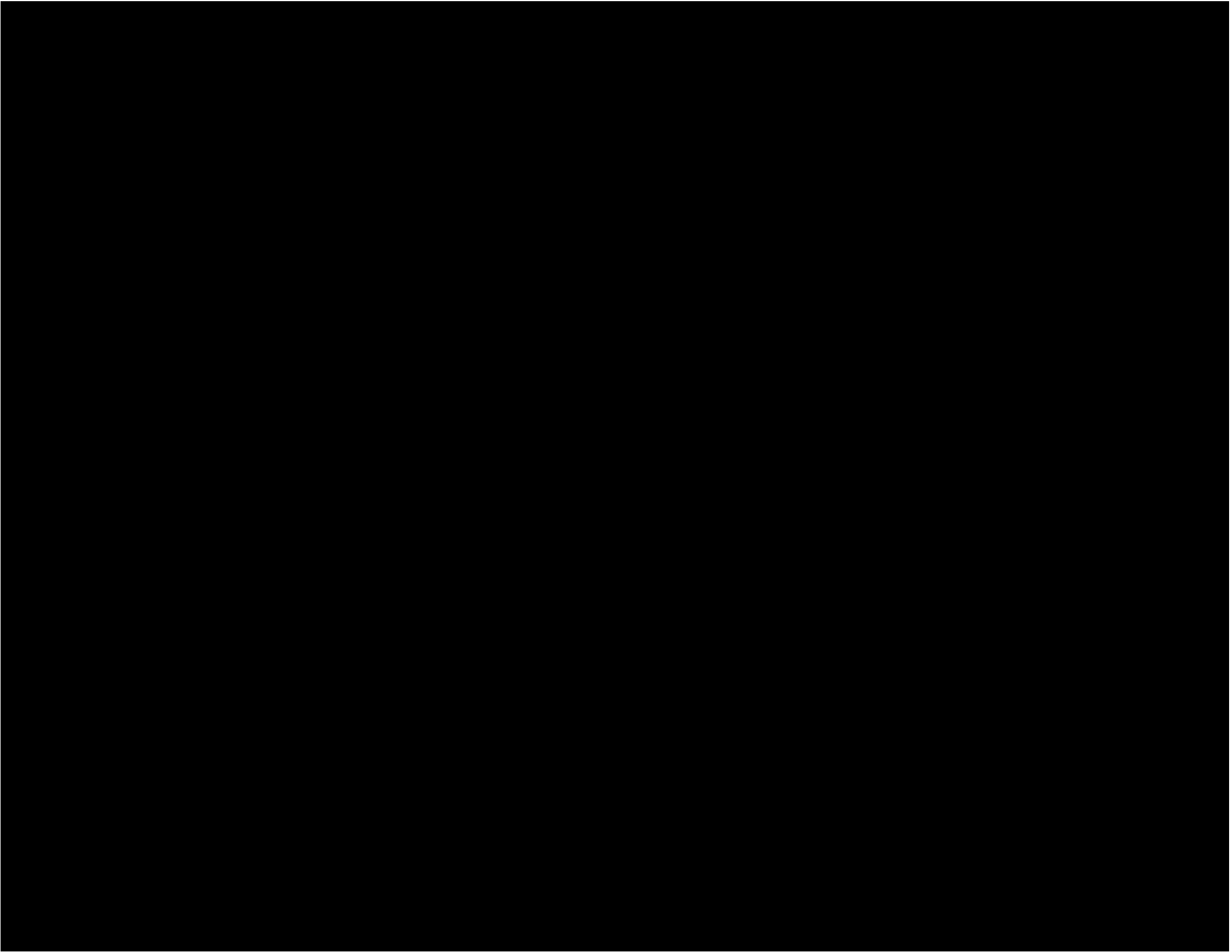


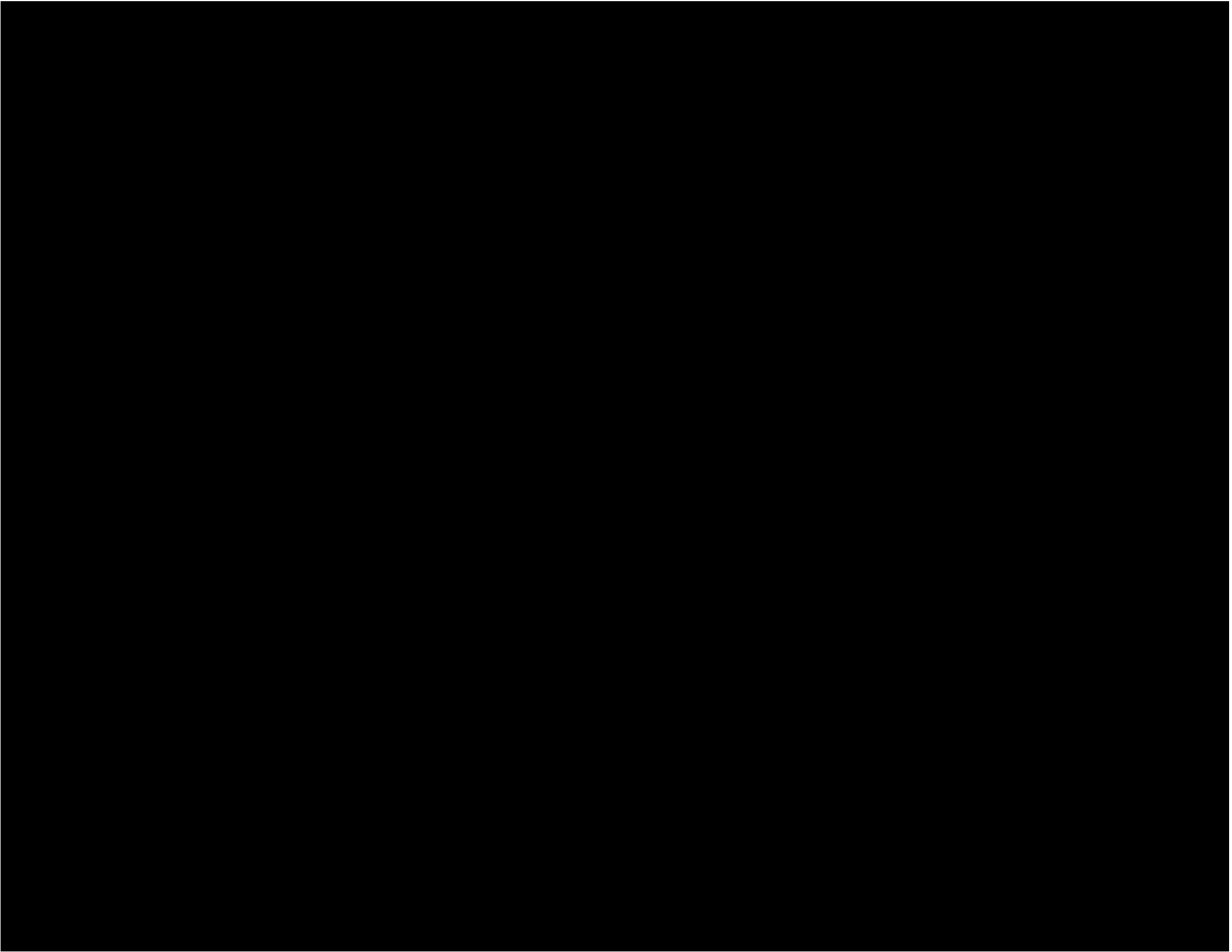


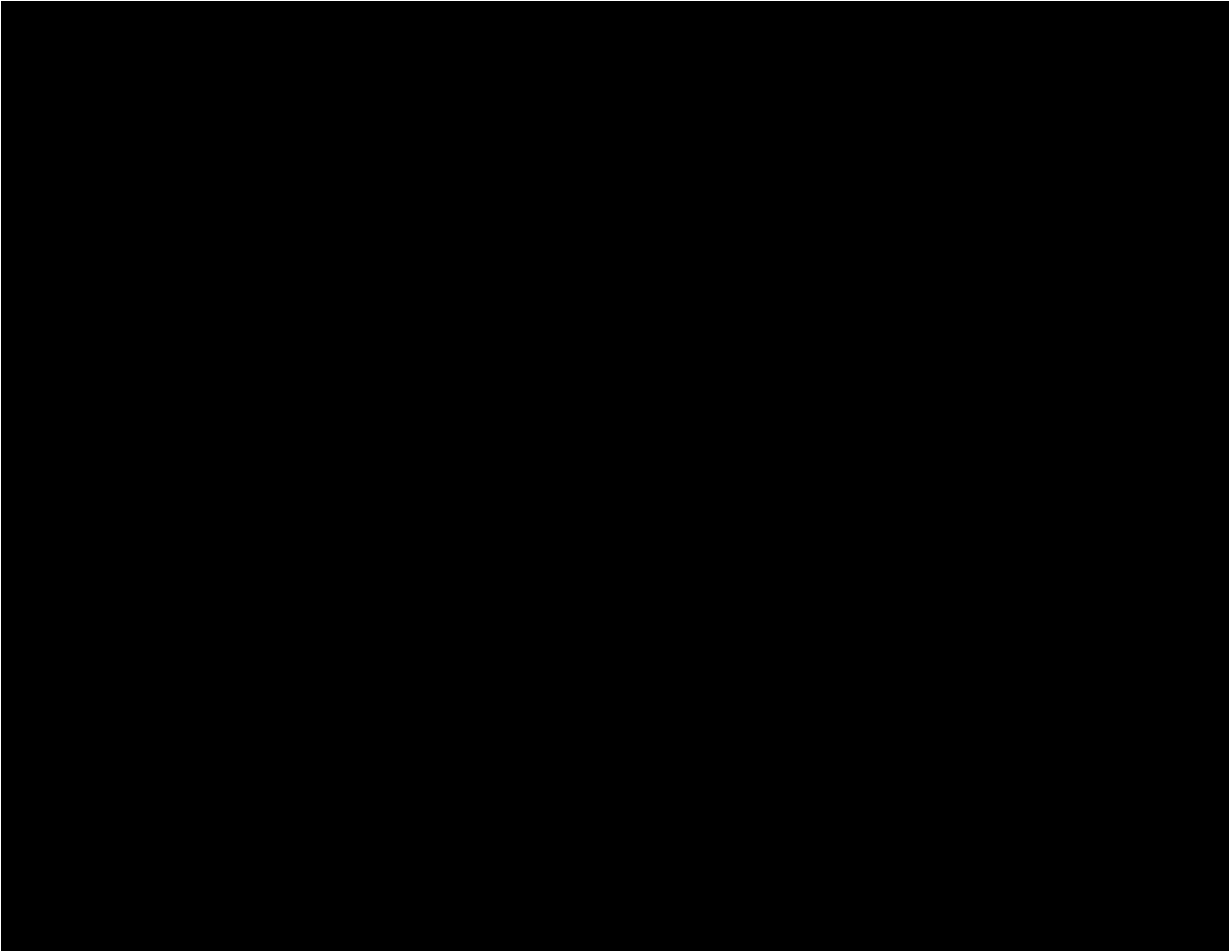


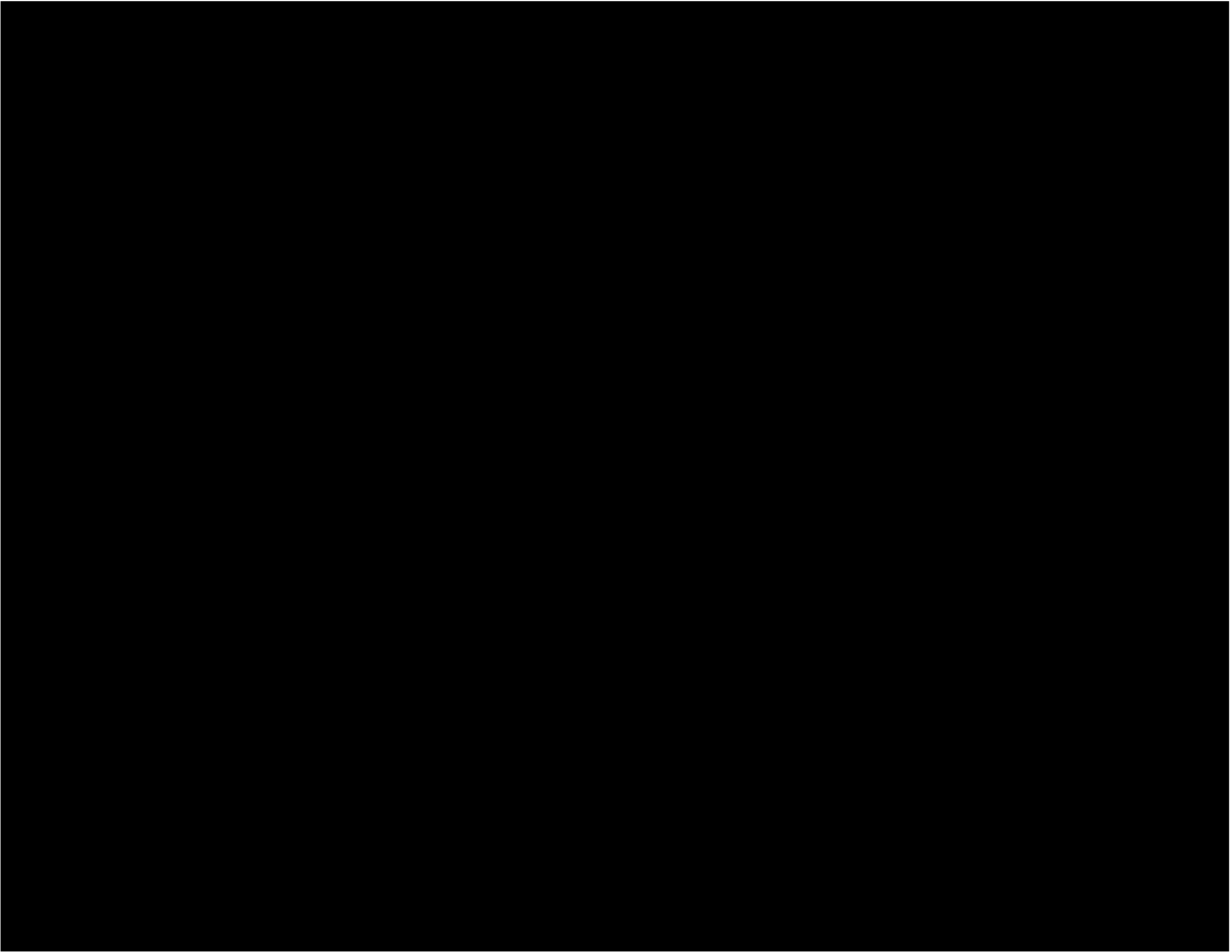


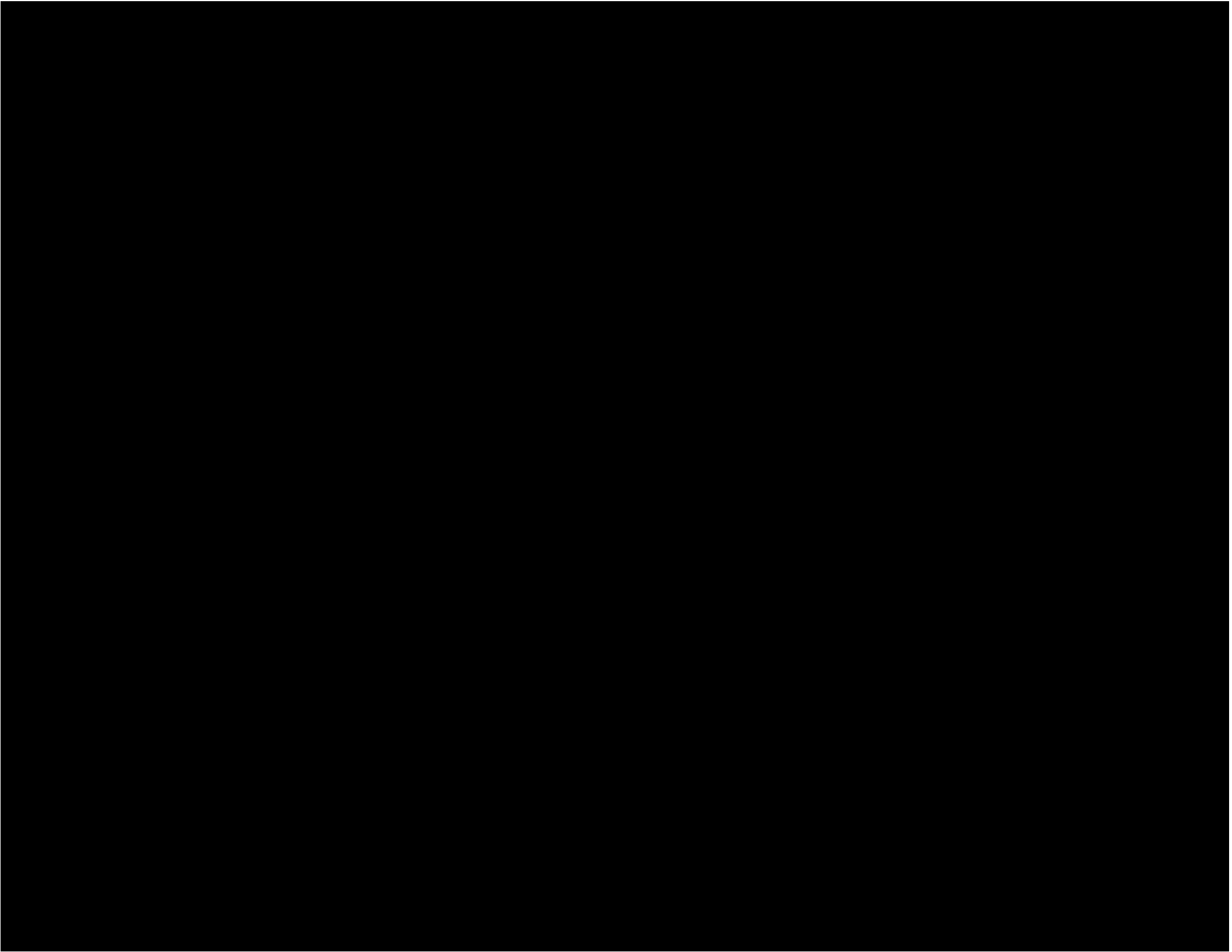


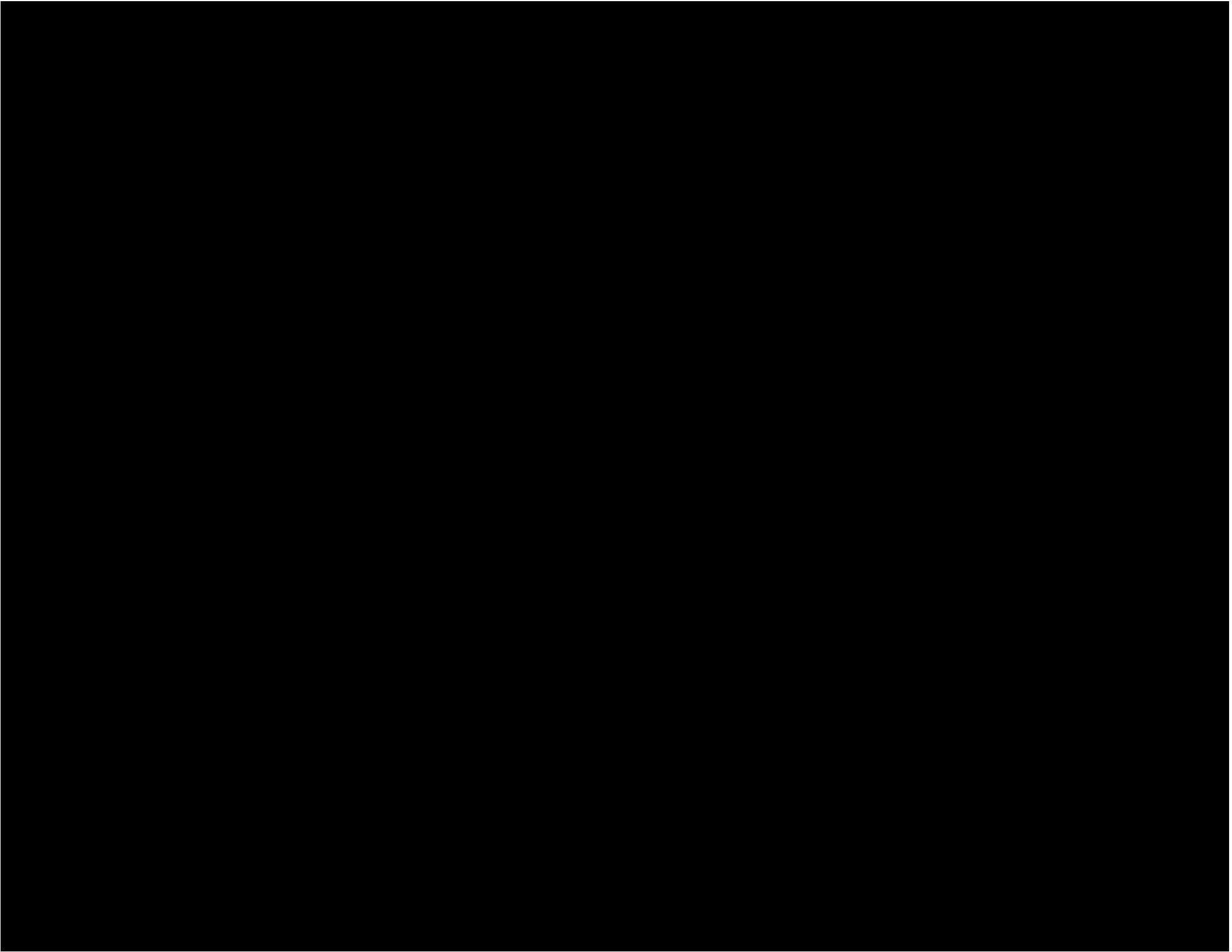


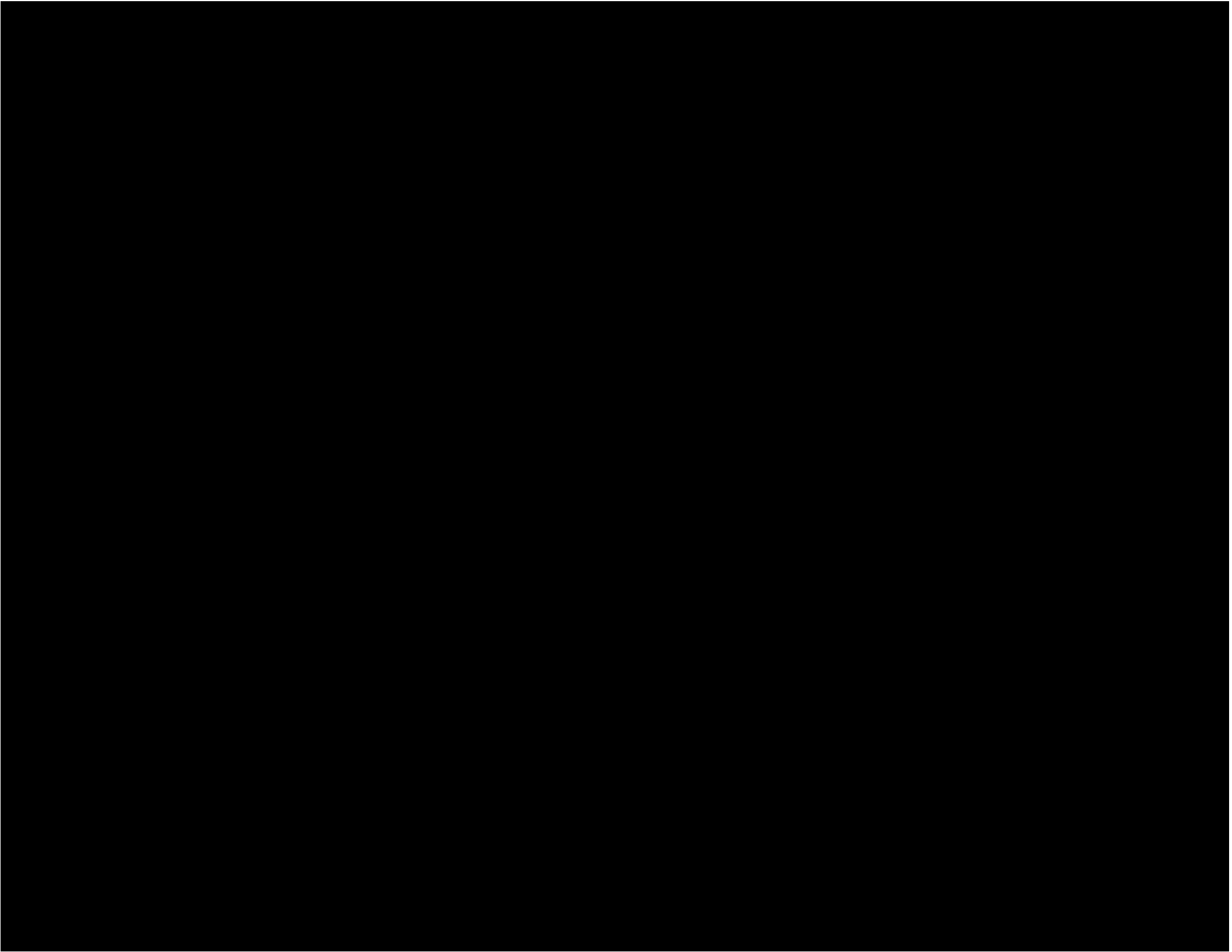




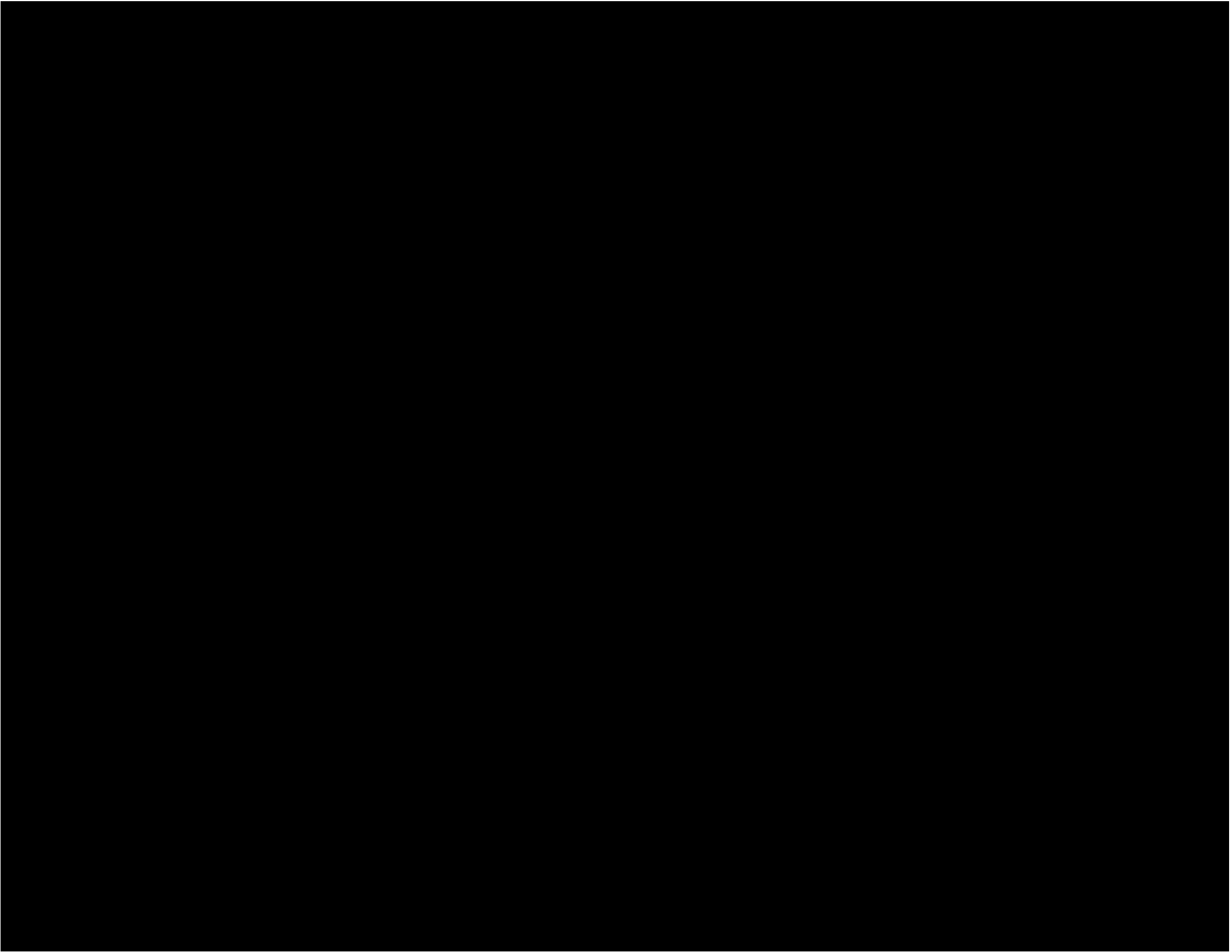


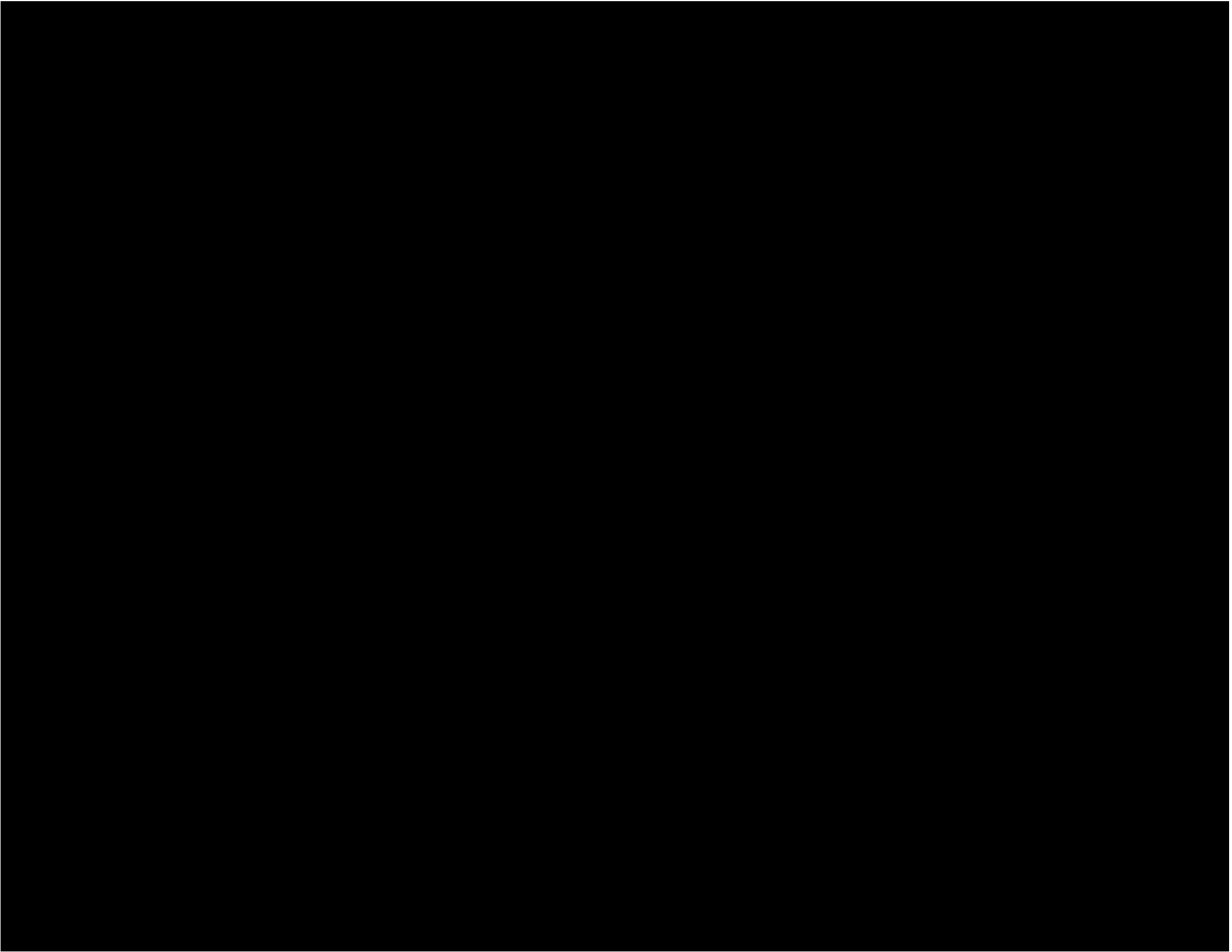


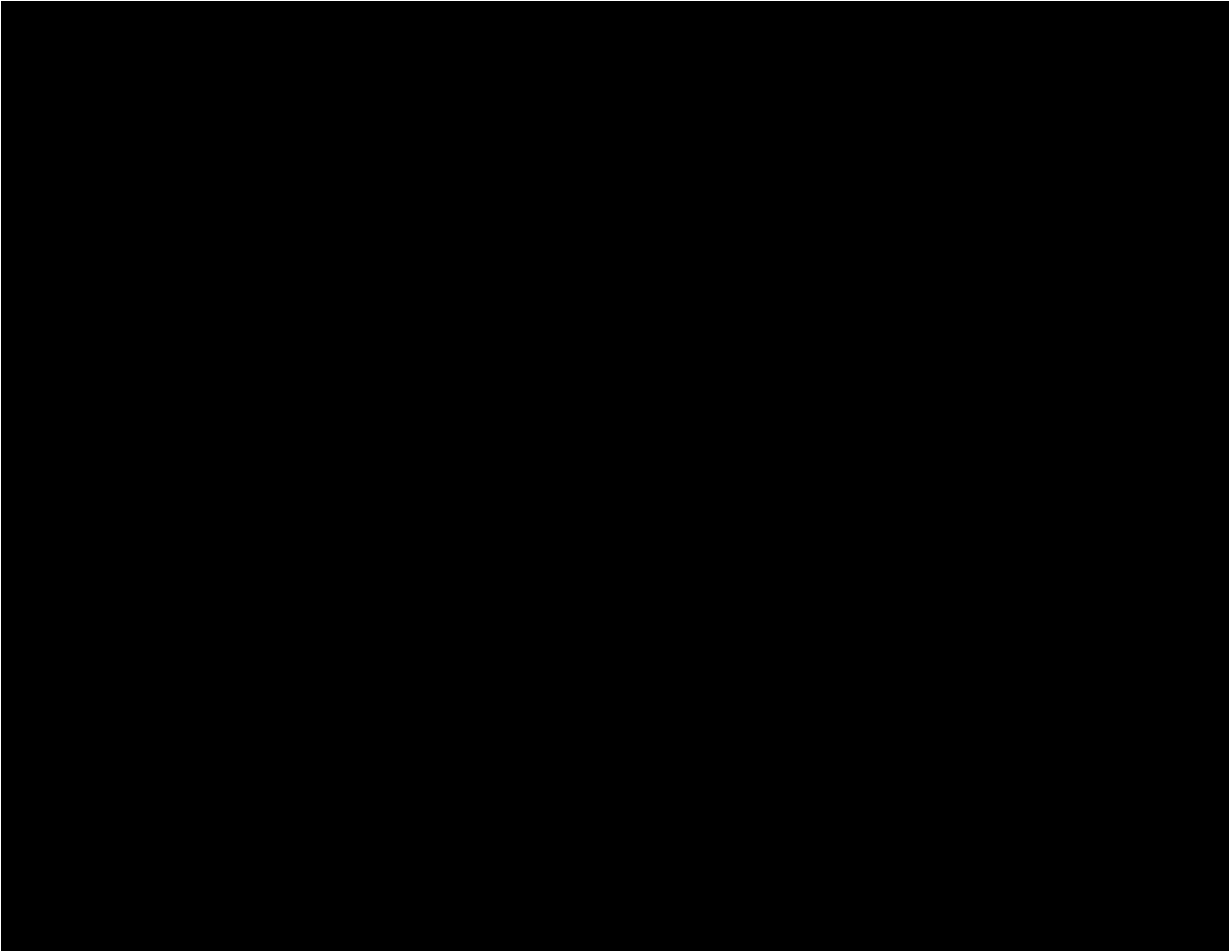


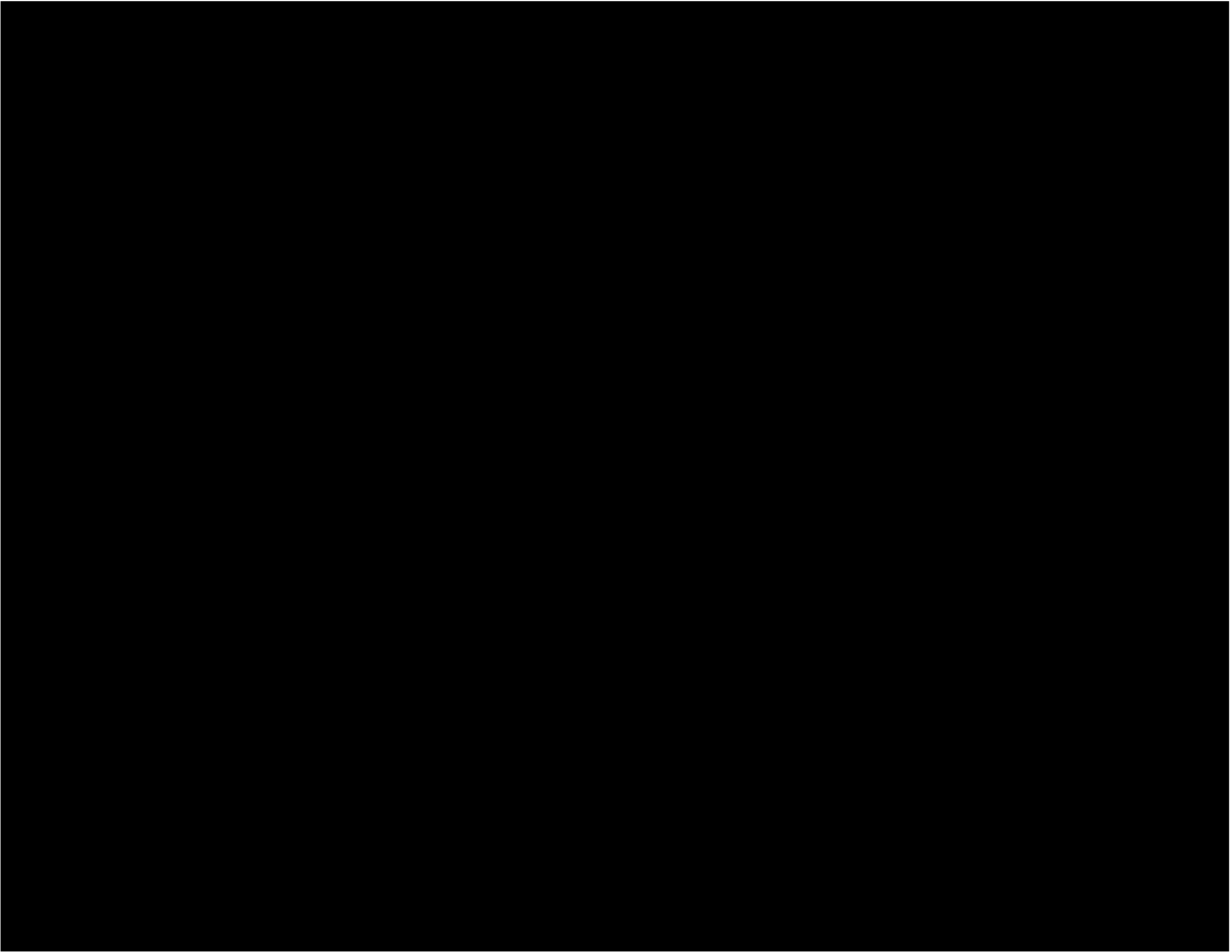


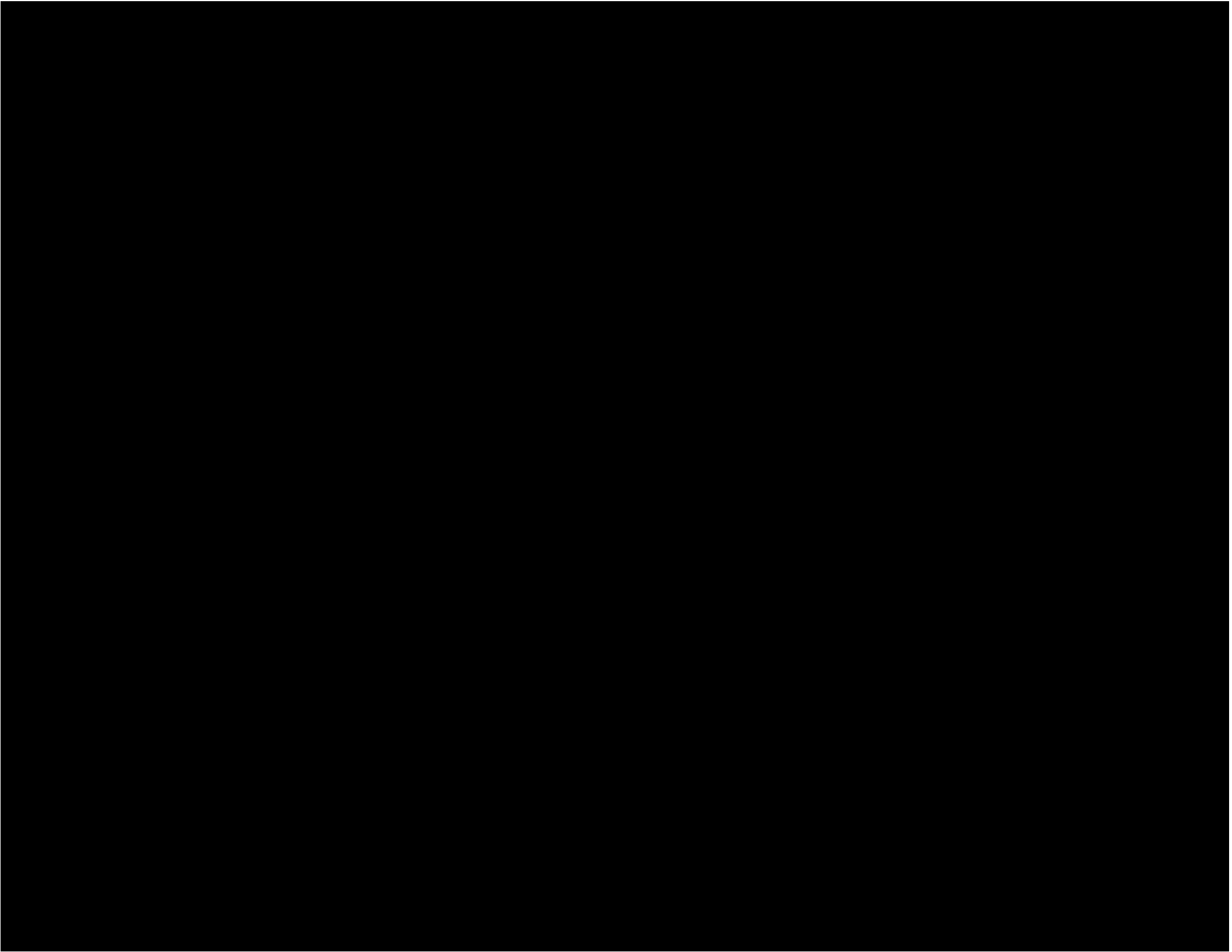


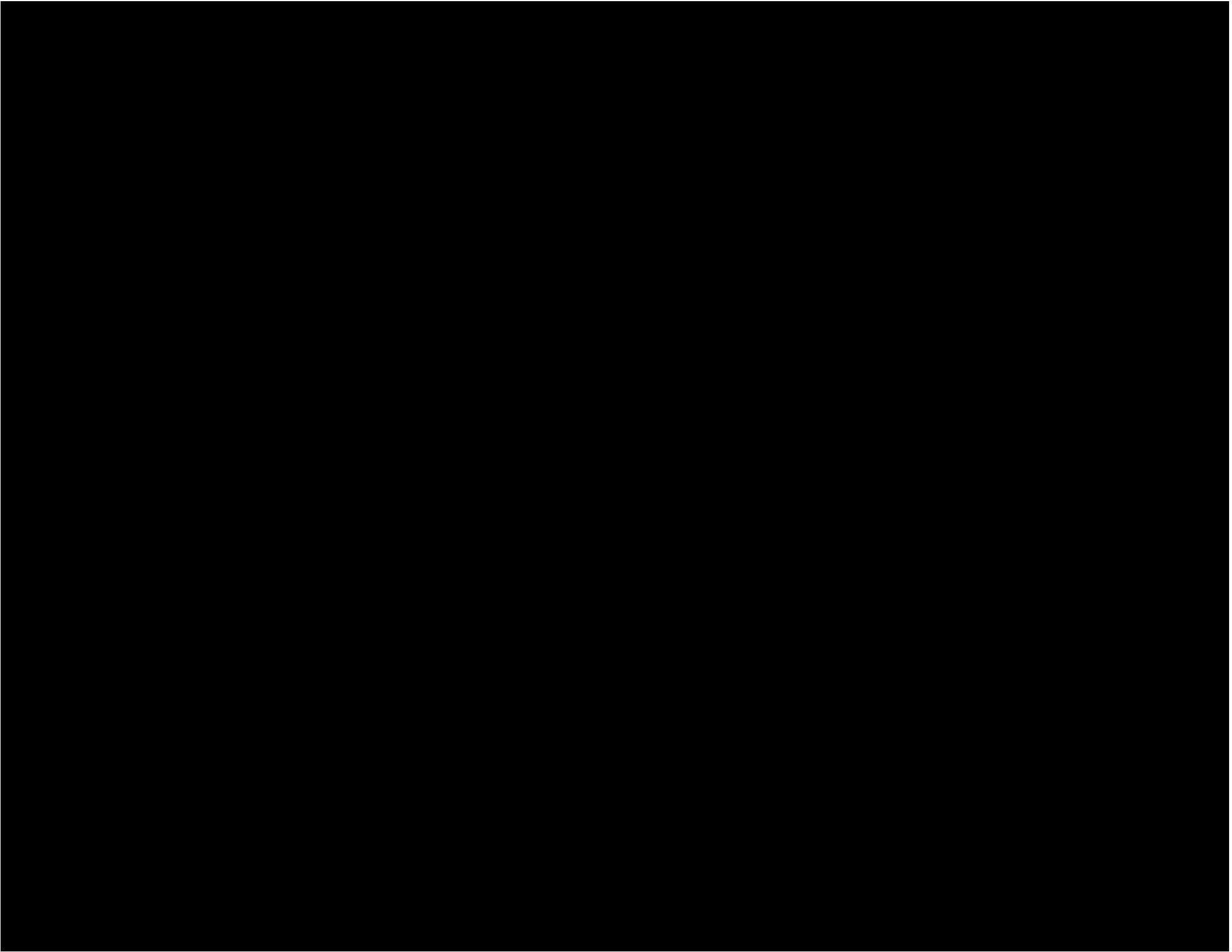


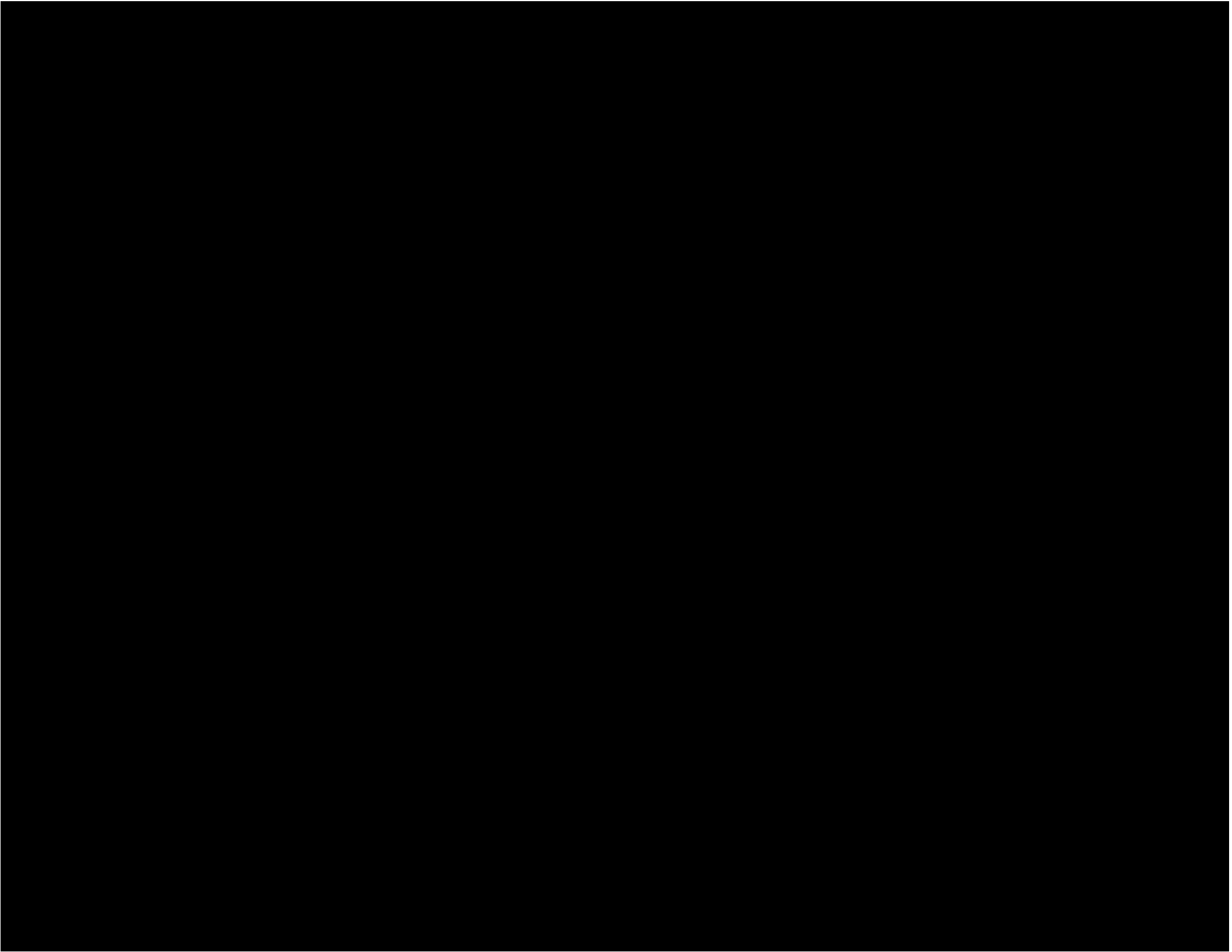




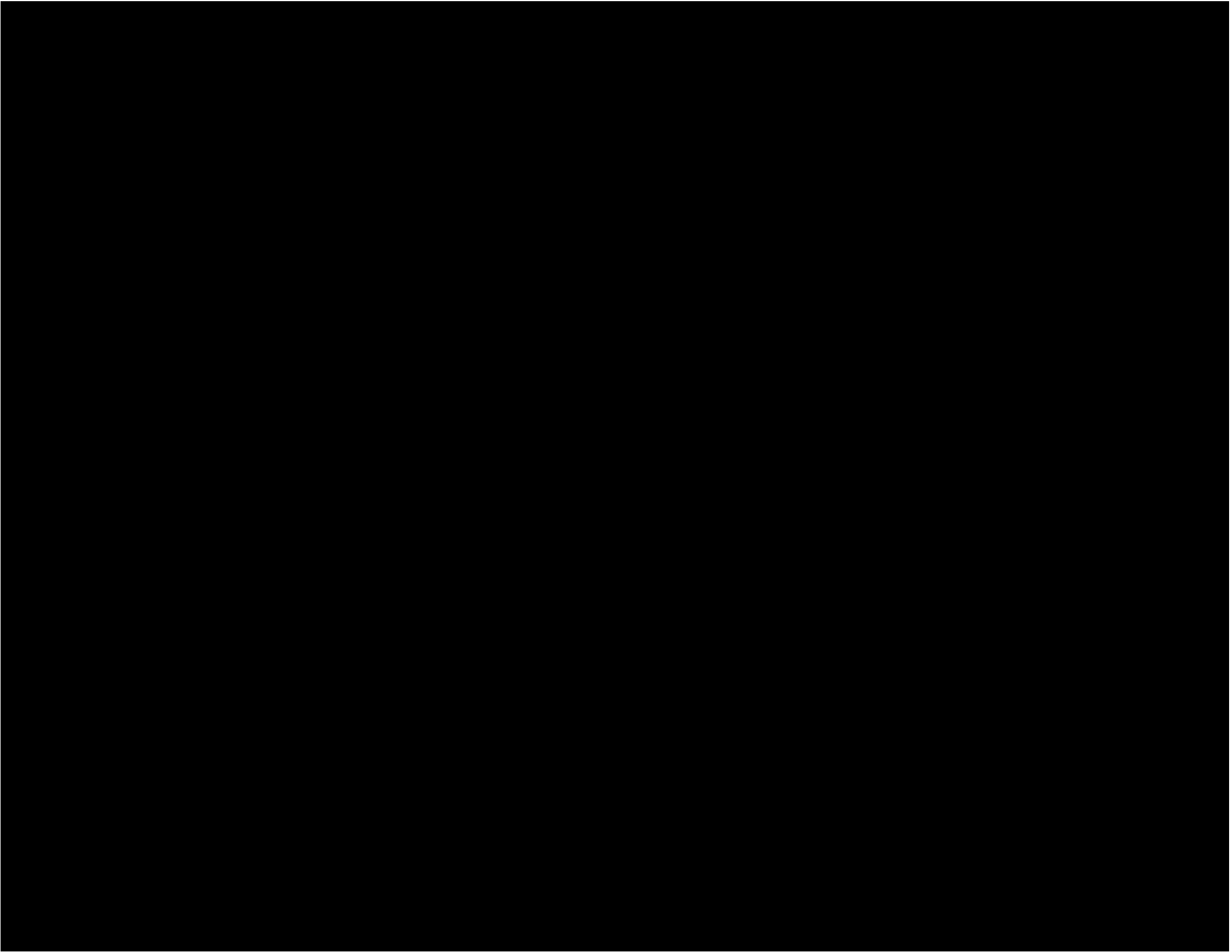


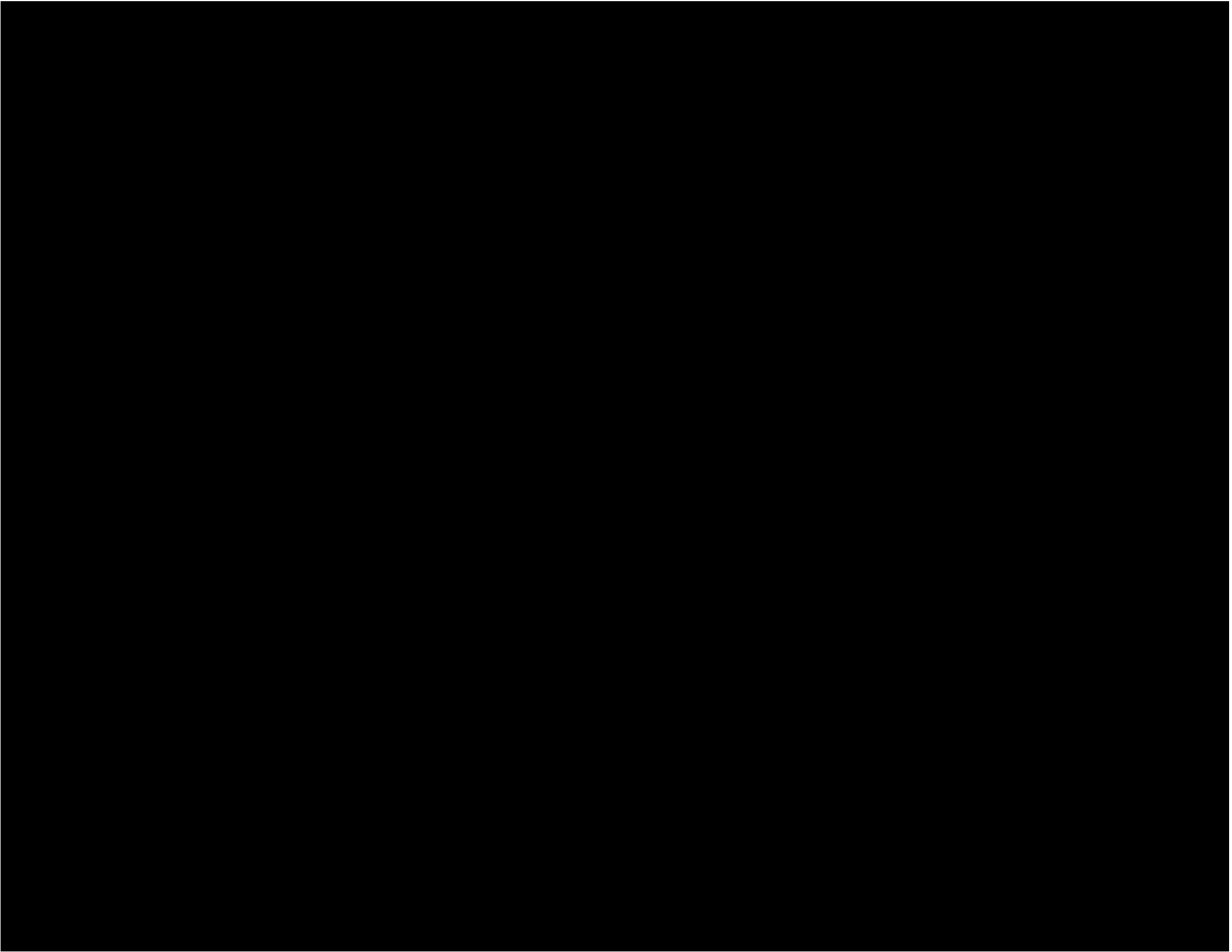


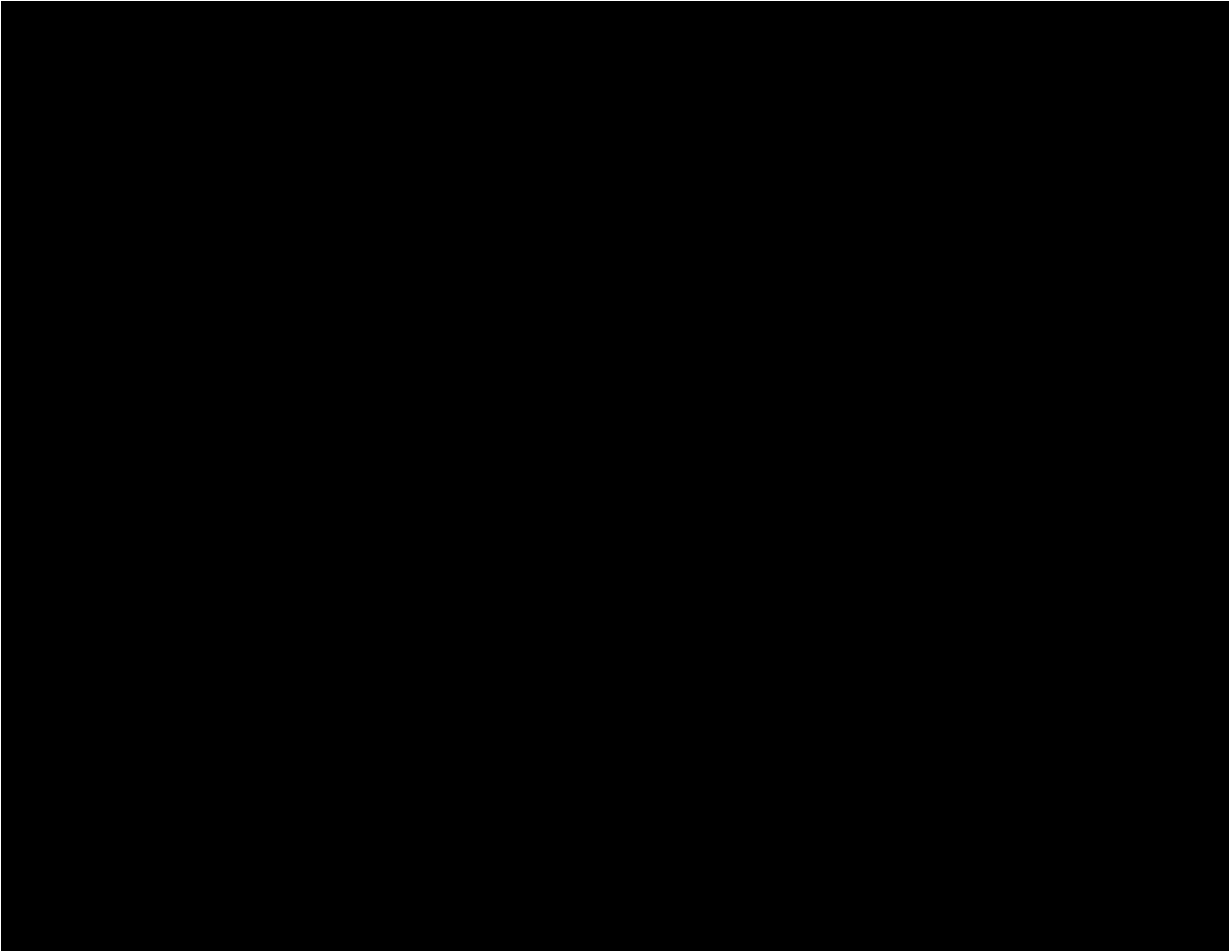


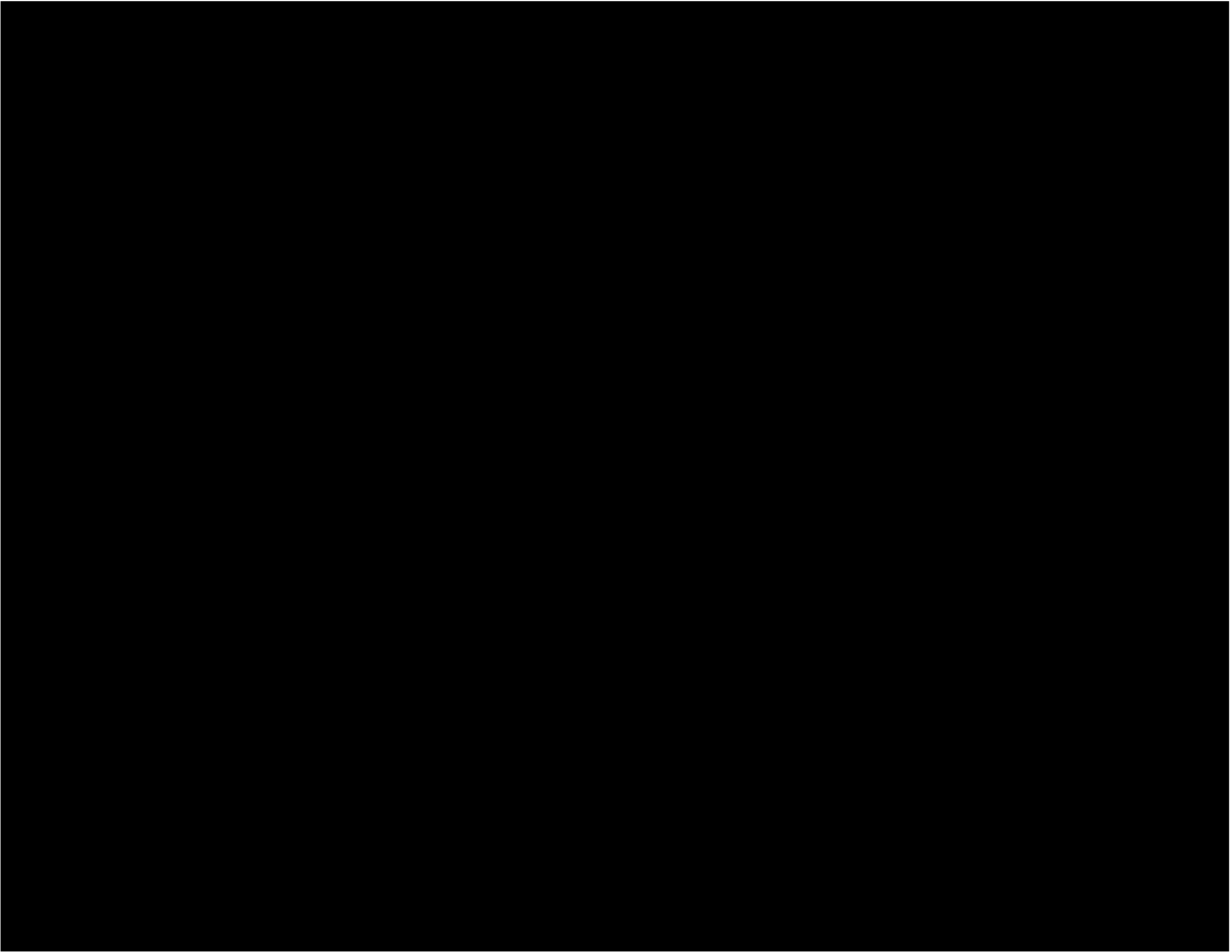


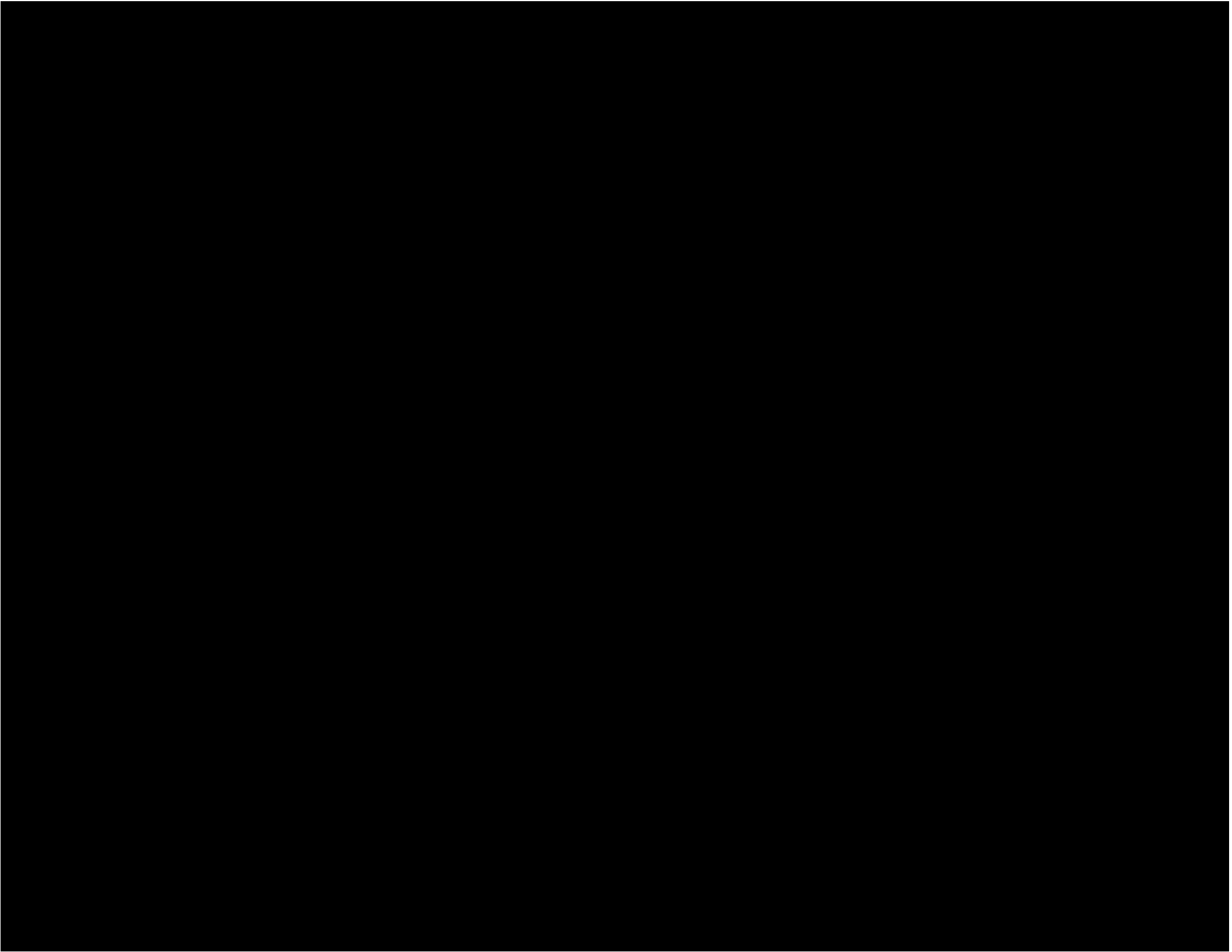


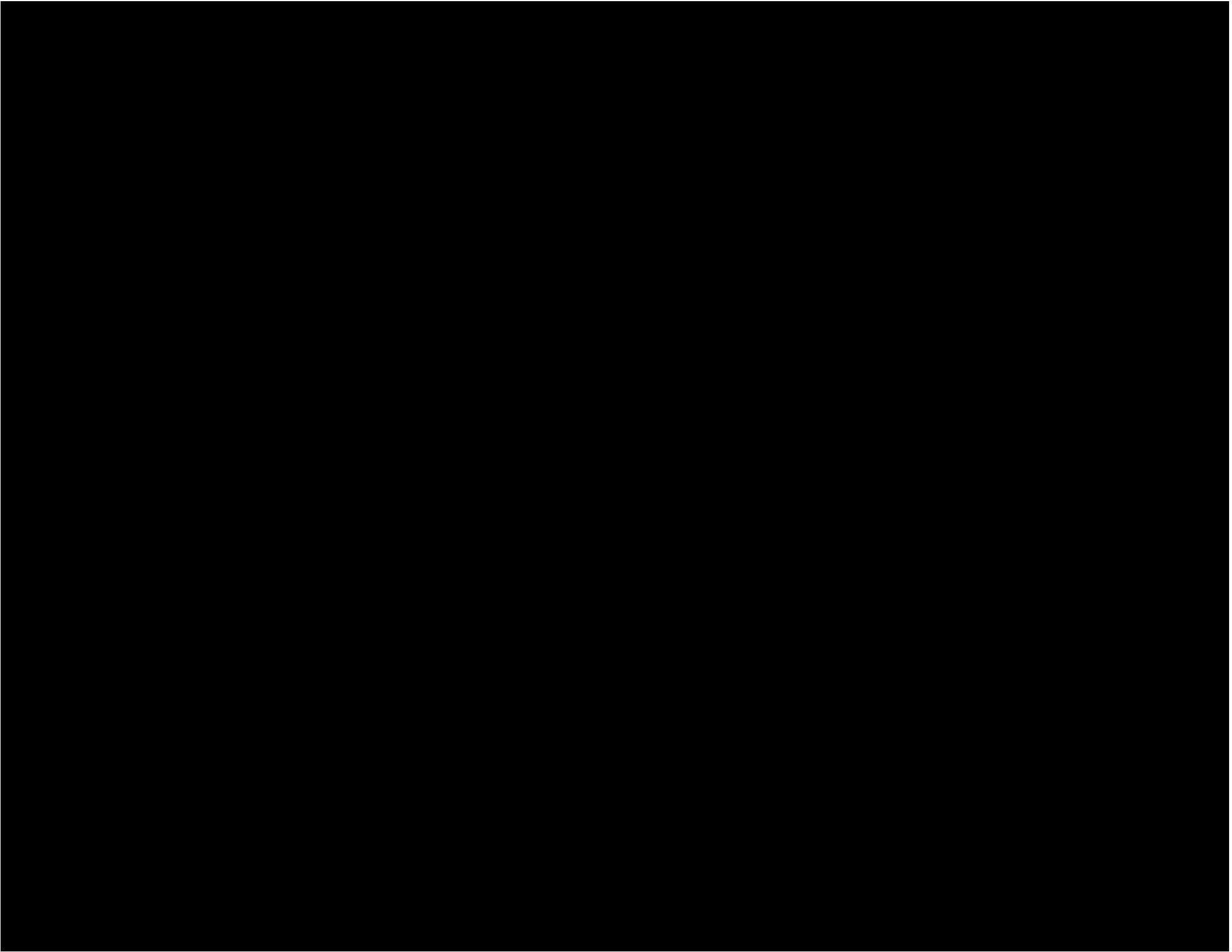


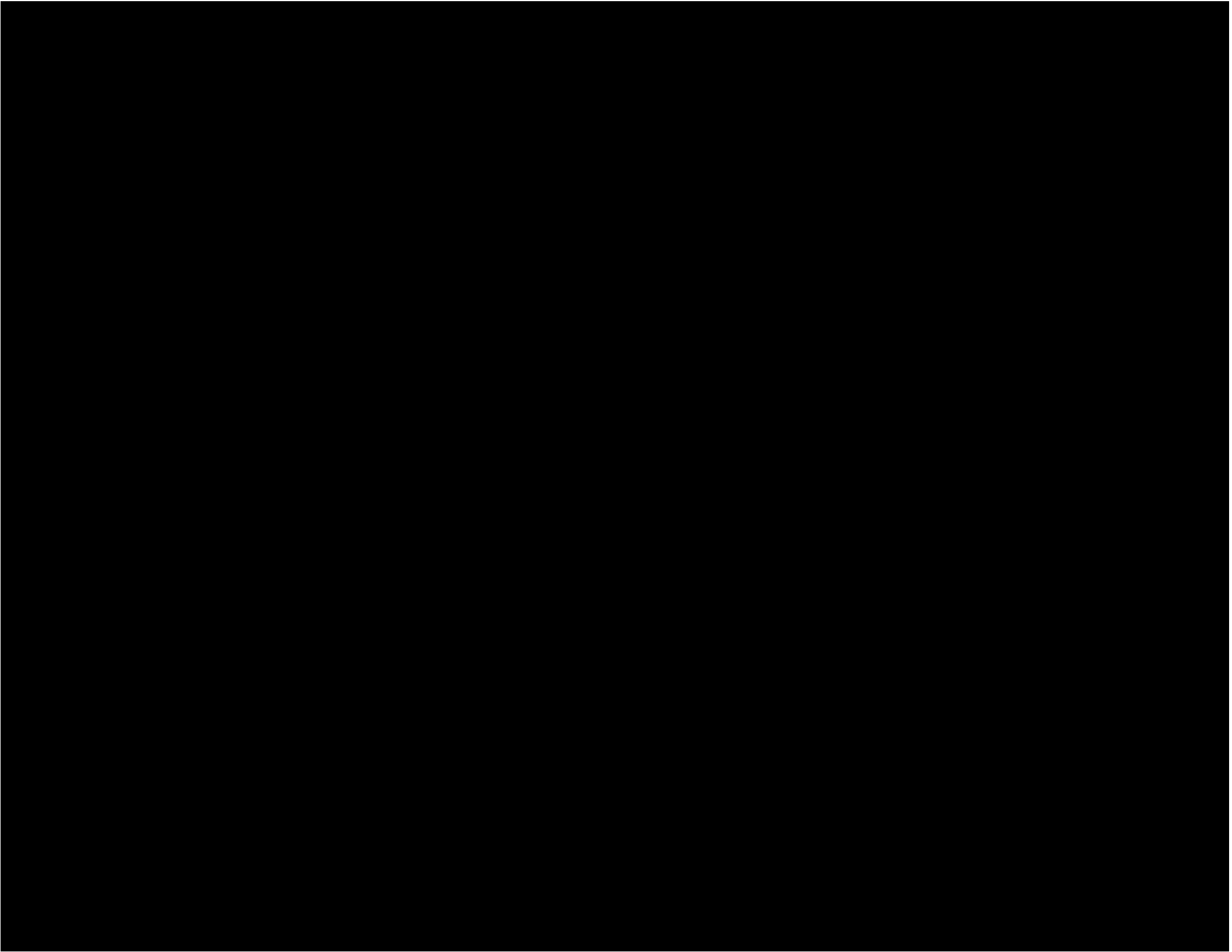




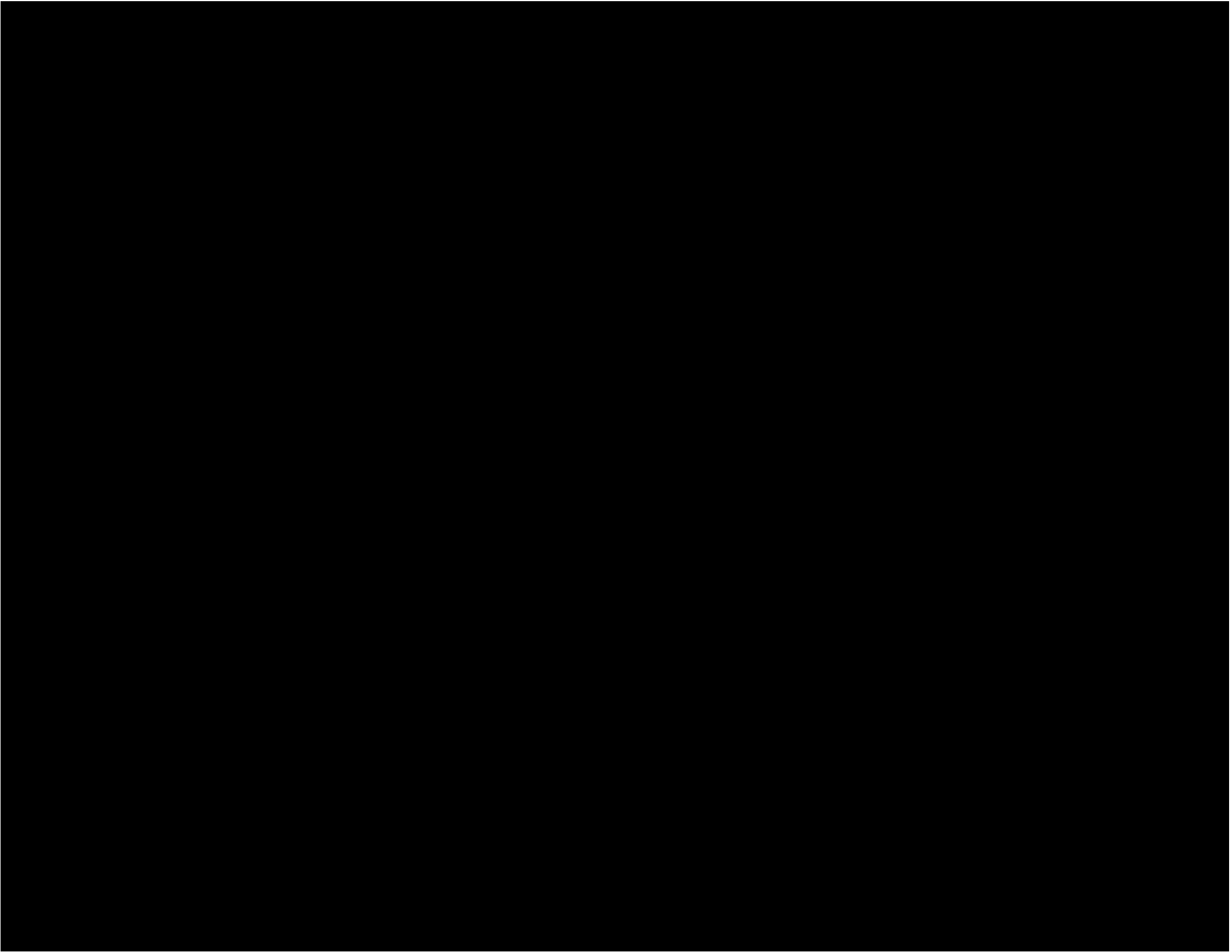


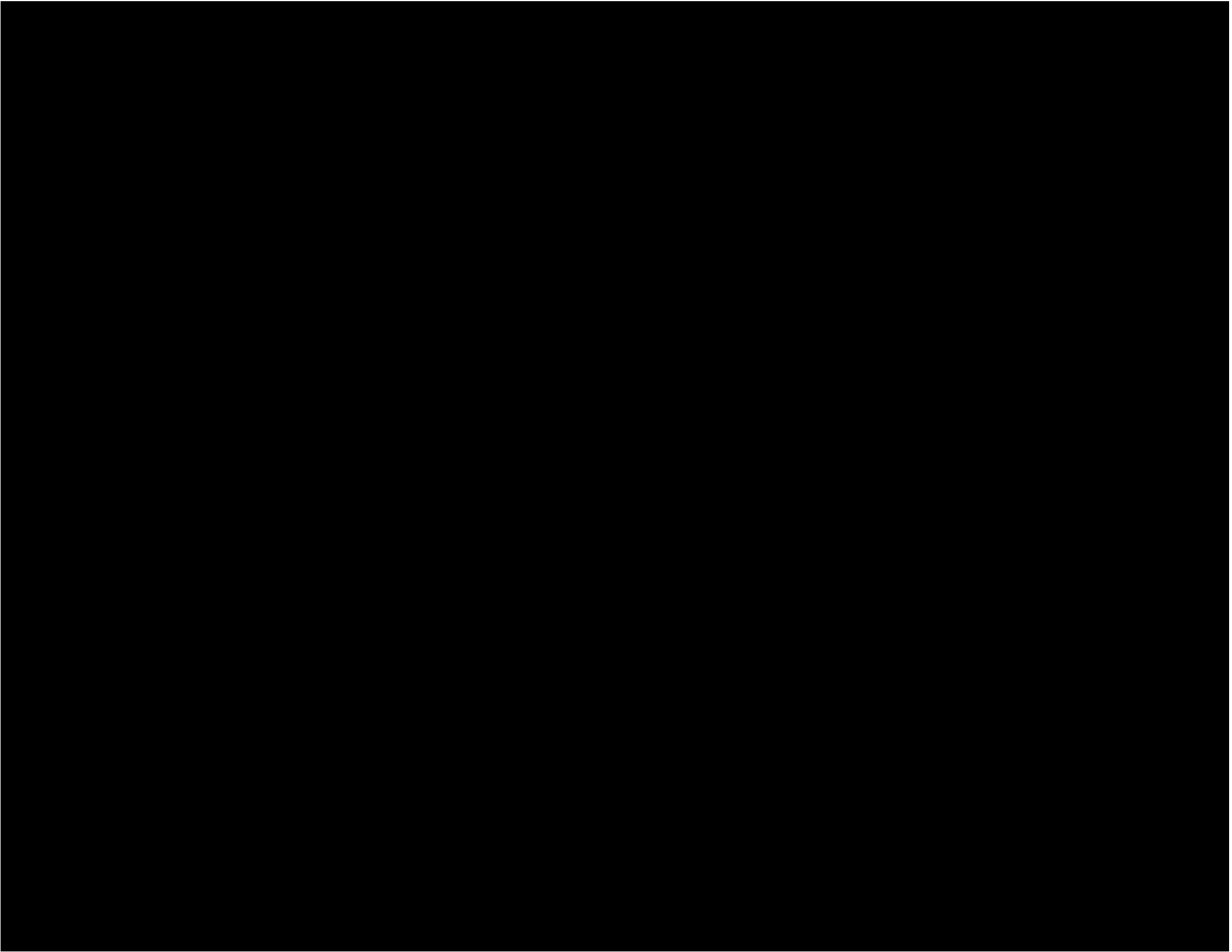


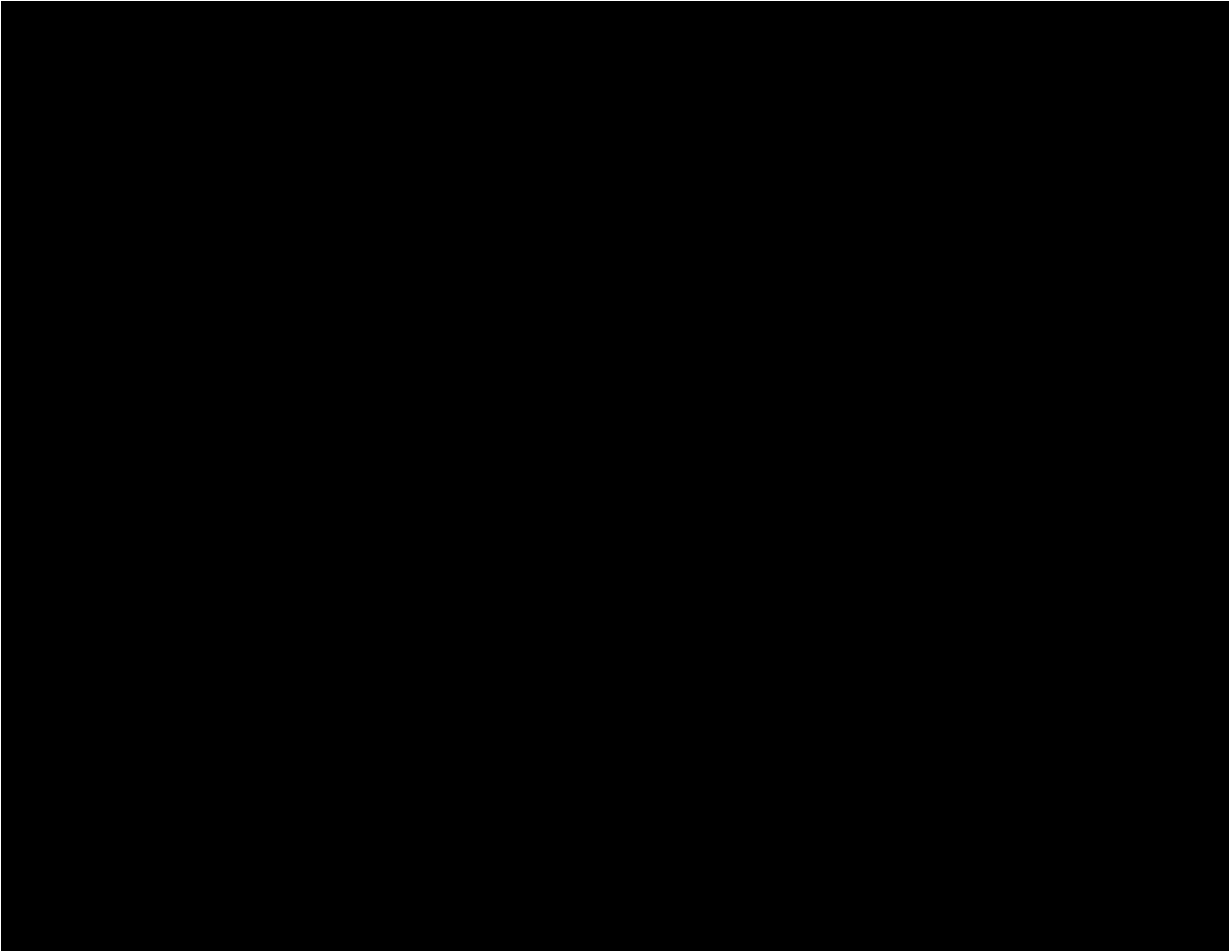


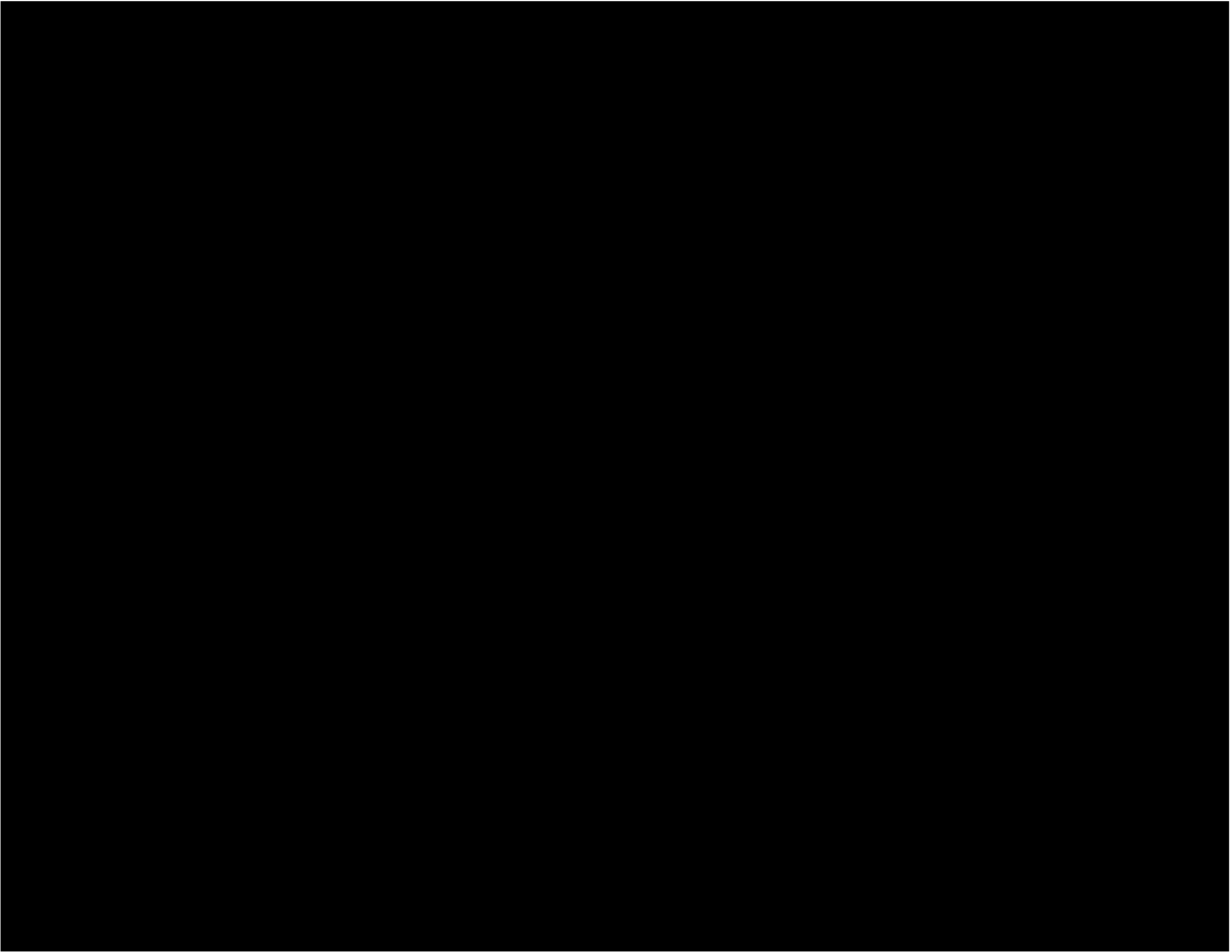


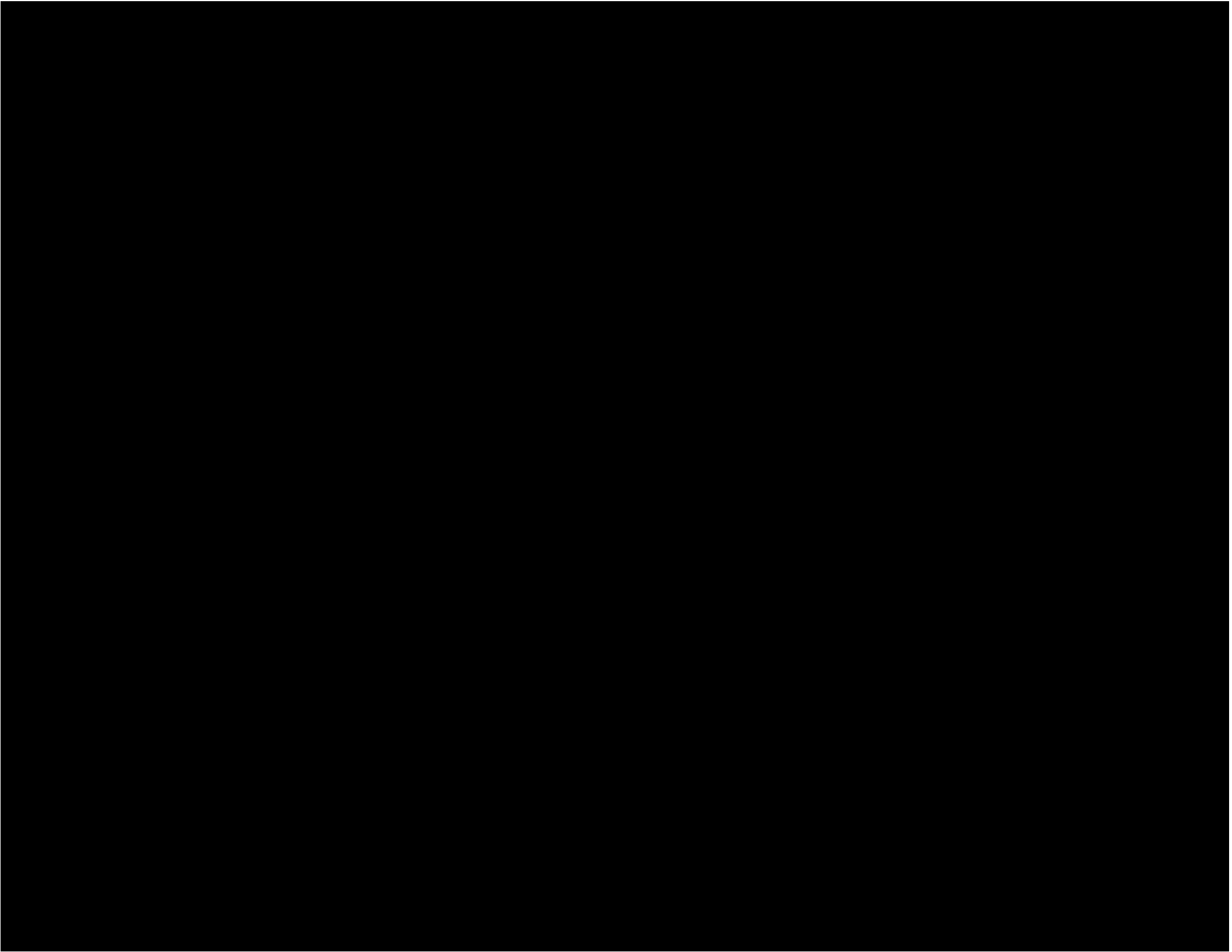


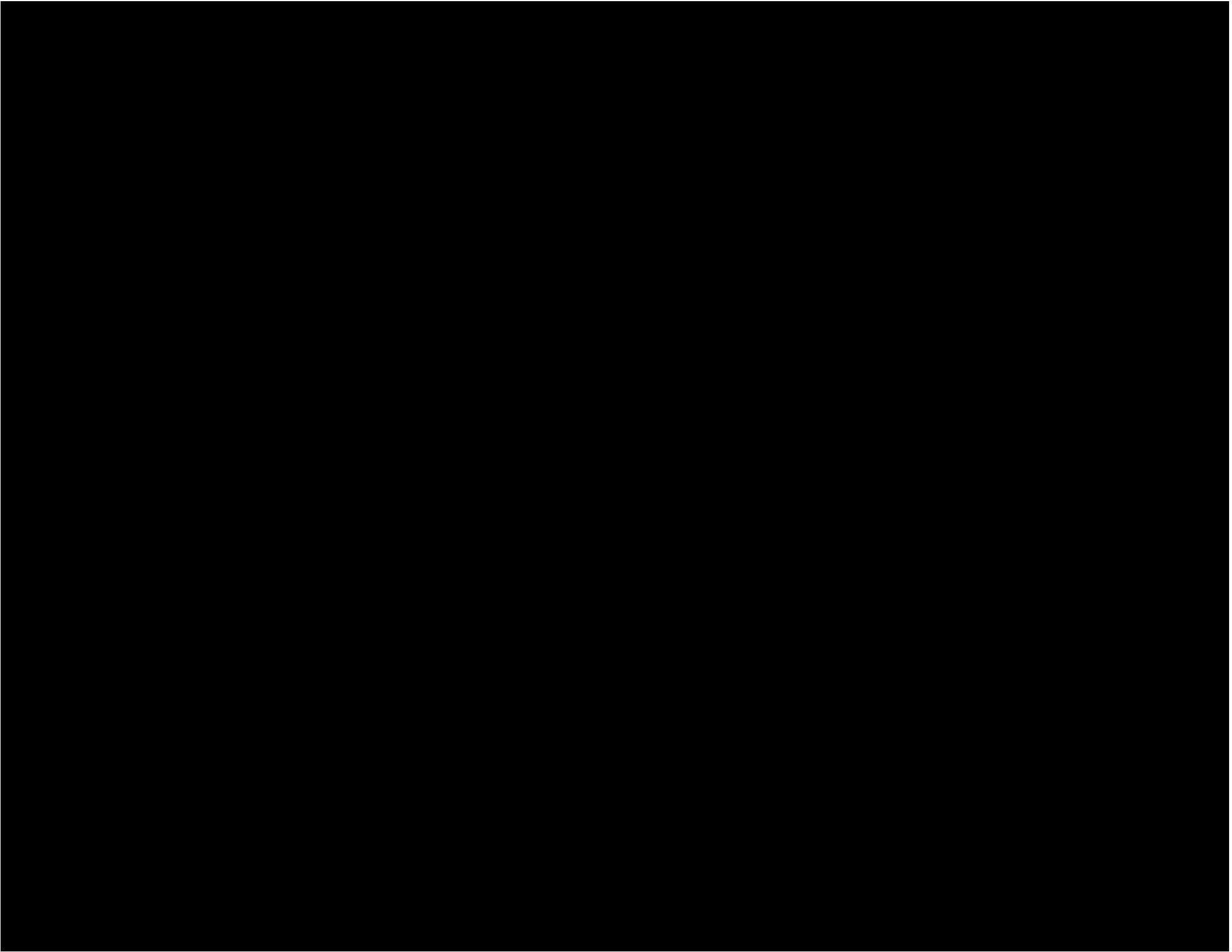


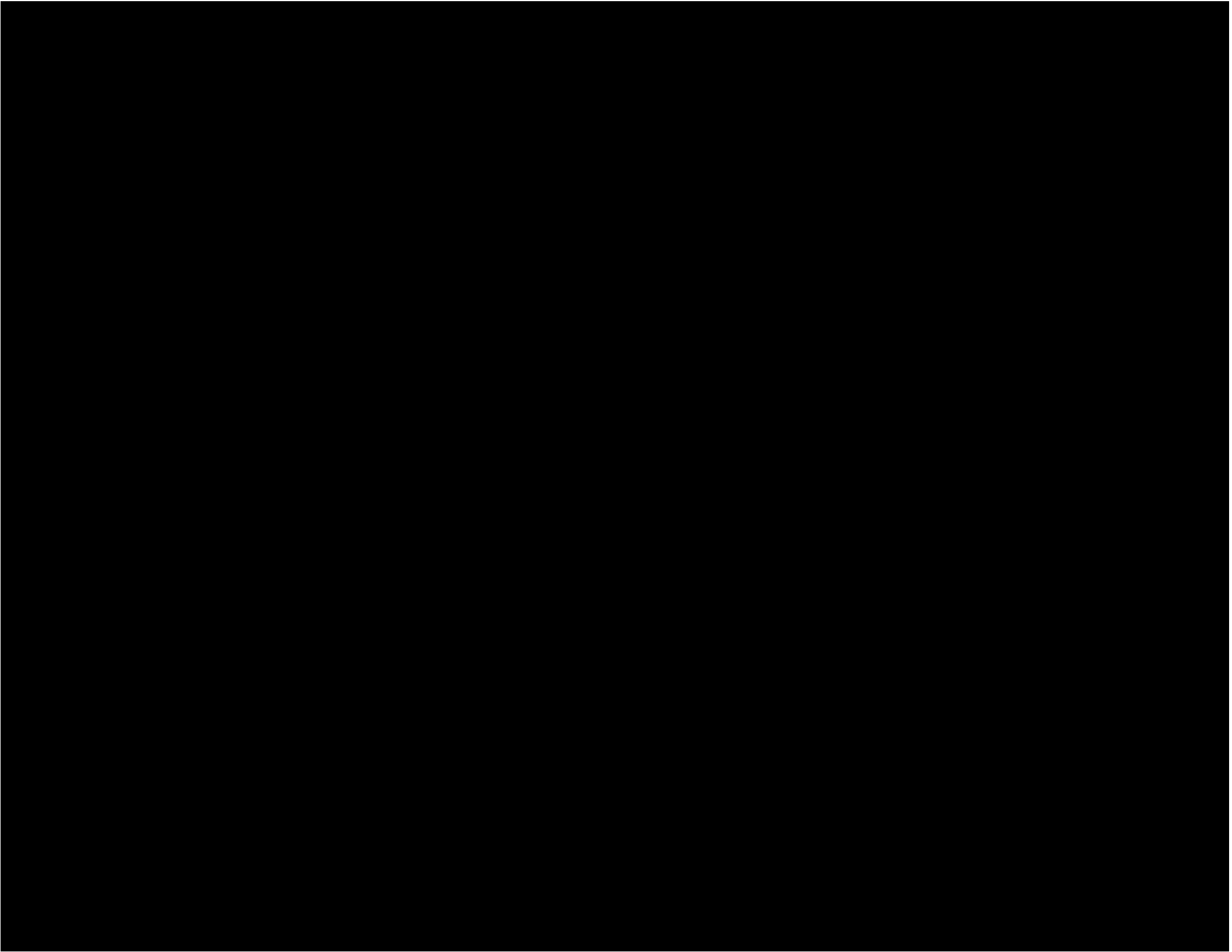




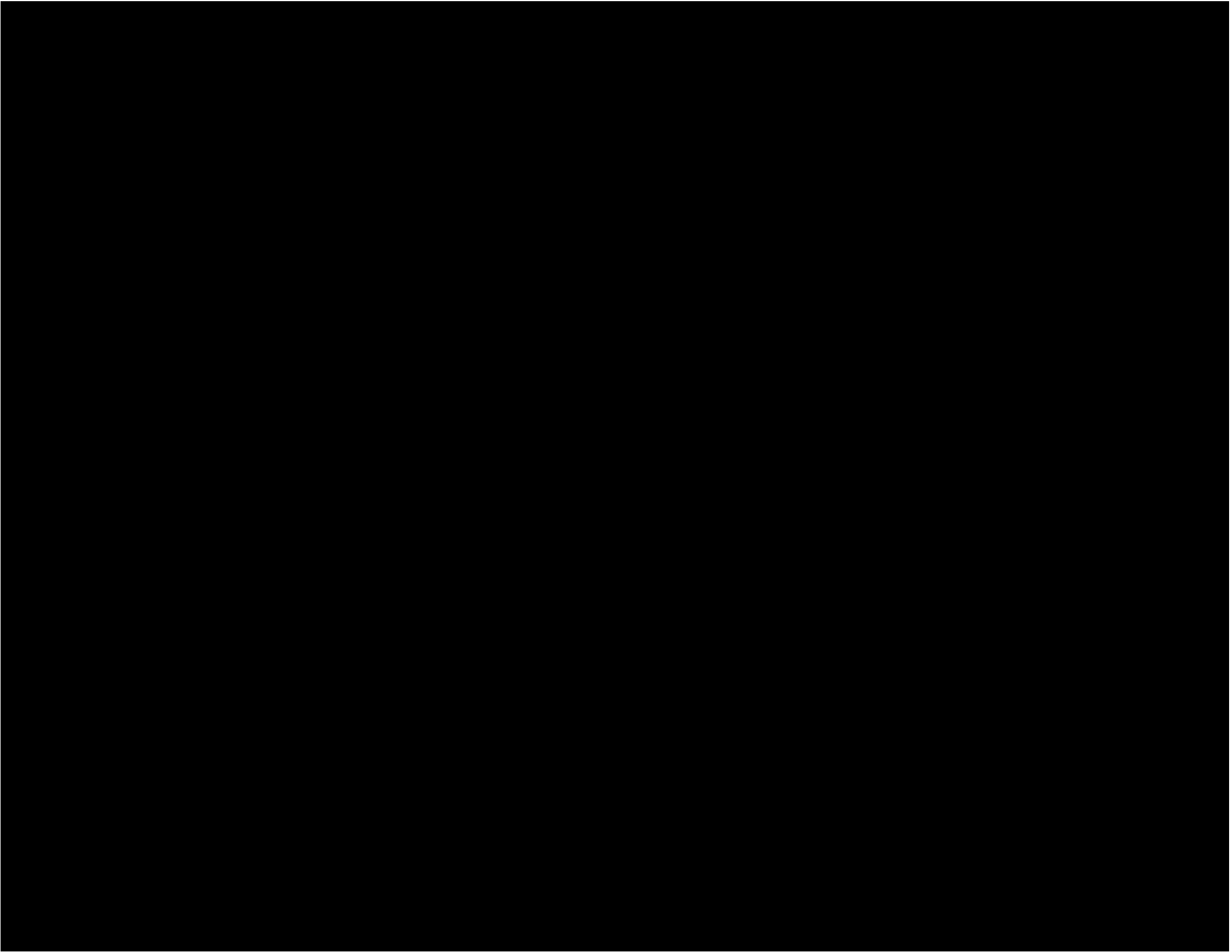


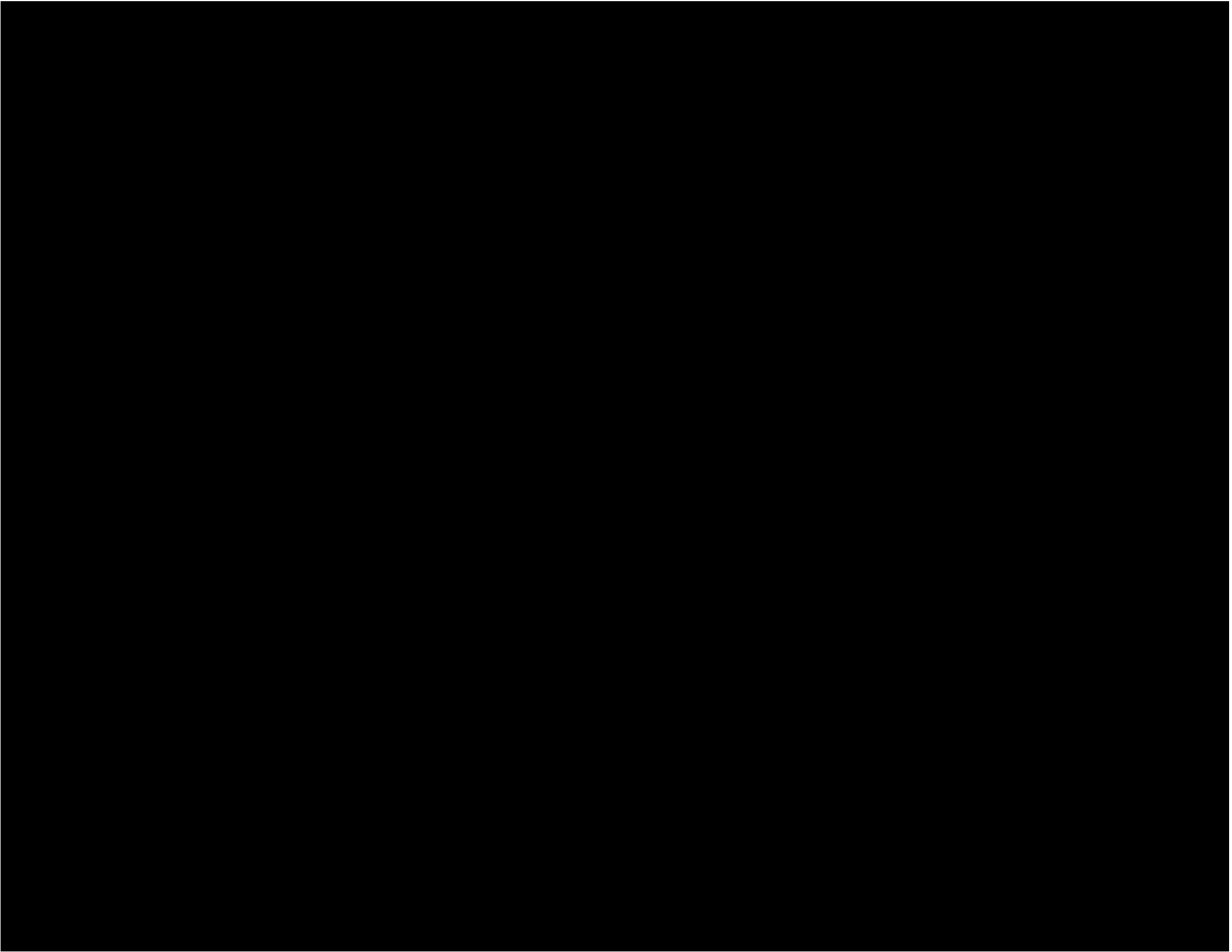


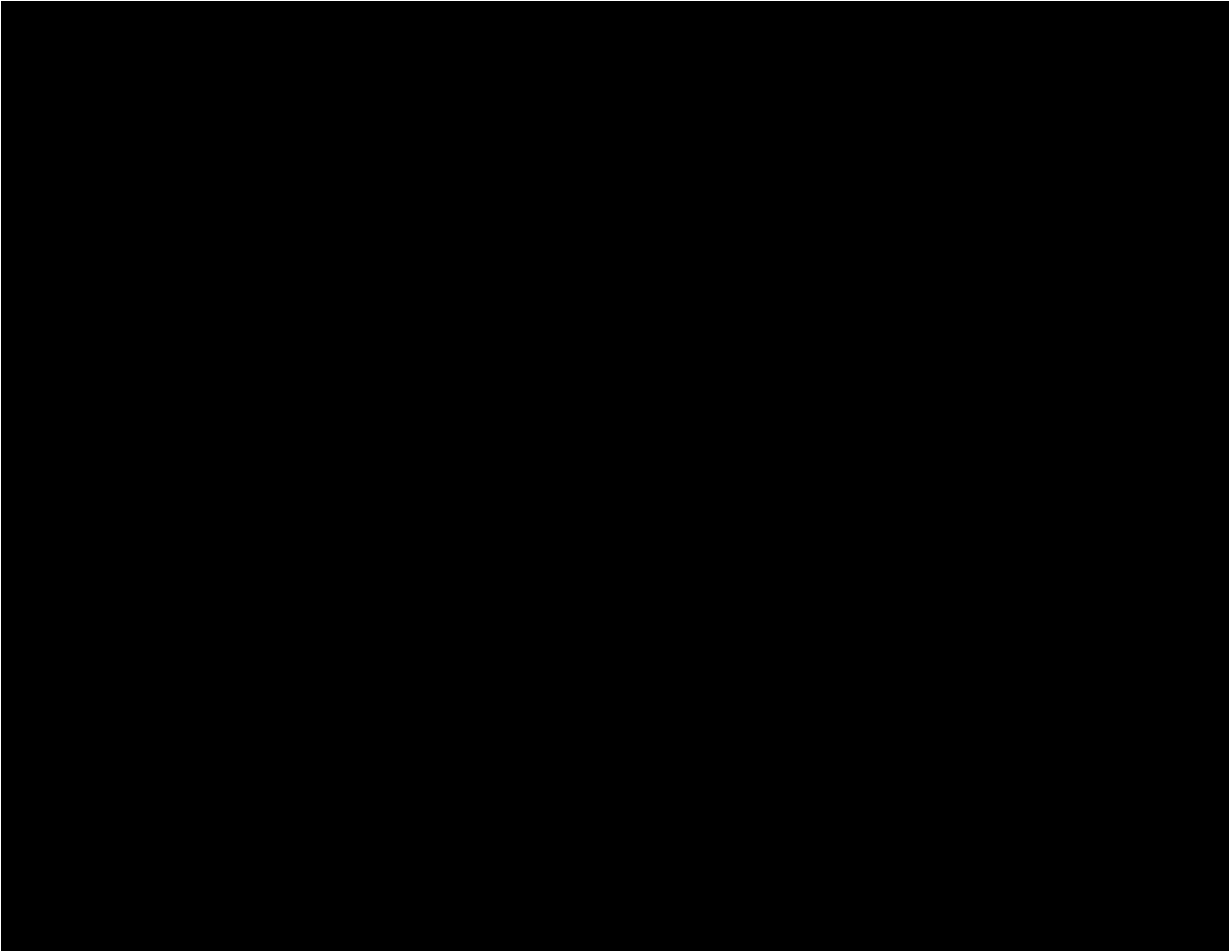


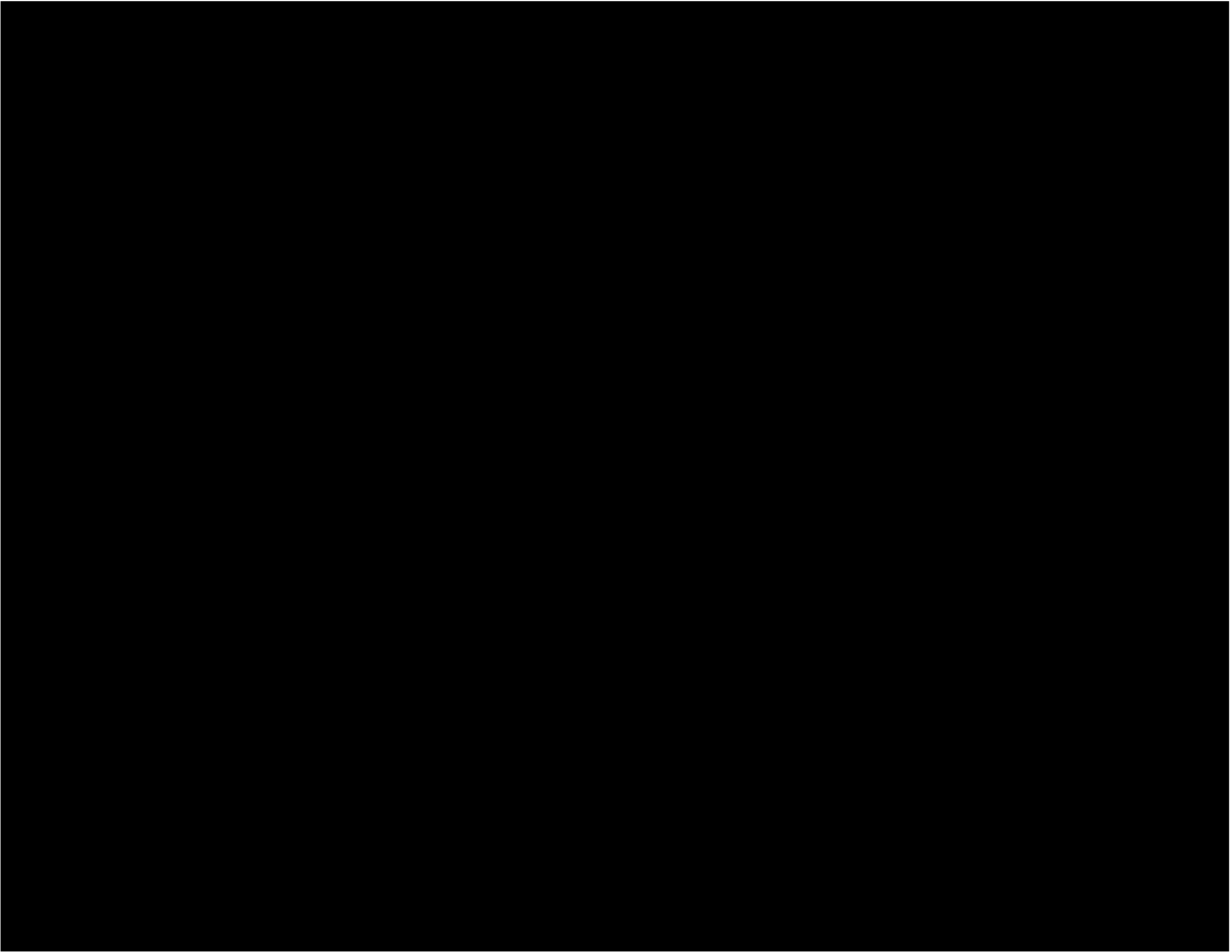


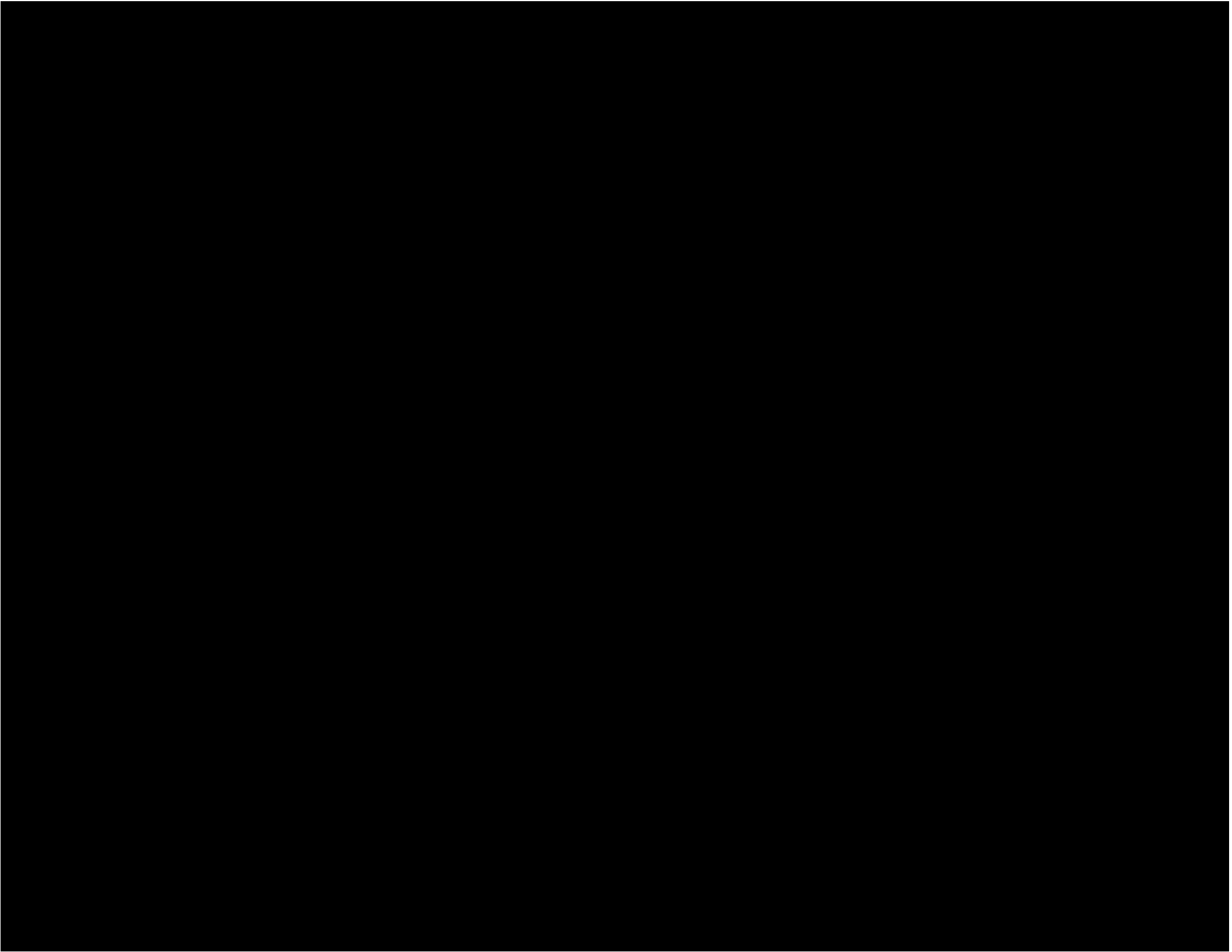


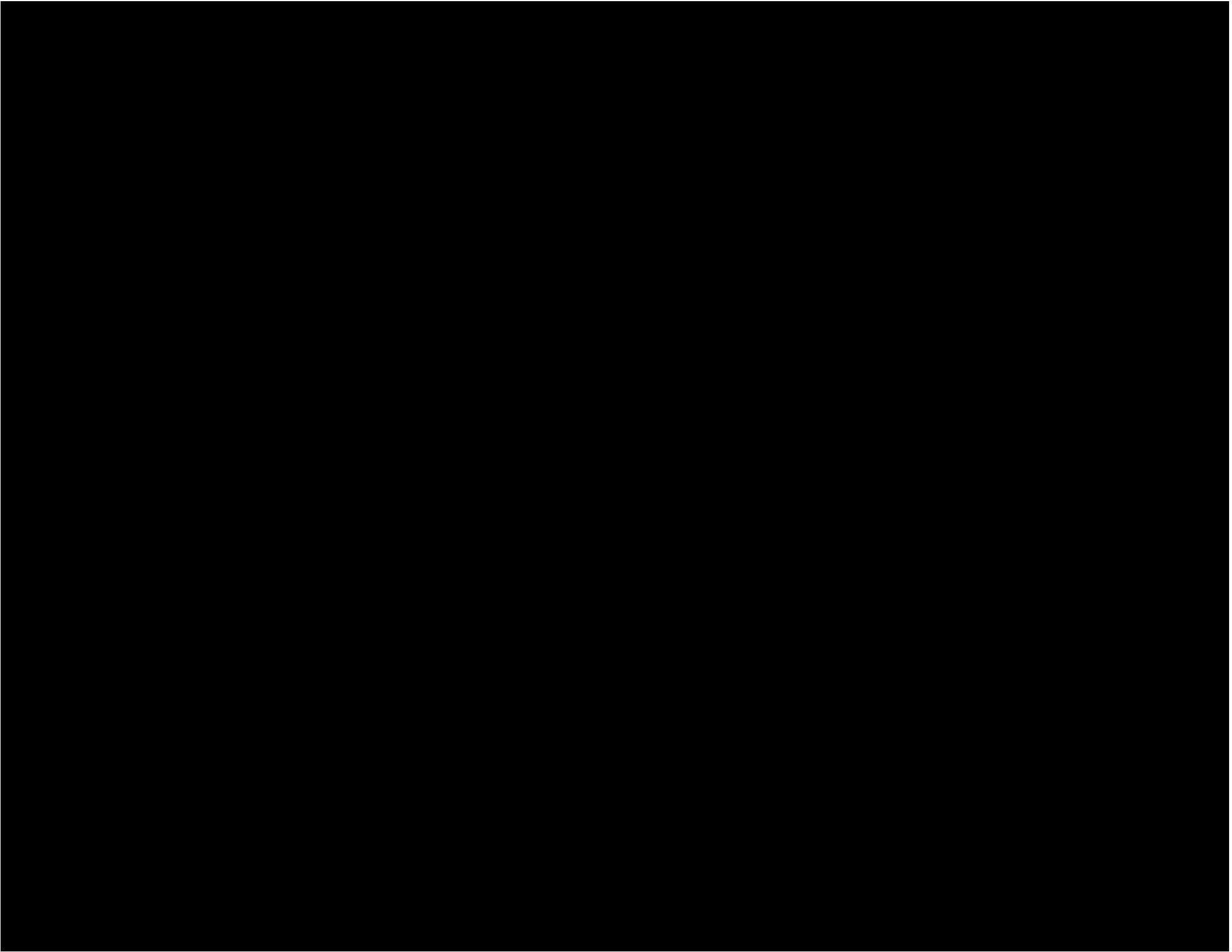


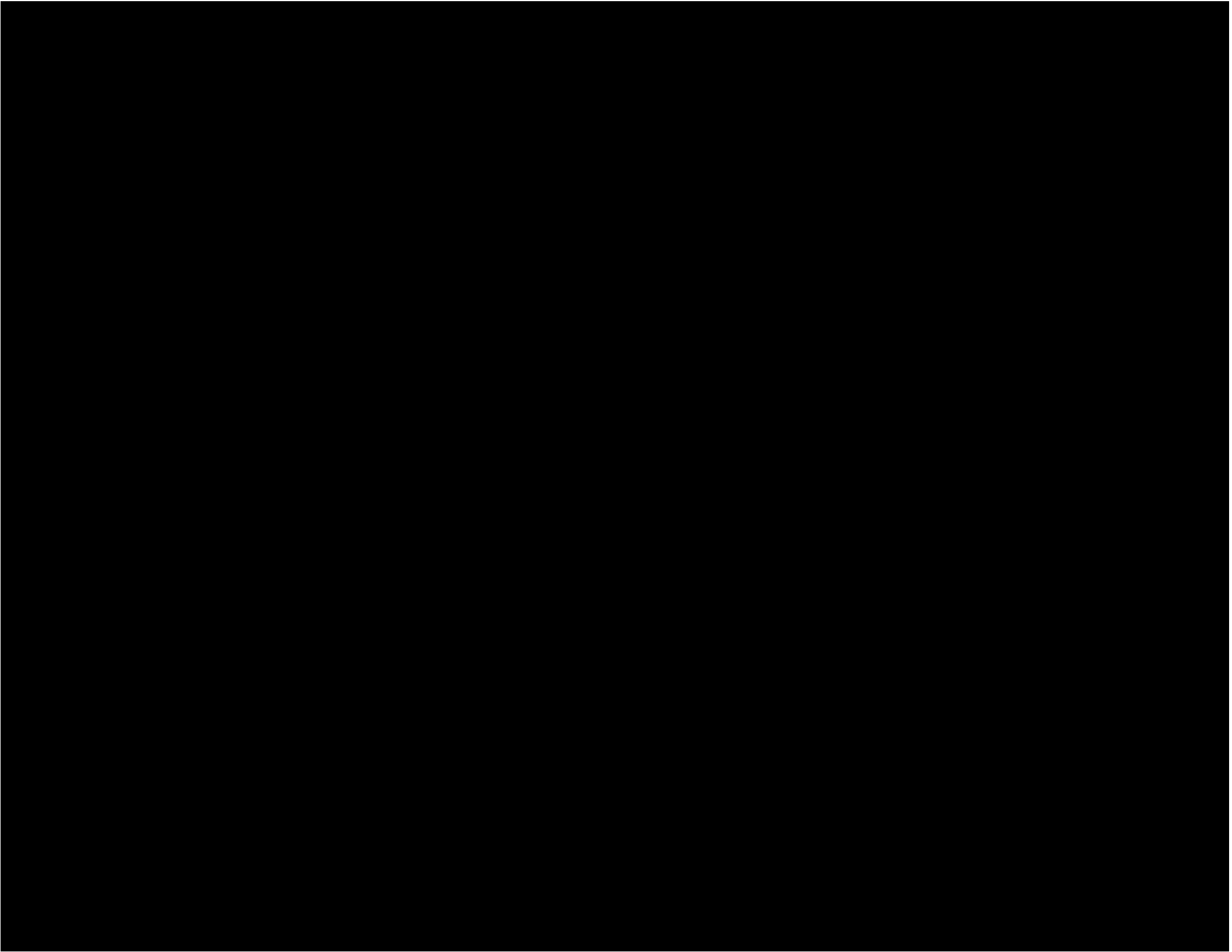




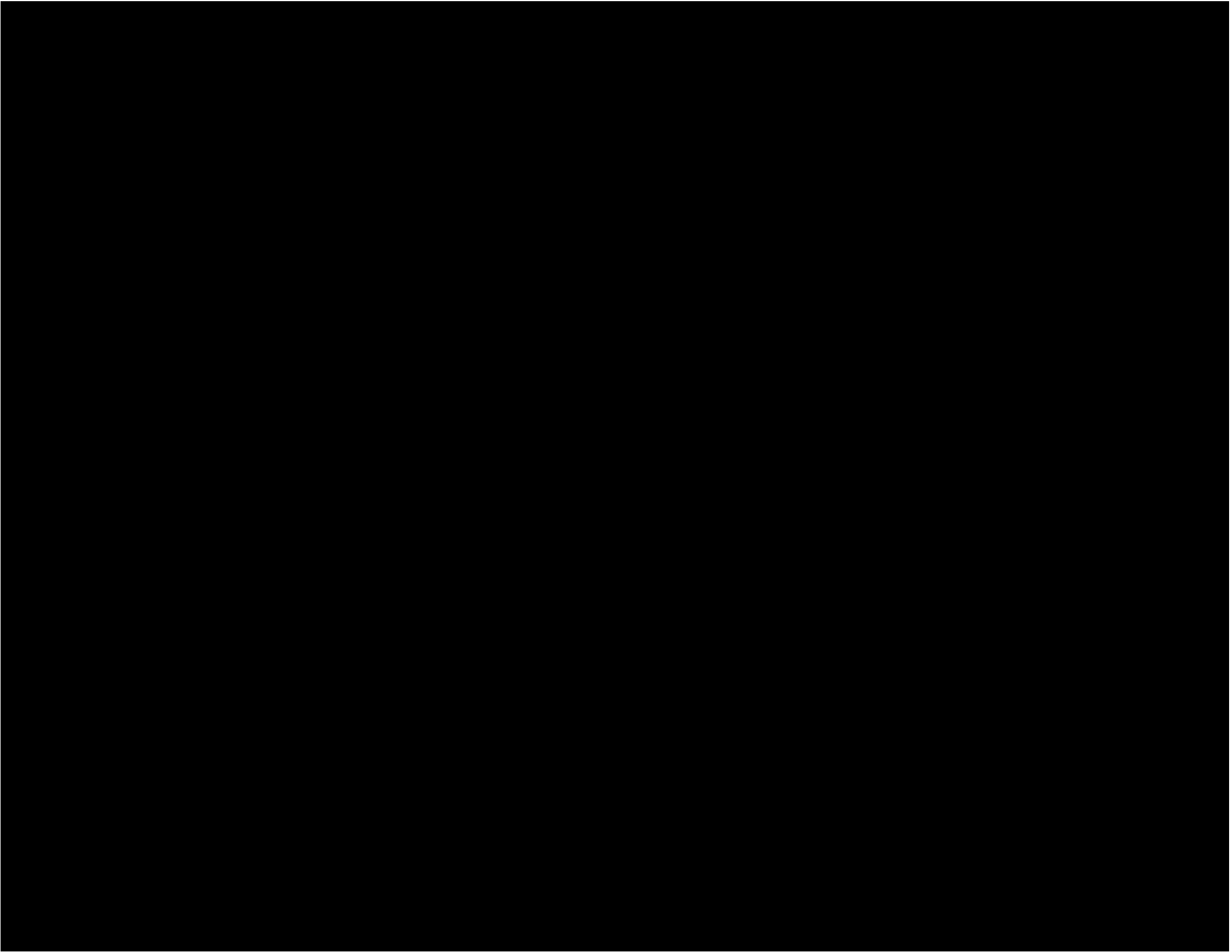


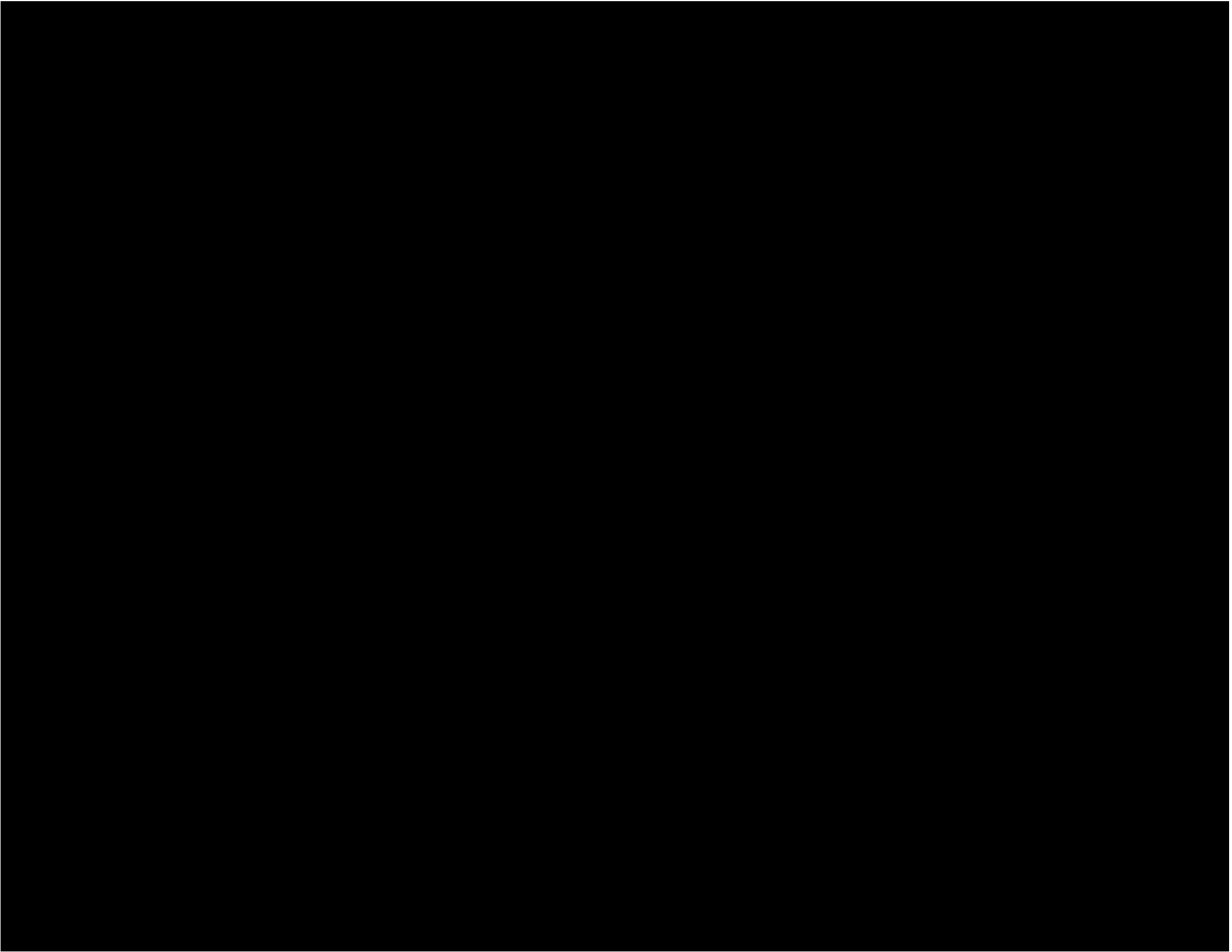


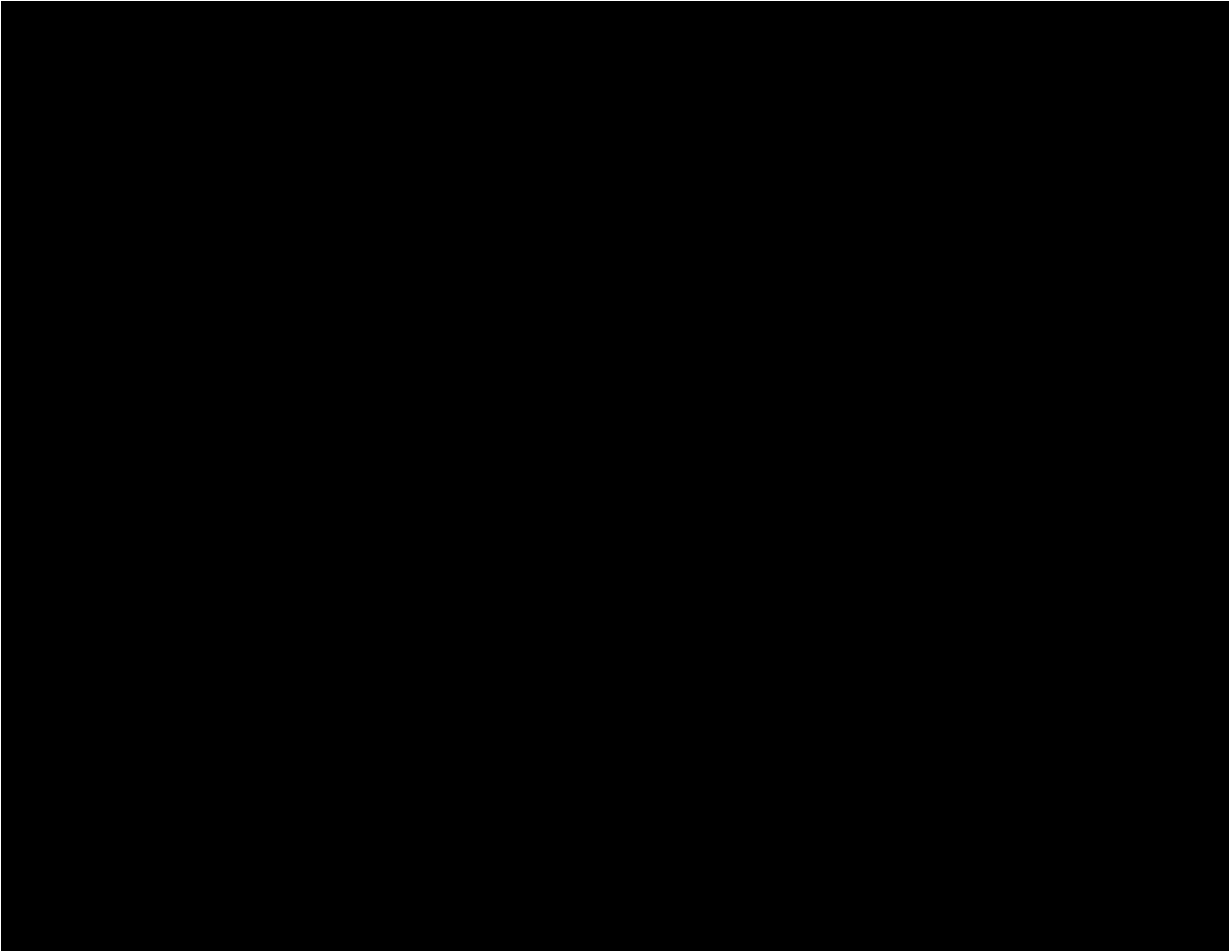


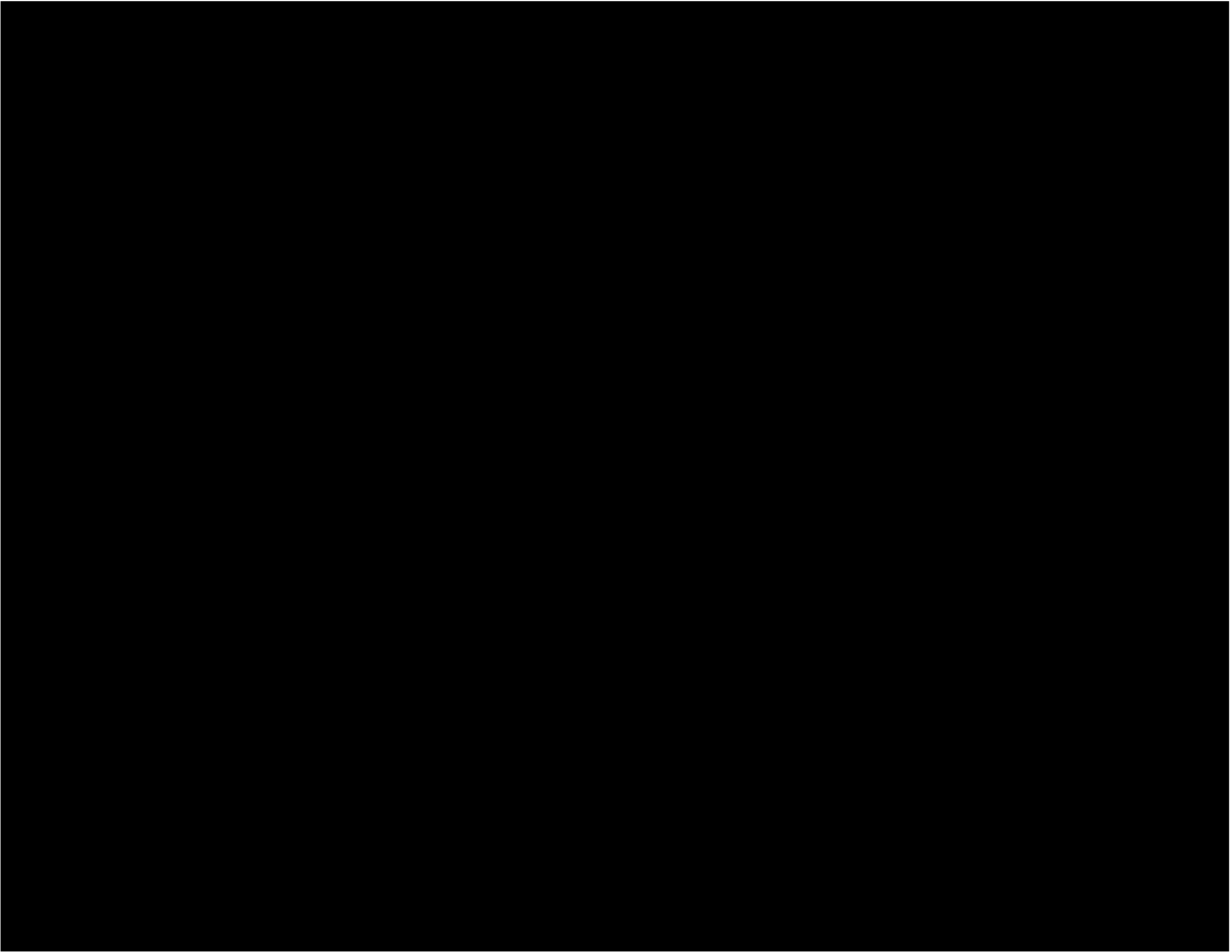


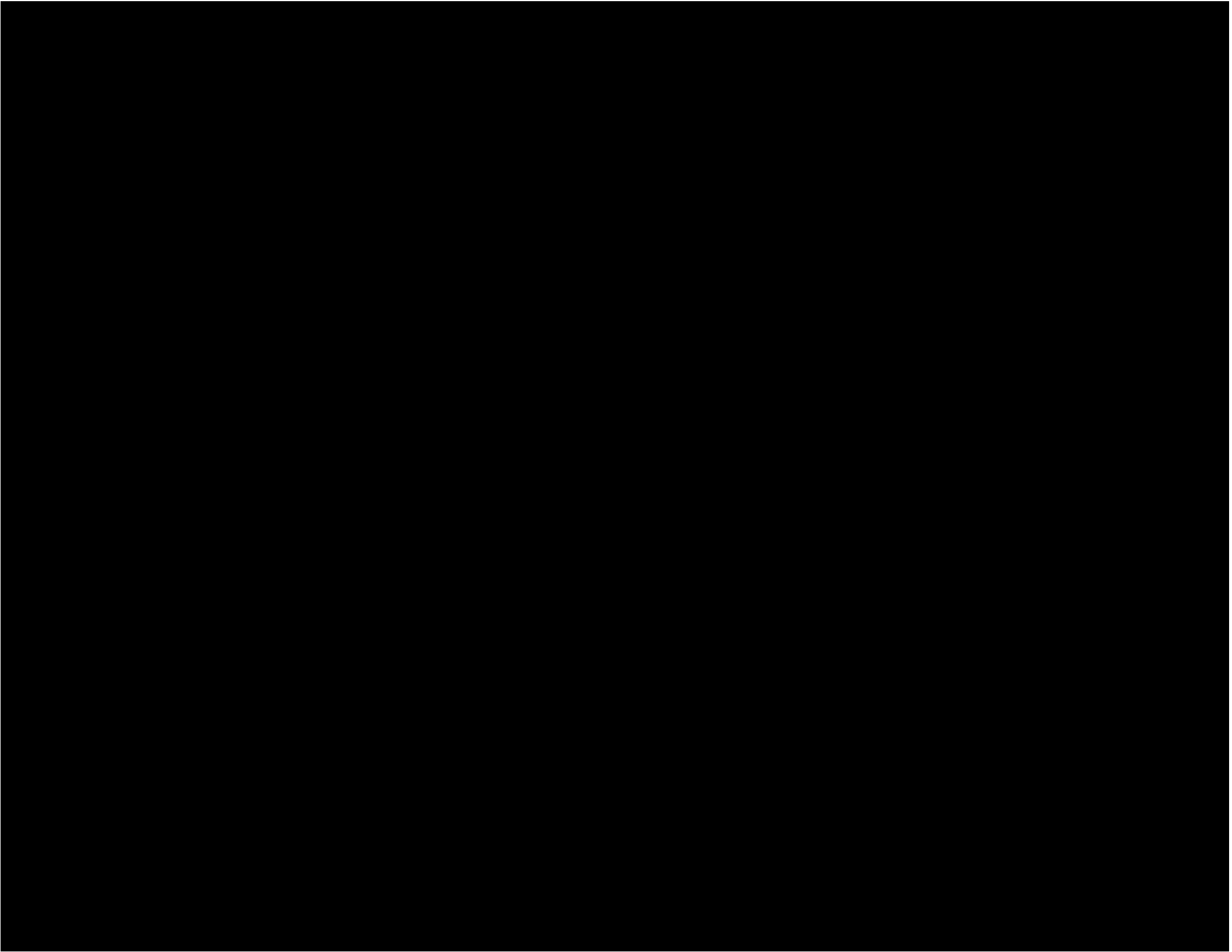


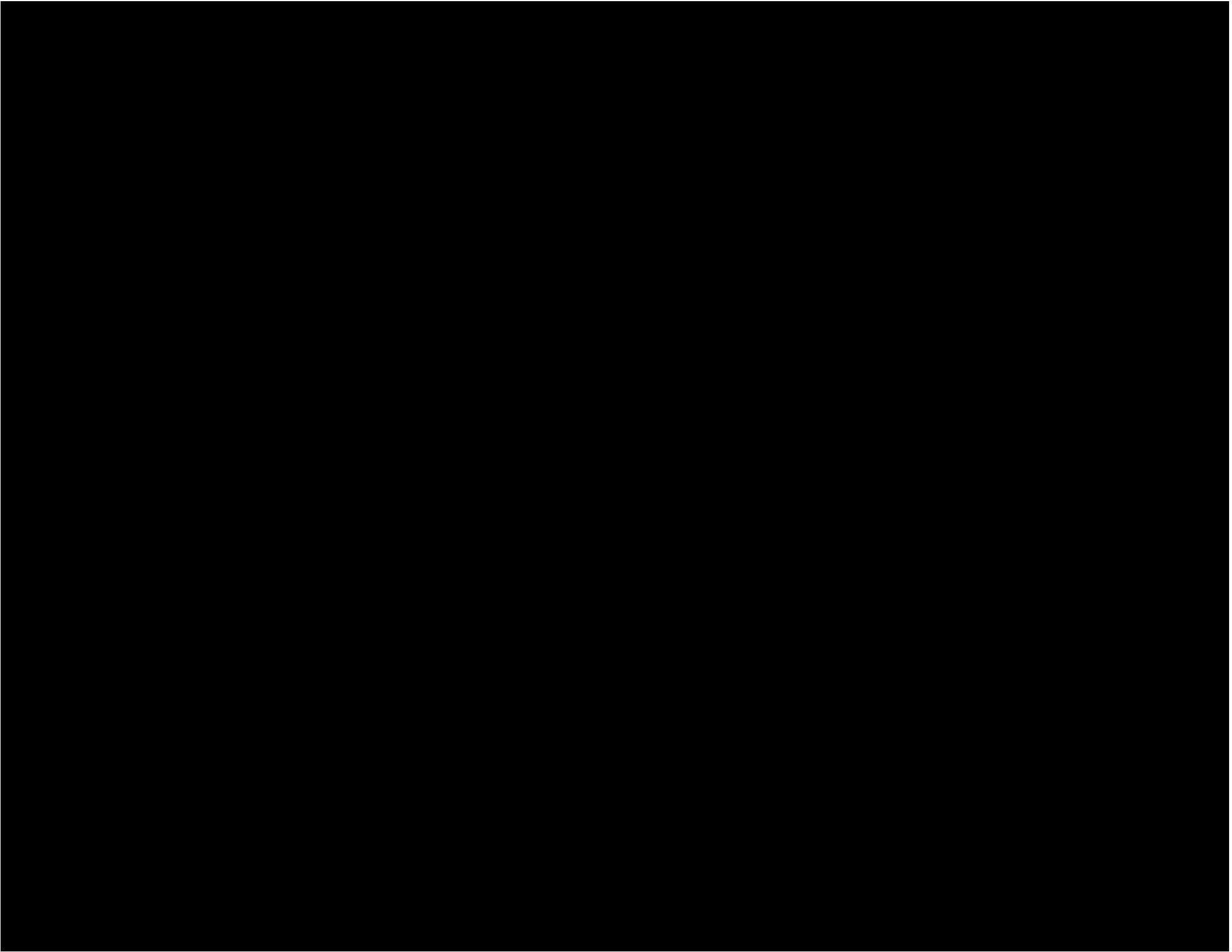


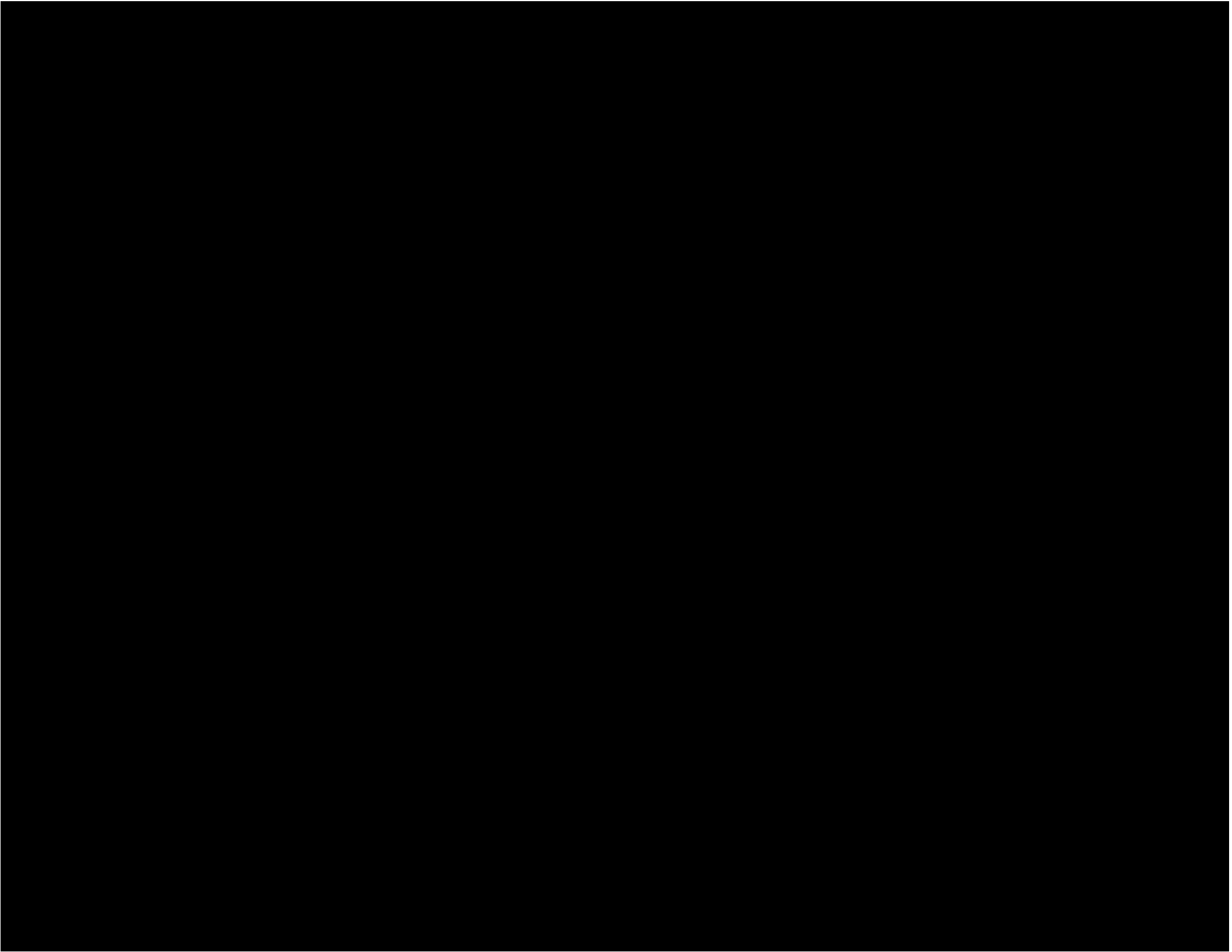




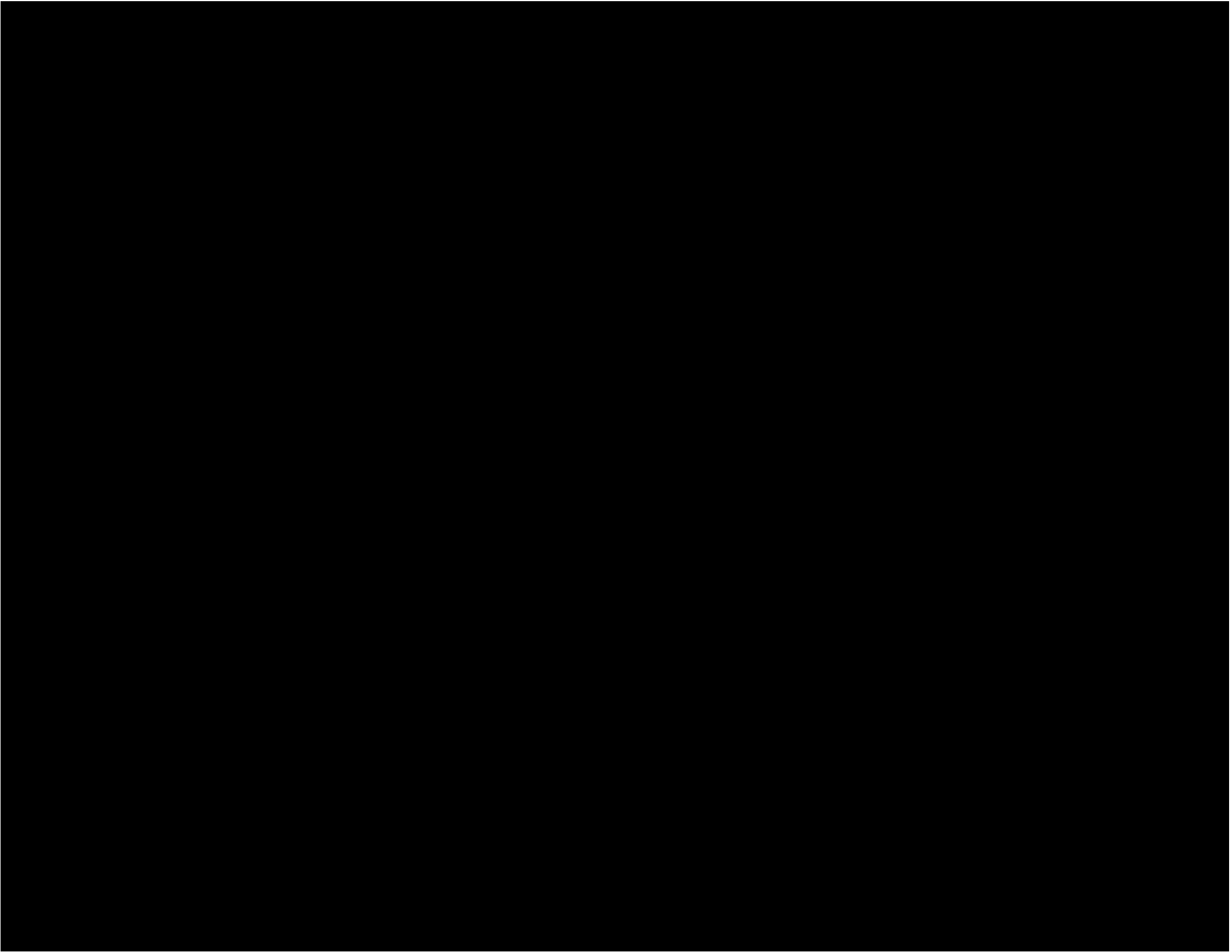


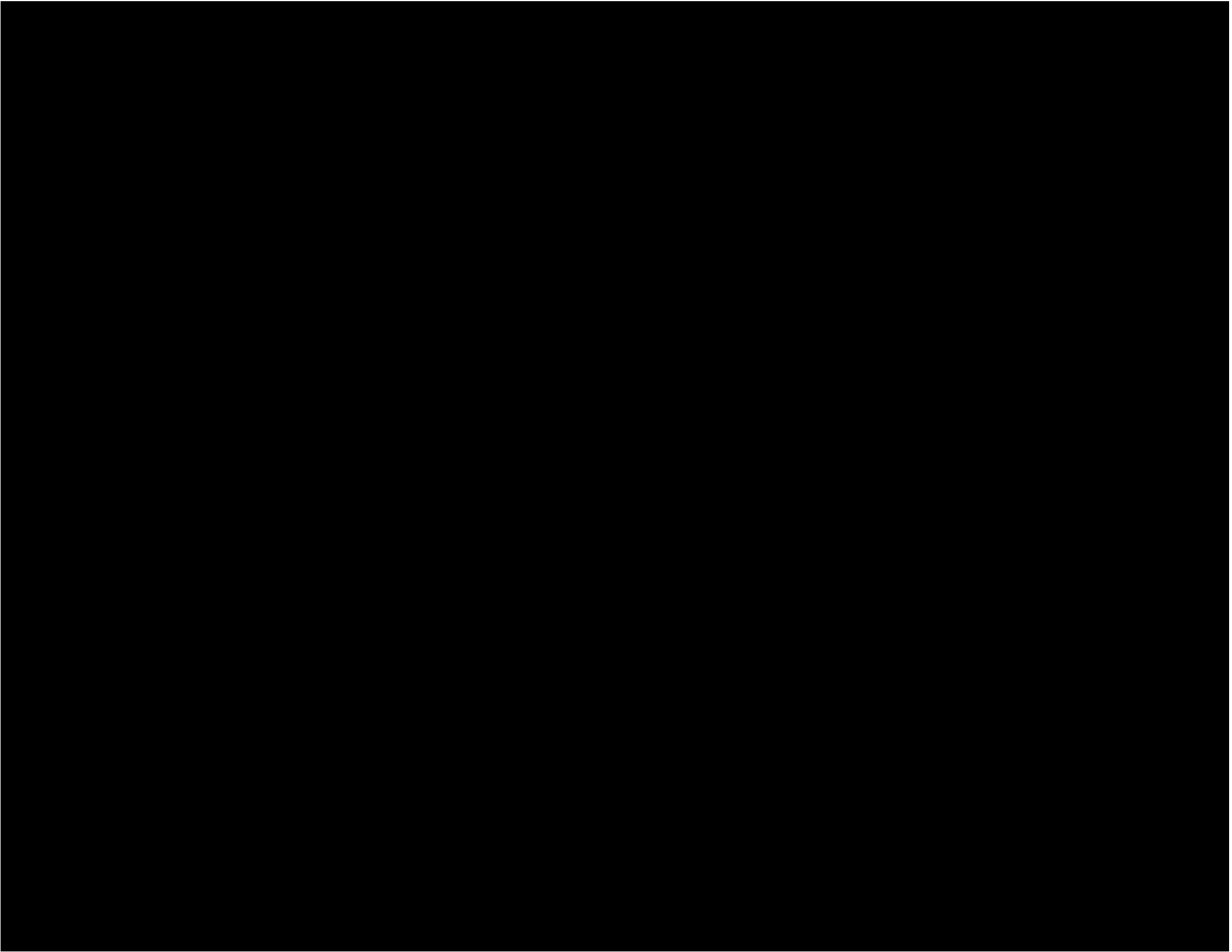












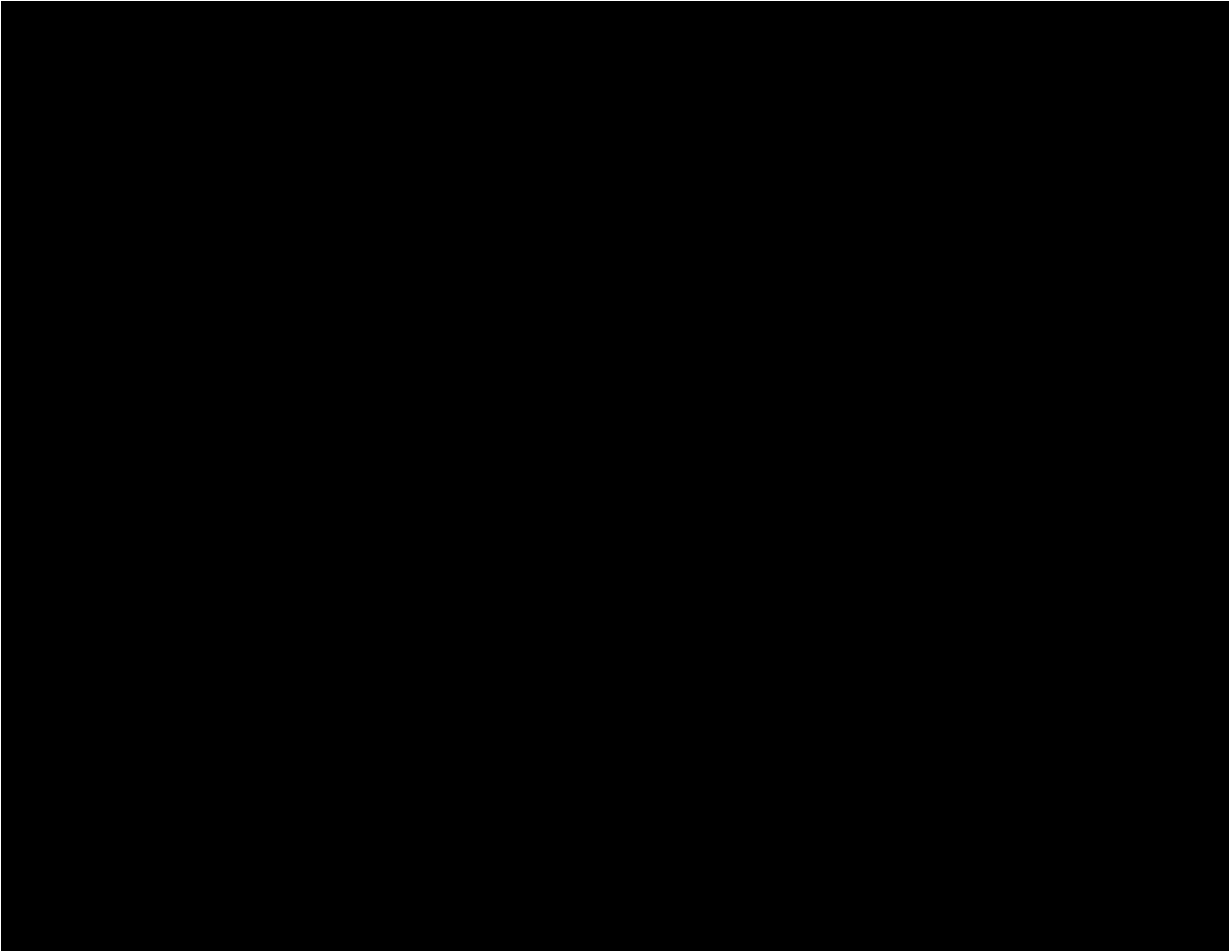


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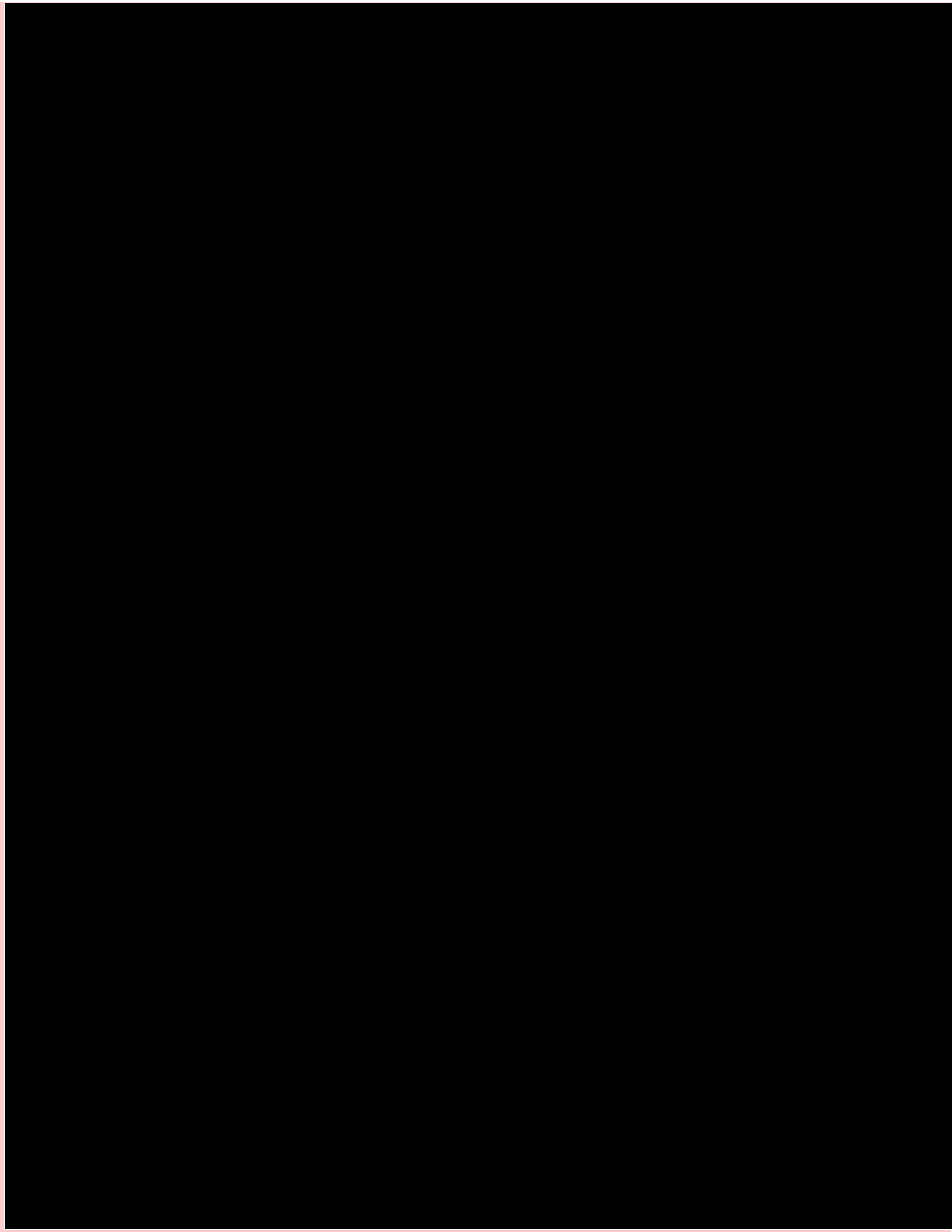


EXHIBIT 69

EXHIBIT 70

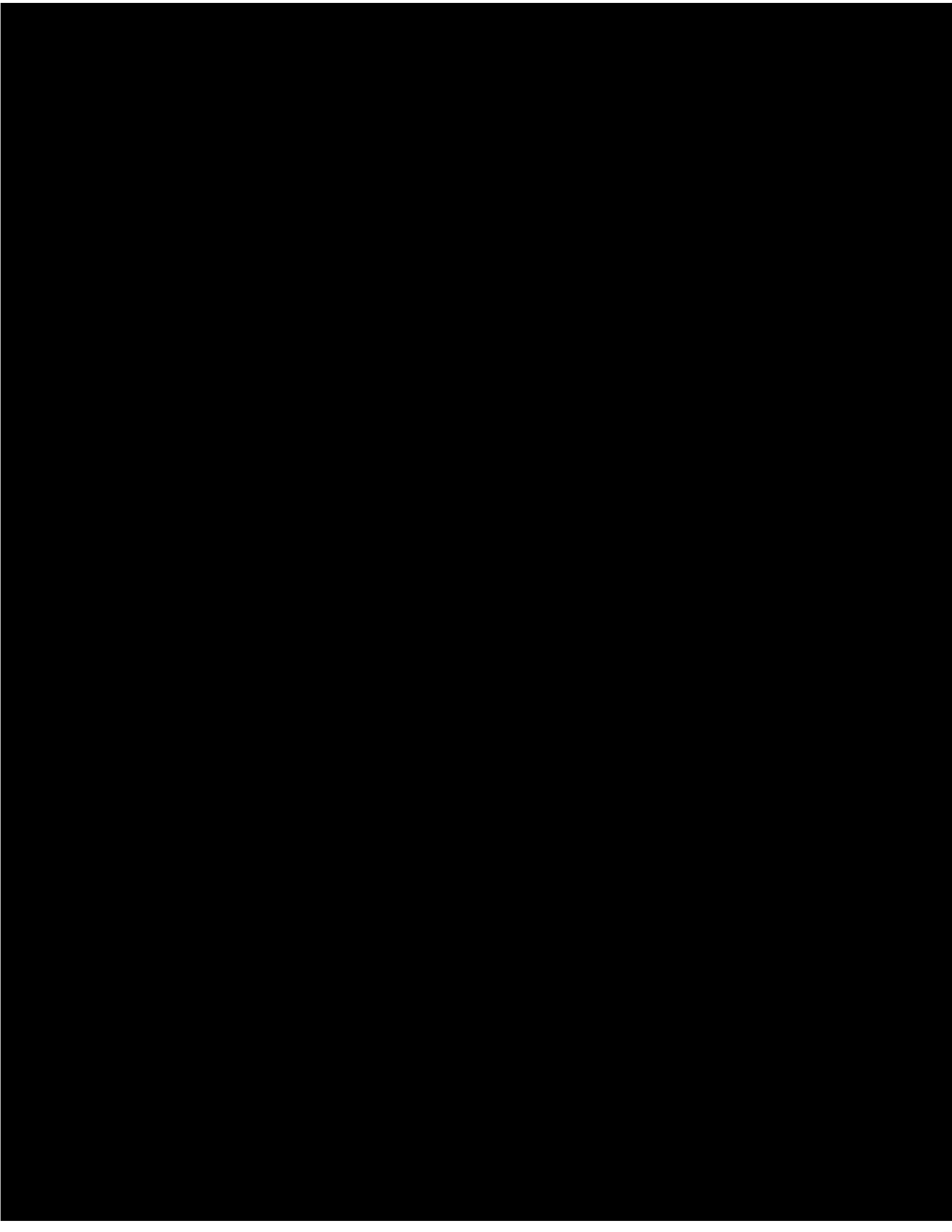


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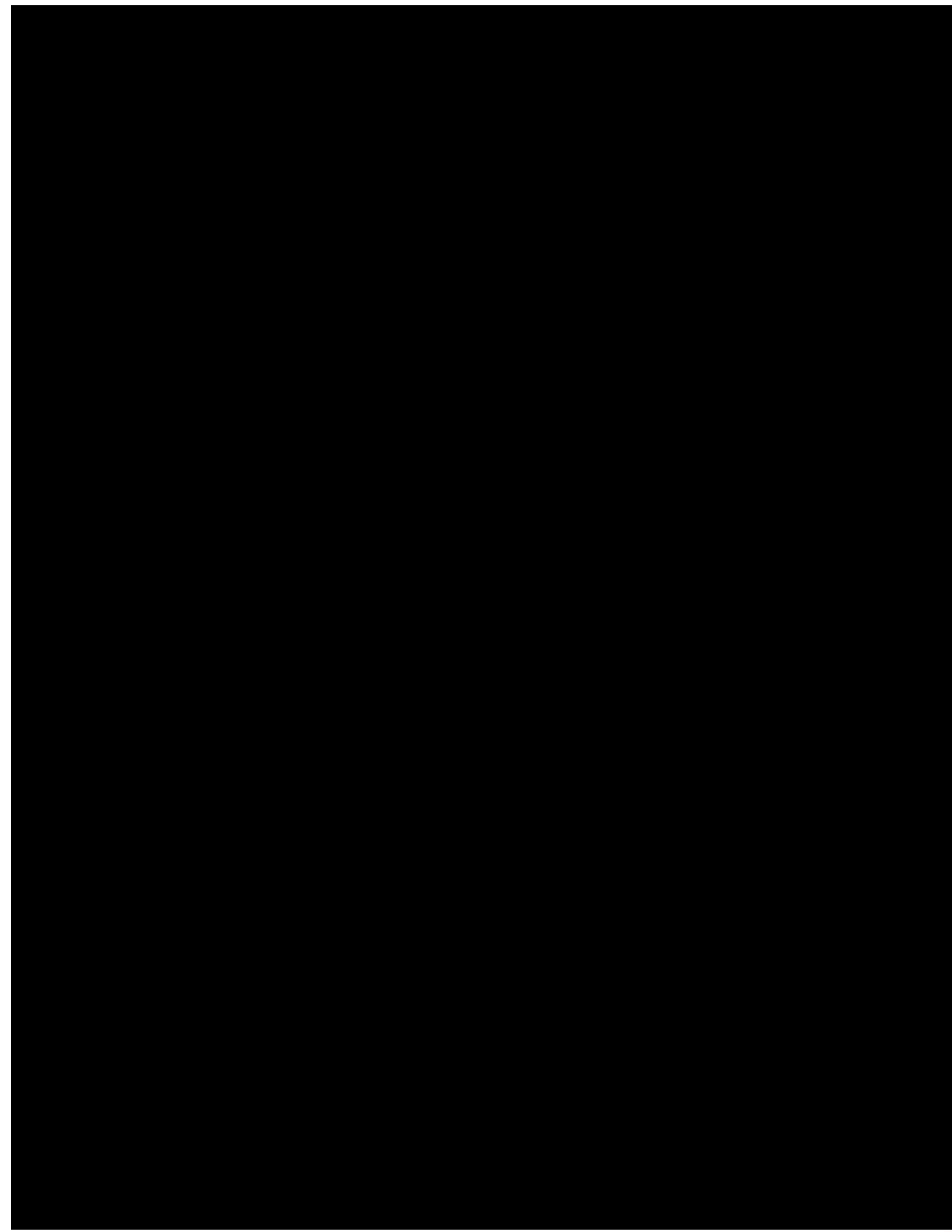


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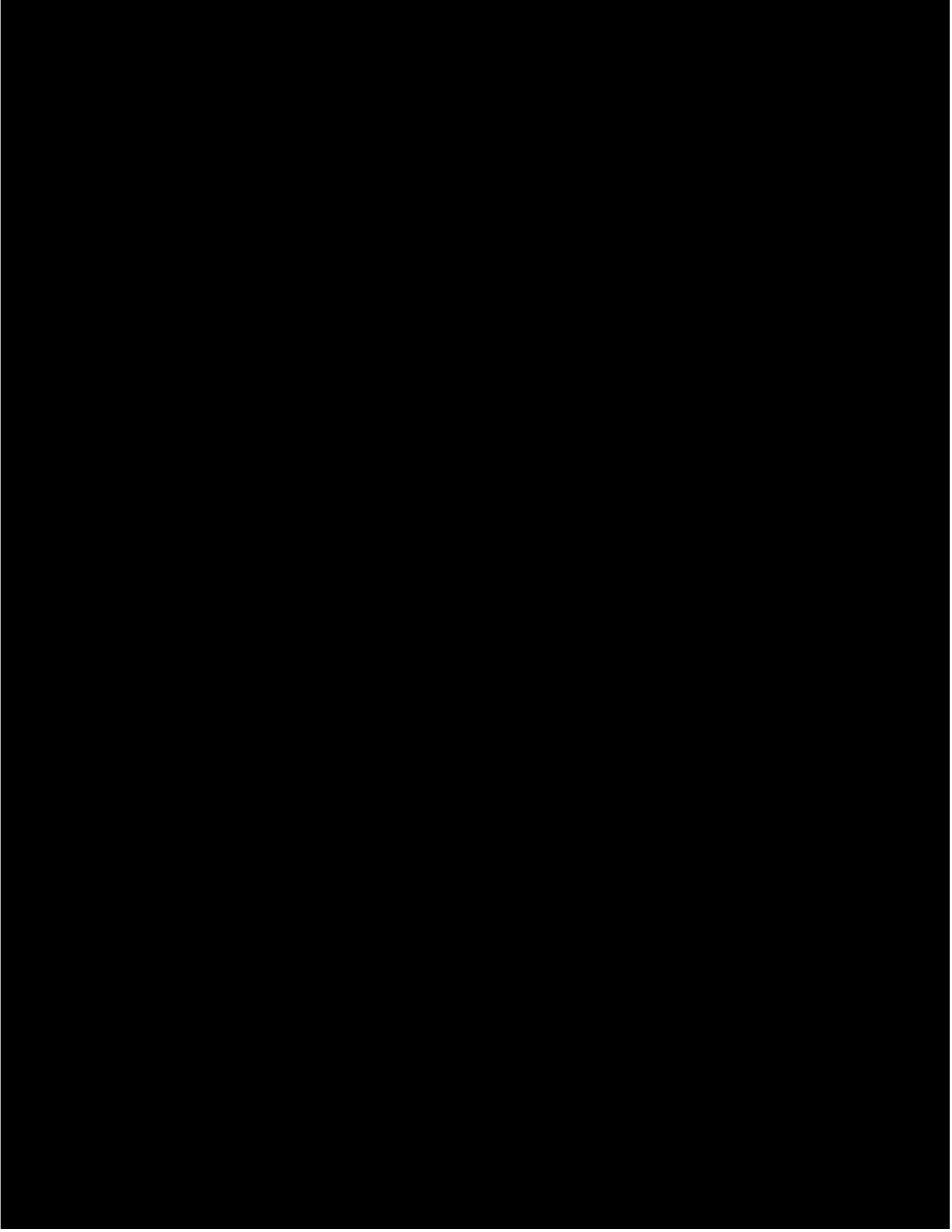


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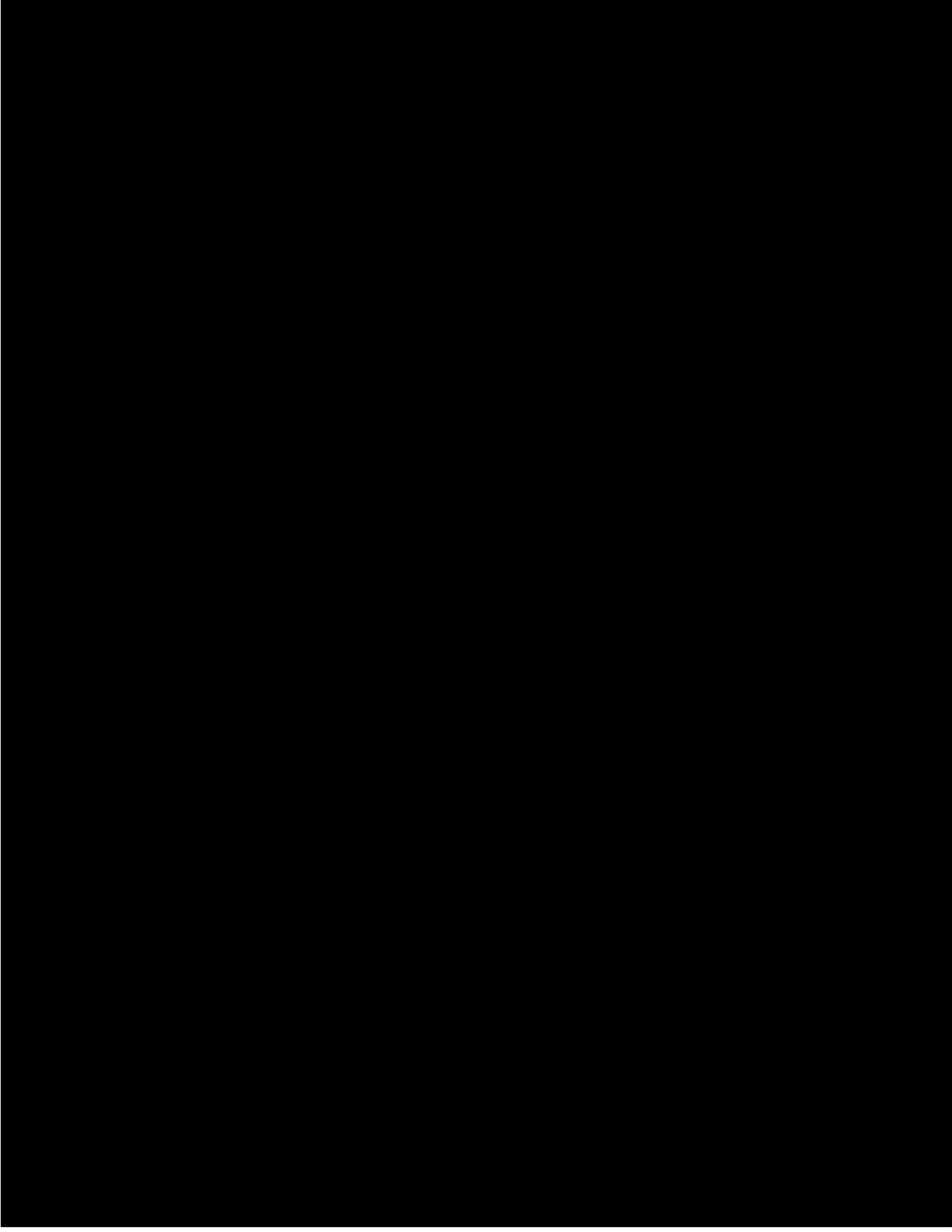


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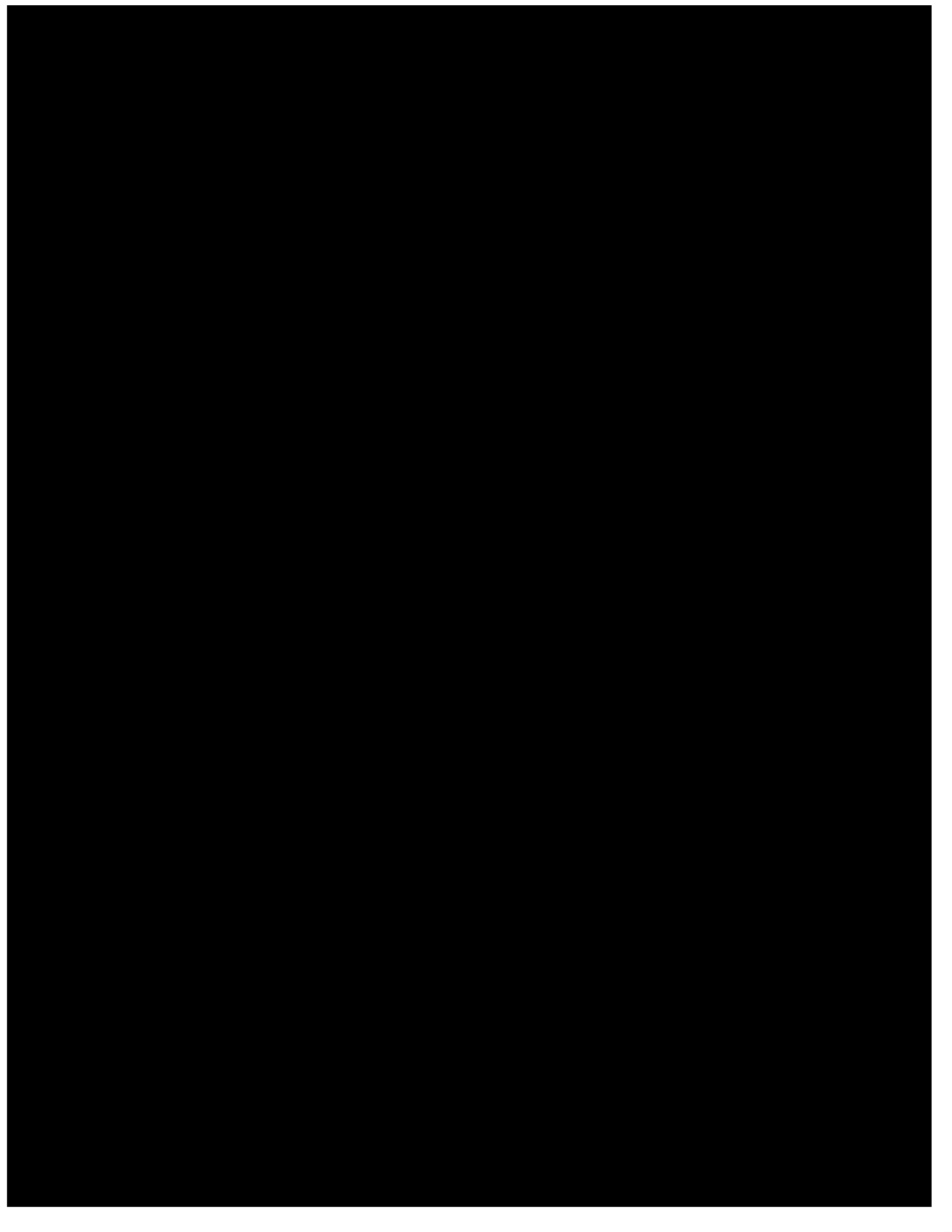


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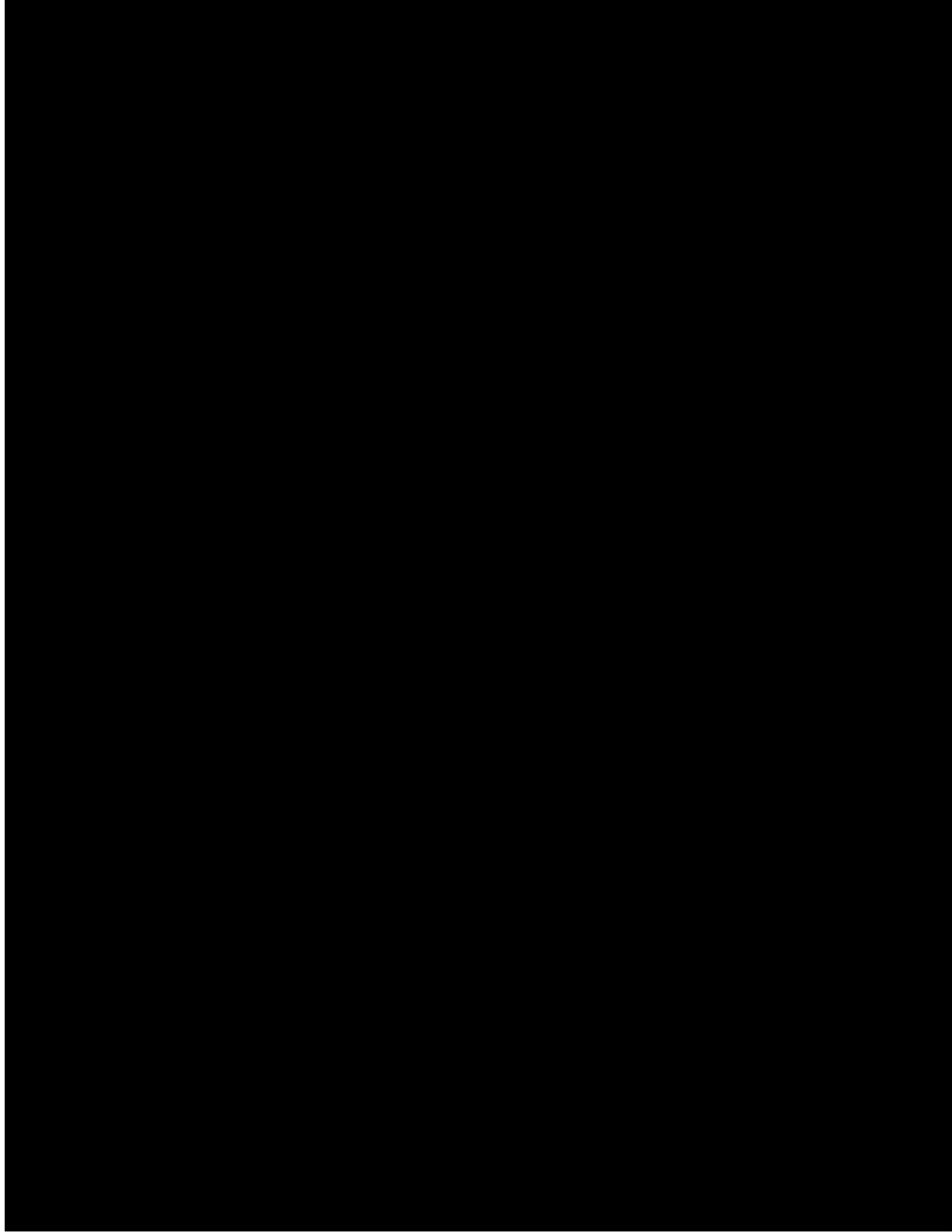


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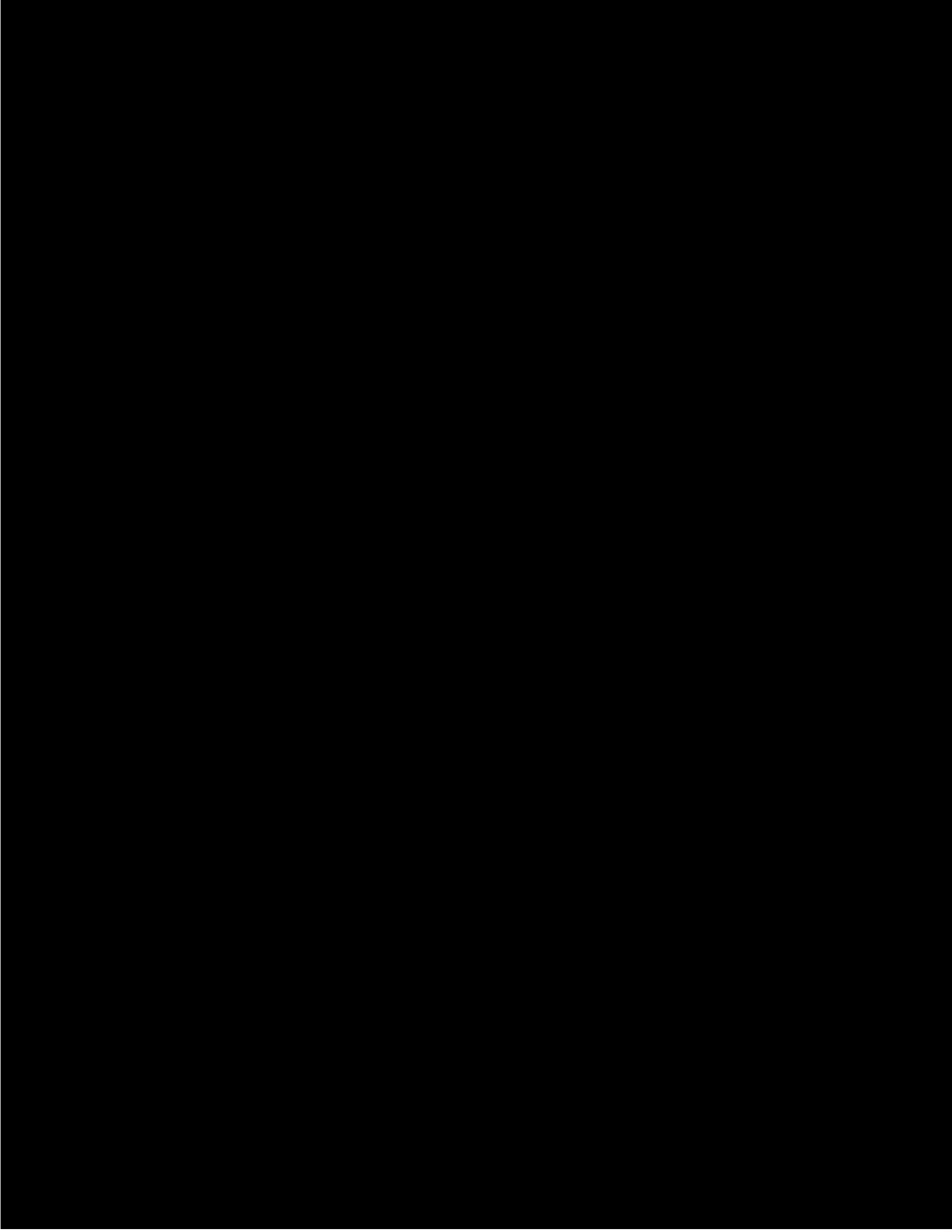


EXHIBIT 77

MARCH 8-9, 2022



Cautionary Statements

Forward Looking Statement

This presentation contains forward-looking statements which are subject to known and unknown risks and uncertainties that could cause the actual results of Quebecor Inc. ("the Corporation", "Quebecor" or "QI") to differ materially from those set forth in the forward-looking statements. Certain factors that may cause actual results to differ from current expectations include fluctuations in customer demand for Quebecor's products, variations in the cost and availability of equipment and raw materials, seasonal fluctuations in customer orders, pricing actions by competitors and changes in the general economic environment. For more information on the risks, uncertainties and assumptions that could cause Quebecor's actual results to differ from current expectations, please refer to Quebecor's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of Quebecor's Management Discussion and Analysis, and the annual reports on Form 20-F filed with the U.S. Securities and Exchange Commission (SEC) by Quebecor Media Inc. ("QMI") and Videotron. We will not update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Presentation of Financial Information

On January 1, 2019, the Company adopted the new rules under IFRS 16 standards. Accordingly, the financial results for the periods ending after January 1, 2019 (and, for comparative purposes, the financial results for the years ended December 31, 2017 and 2018) presented herein were prepared in accordance with IFRS 16.

On January 1, 2018, the Company adopted the new rules under IFRS 15 standards. Accordingly, the financial results for the periods ending after January 1, 2018 (and, for comparative purposes, the financial results for the year ended December 31, 2017) presented herein were prepared in accordance with IFRS 15.

Adjusted EBITDA ("EBITDA") is a non-IFRS measure and is defined as net income before depreciation and amortization, financial expenses, (gain) loss on valuation and translation of financial instruments, restructuring of operations and other items, income taxes and income from discontinued operations.

Consolidated net debt leverage ratio is a non-IFRS measure and is defined as consolidated net debt, excluding convertible debentures, divided by the trailing 12-month adjusted EBITDA. Consolidated net debt, excluding convertible debentures, represents total long-term debt plus bank indebtedness, lease liabilities, the current portion of lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents.

Restatement of Financial Information

In 2018, the Company announced the sale of the operations of 4Degrees Colocation Inc. ("4Degrees") to Vantage Data Centers. For comparative purposes, prior period results presented herein have been restated to exclude results related to 4Degrees.

Currency

Unless otherwise noted, all amounts are expressed in Canadian dollars.

Key Highlights



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Leading market positions



Differentiated Offering



Proven track record of
deploying new services



Growing cash flow generation



Experienced management team

Quebecor Overview

QUEBECOR

The logo for Quebecor, featuring the word "QUEBECOR" in a bold, black, sans-serif font. Below the text is a thick, blue, curved line that starts under the 'Q' and sweeps upwards and to the right, ending under the 'R'.

A Fully Integrated Telecom & Media Company

QUEBECOR

Revenue **\$4,554**
EBITDA **\$1,973**

Class A **TSX: QBR.A**
Class B **TSX: QBR.B**
Market cap **\$6.8 billion**

100%

QUEBECOR *Media*

Revenue **\$4,554**
EBITDA **\$1,974**



Media

- Conventional & specialty television
- Newspaper & magazine publishing
- Outdoor advertising
- Digital platforms

Revenue **\$776**
EBITDA **\$83**



Telecommunications

- Largest cable operator in Quebec
- Third largest cable operator in Canada
- Facility-based wireless operator in Quebec

Revenue **\$3,735**
EBITDA **\$1,876**



Sports and Entertainment

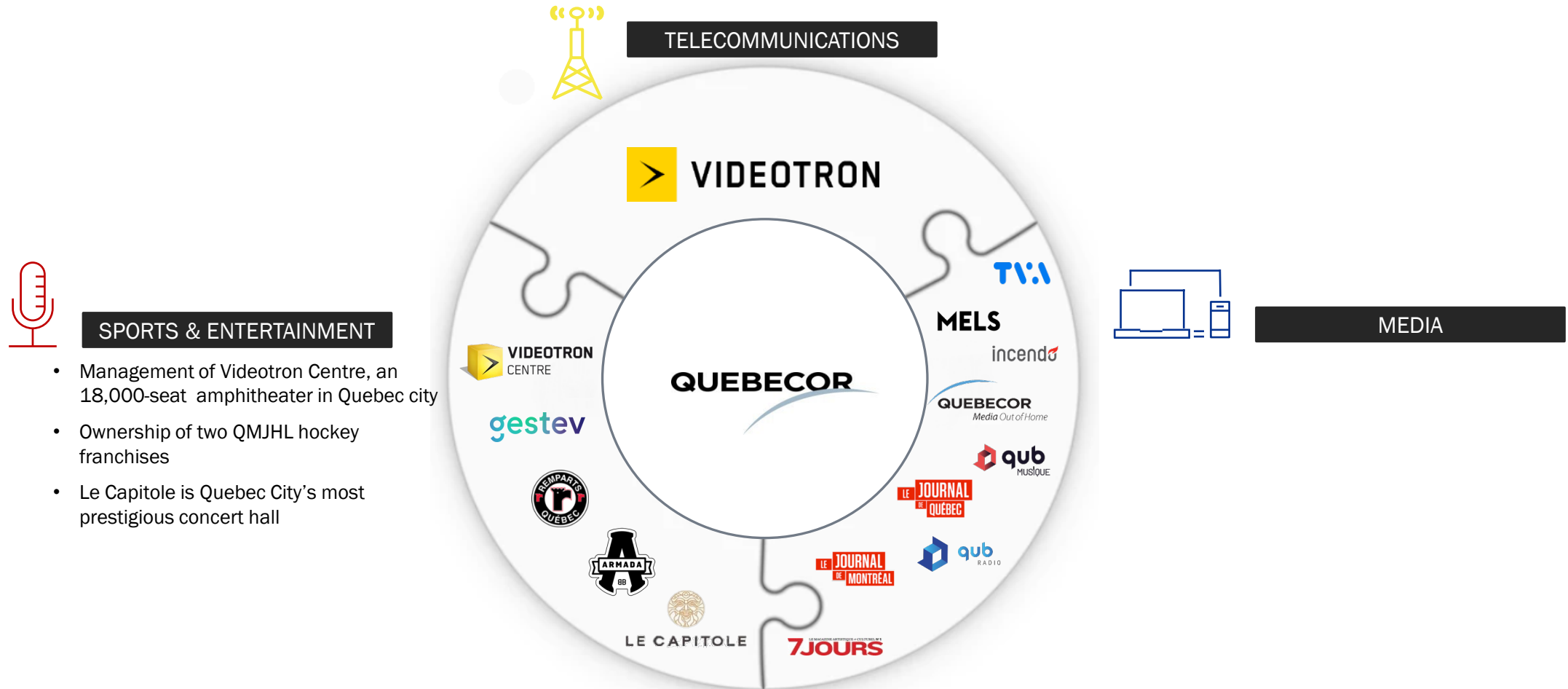
- Production & promotion of live events
- Management of the Videotron Center
- Ownership of two QMJHL franchises
- Book publishing & music production

Revenue **\$167**
EBITDA **\$20**

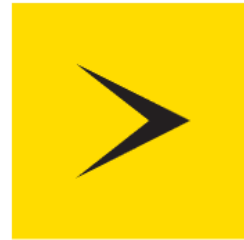
Notes: Segmented revenues include inter-company revenues
Market capitalization calculated as of December 31, 2021

Convergence Strategy

Maximizing synergies within portfolio of assets and leveraging content across multiple distribution platforms



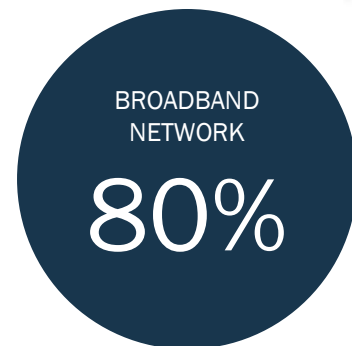
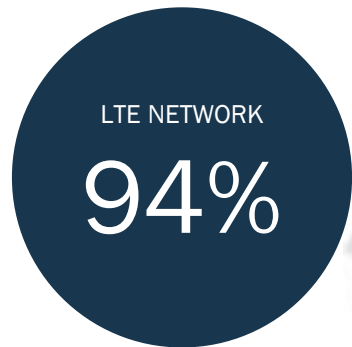
Telecommunications Segment



VIDEOTRON

First-Class Networks

Leveraging our first-class broadband and mobile networks to offer a wide range of advanced services



of Quebec's total addressable market

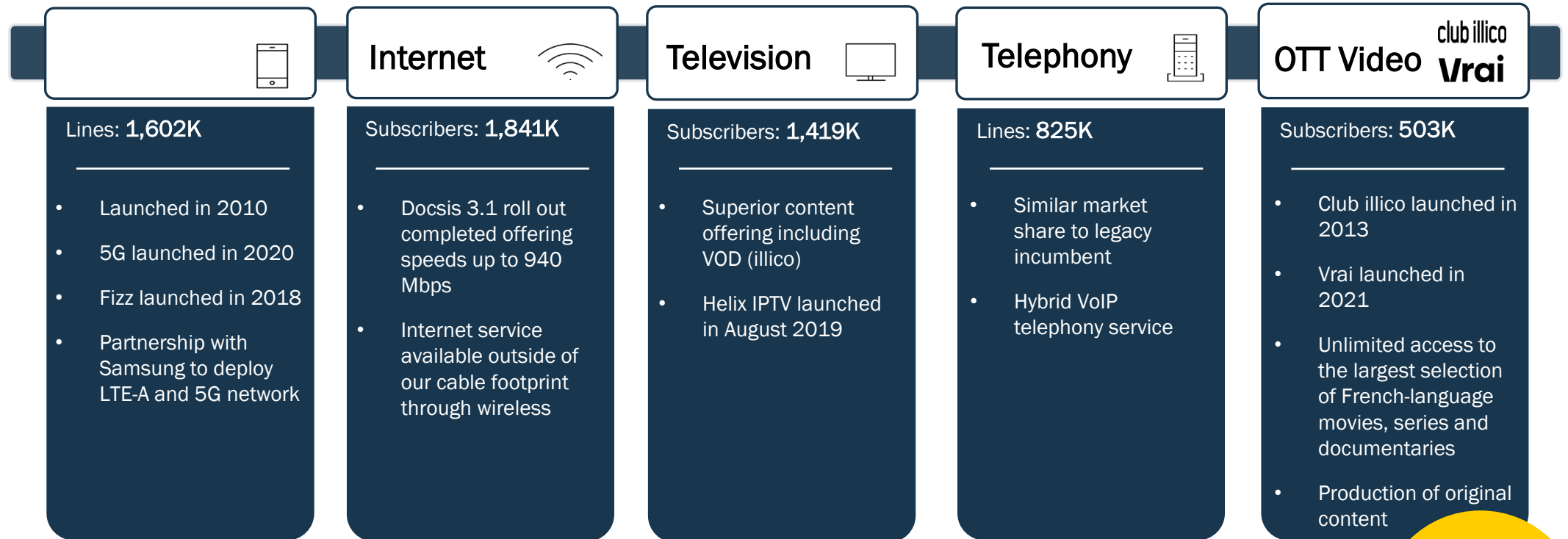
Covering 9 of Quebec's top 10 urban areas

- 1) Montreal >
- 2) Quebec >
- 3) Laval >
- 4) Gatineau >
- 5) Longueuil >
- 6) Sherbrooke >
- 7) Saguenay >
- 8) Levis >
- 9) Trois-Rivieres >
- 10) Terrebonne >

> Covered by Videotron's broadband network

Comprehensive Suite of Telecom Services

Bundling has proven effective to attract new customers, reduce churn and maximize customer lifetime value



Customers appreciate the **convenience** and **cost savings** of having their telecommunications services bundled

MULTI-SERVICE CUSTOMERS

71%

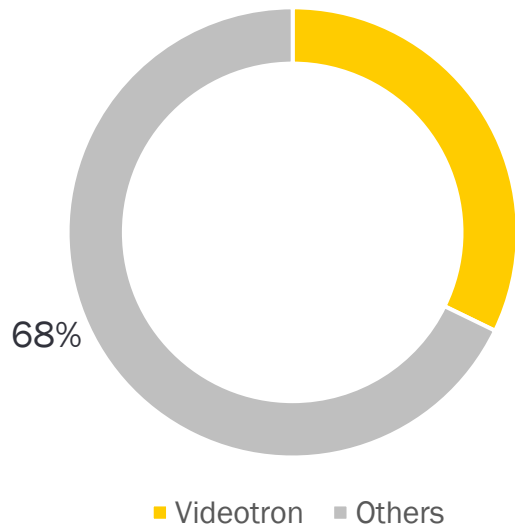
Note: Customer statistics as of December 31, 2021

Leading Market Positions Across Offering

Strong brand names contributing to deeper market penetration of existing suite of services and successful introduction of new services

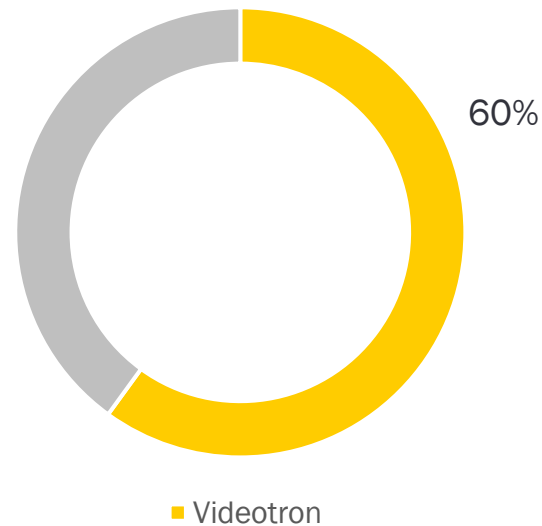
#1 Fastest growing mobile operator in Quebec

Market Share of gross adds



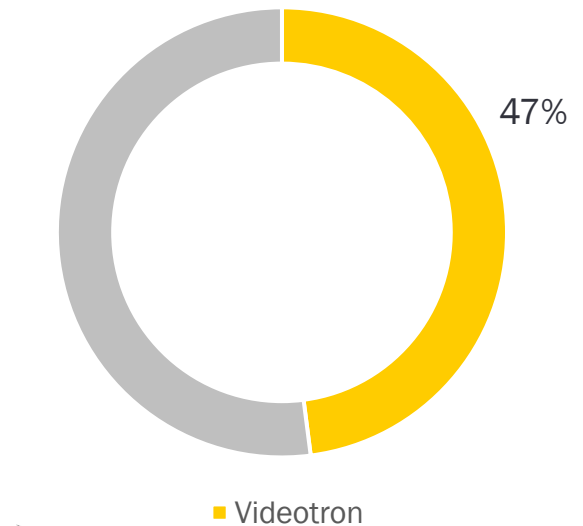
#1 Internet provider in Quebec footprint

Penetration of homes passed



#1 Television service provider in Quebec footprint

Penetration of homes passed



6.2M revenue generating units

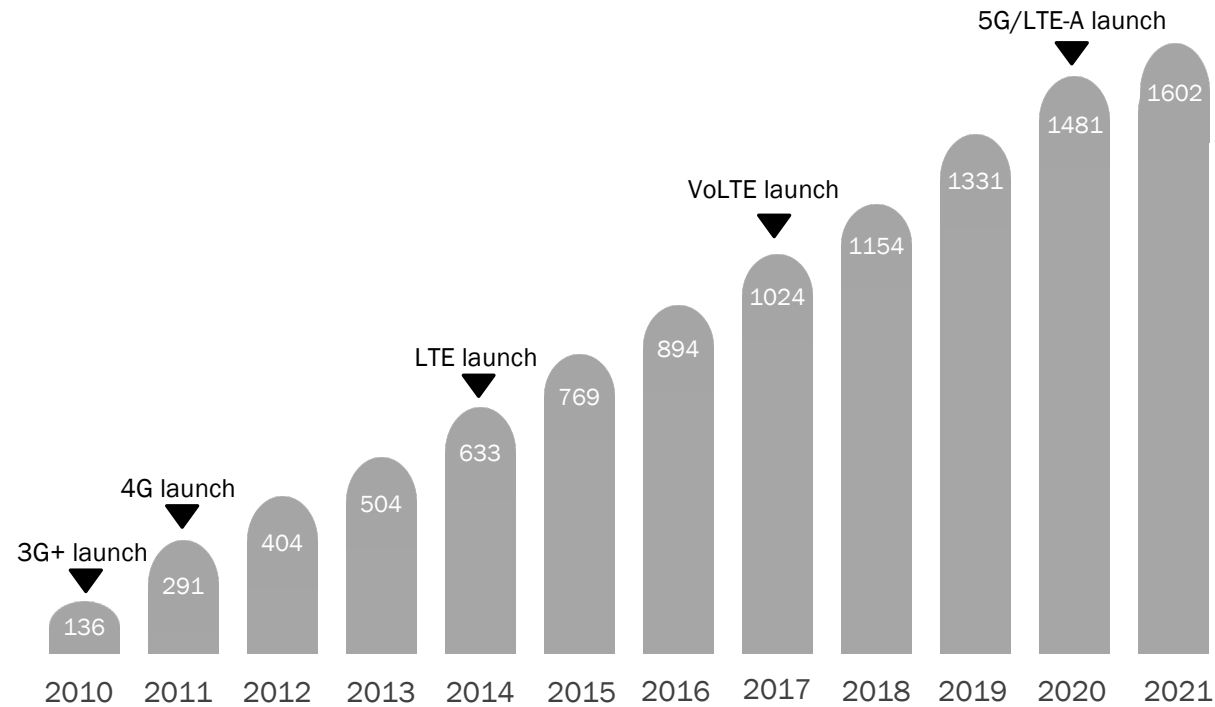


Source: Internal reports. Market share of gross adds in Q4-2021. Penetration rates of homes passed and number of revenue generating units as of December 31, 2021

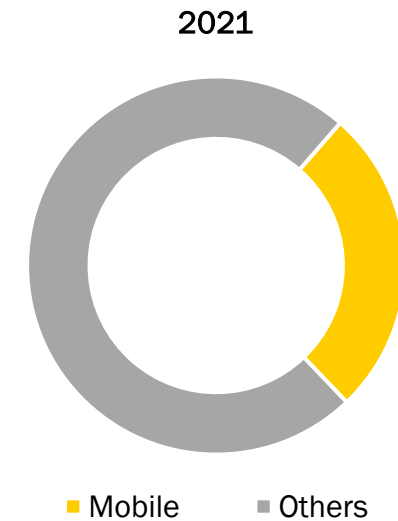
Leading Market Positions

From emerging player in mobile services to leadership position in Quebec

Mobile Lines (000) at Period End



Mobile Revenues as a Percentage of Total Revenues ¹



¹ Mobile services and equipment revenues

Differentiated Mobile Offering

Mobile plans offering distinctive features improving value proposition and differentiating offering from competition



Free Club illico mobile
Original French-language productions any time, anywhere

100 Gb of annual bonus data
On top of monthly data allowance

No throttling
Consistent speed even above the data allowance

Note: Promotions available with all-inclusive mobile plans as of the date hereof

Helix's evolution from IPTV and broadband to a platform offering countless functions in appliance functionality, energy efficiency, home security and entertainment is posing great potential

HELIX



- ✓ Voice command and search
- ✓ Integration of Netflix, YouTube, Club illico, Vrai, Amazon Prime Video
- ✓ Kids Zone, a secure space with kid-friendly content
- ✓ Sports section with live scores and stats
- ✓ Smart Wi-Fi
- ✓ Advanced security functions
- ✓ Helix Fi app for Wi-Fi management
- ✓ Helix app to watch content remotely
- ✓ Wi-Fi pods for extended coverage

New mobile and Internet brand featuring advantageous pricing, a fully digital experience and complete user autonomy

fizz

Fizz gives the user full control:

- ✓ **Mobile** : reinvented the telecommunications market with a 100% digital model
- ✓ **Internet** : get a connection in a few quick steps: choose your plan, order and install your Wi-Fi modem yourself

⊘ No call center

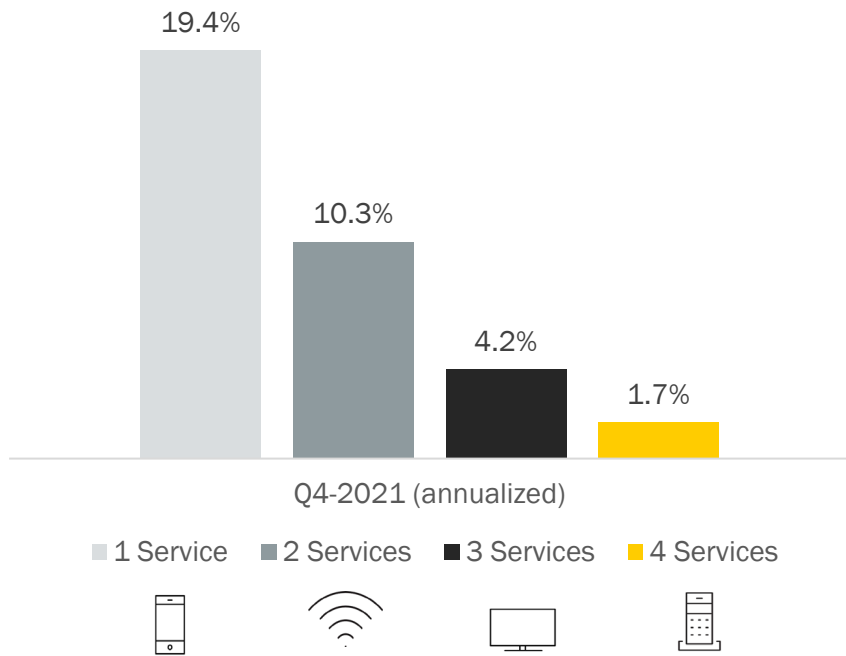
⊘ No retail network

⊘ No truck roll



Bundling Reduces Churn

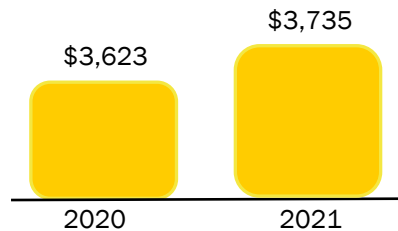
Churn Rates – Residential Clients



Strong Financial Performance

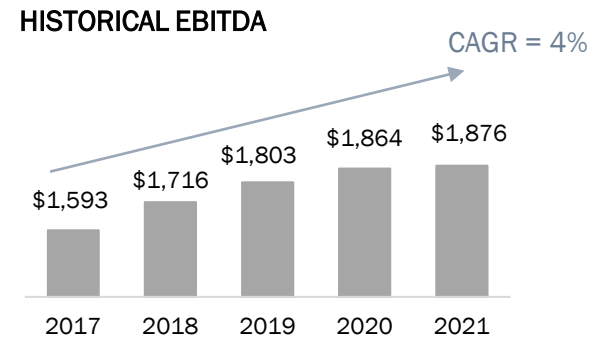
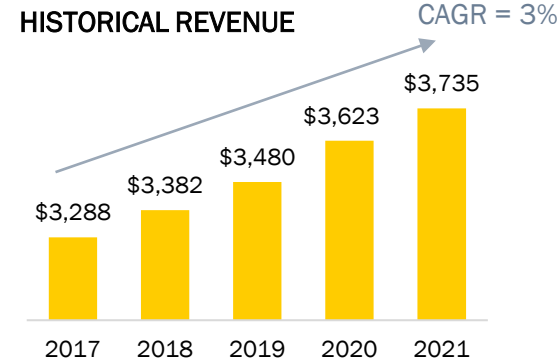
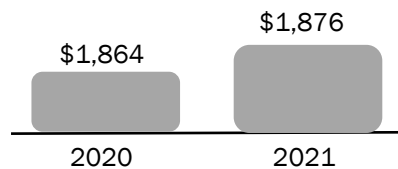
Telecommunications Segment

Revenue 2021 +3%



C\$ millions

EBITDA 2021 +1%



Contributors:

- RGU and total ABPU growth
- Steady roll out of new services
- Continued focus on customer service
- Operating leverage

Growth Drivers

Well poised for growth by capitalizing on recent and ongoing initiatives

Helix

IPTV and broadband service

- Smarter, enhanced TV experience
- More powerful Wi-Fi
- Watch content at home or away
- Constant new features like home automation
- Convenient and safe self-installation

Fizz

Mobile and broadband brand

- Advantageous pricing
- 100% digital service
- 1st carrier to allow data gifting or carry over
- Scalable digital platform



Network extension

- Roll-out of high-speed Internet in remote regions*
- Connection of 37,000 households
- \$258M in government financial assistance

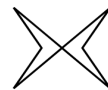
Business services

- Acquired Fibrenoire in 2016
- providing fiber-optic connectivity

(key band for 5G)



(room for growth)



VIDEOTRON
Business

3500 MHz Auction: Another Step Towards Expansion Outside Québec



Unique combination of expertise, experience, innovative approach and financial wherewithal to succeed in providing that essential 4th player role in Canada

Quebecor's Financial Highlights

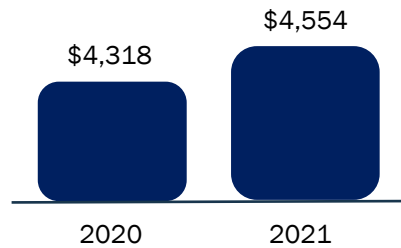
QUEBECOR

The logo for Quebecor, featuring the word "QUEBECOR" in a bold, black, sans-serif font. Below the text is a thick, blue, curved line that starts under the 'Q' and sweeps upwards and to the right, ending under the 'R'.

Strong and Steady Growth

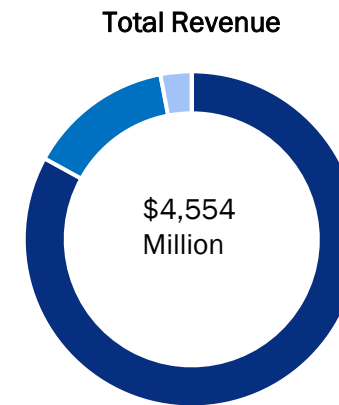
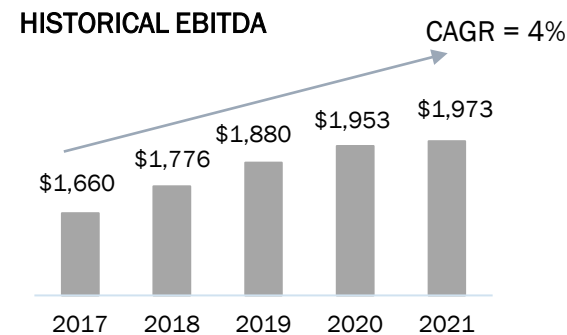
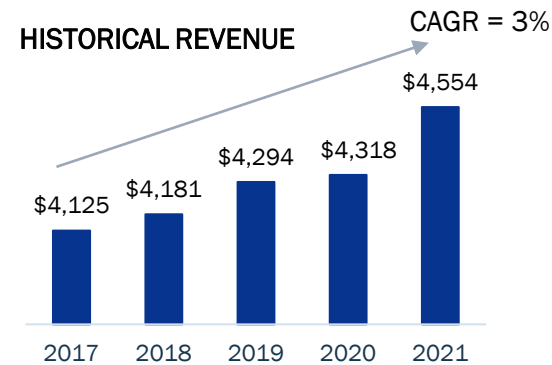
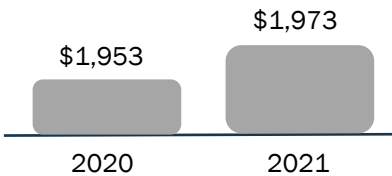
Q1

Revenue 2021 +5%

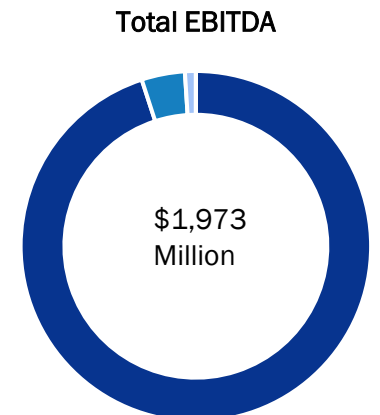


C\$ millions

EBITDA 2021 +1%



- Telecommunications
- Media
- Sports & Entertainment
- Head office & Inter-segments



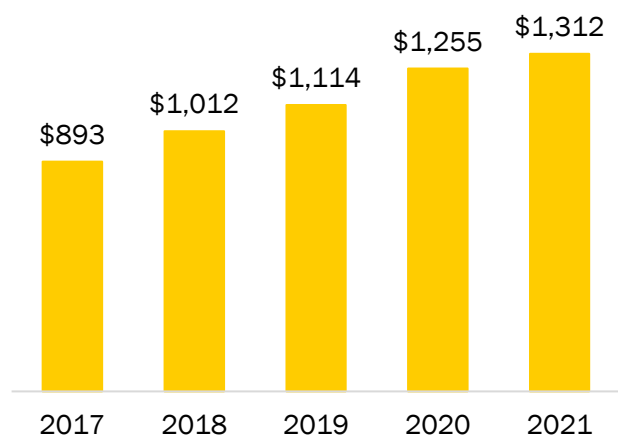
- Telecommunications
- Media
- Sports & Entertainment
- Head office & Inter-segments

Cash Flow Generation

Focus on growth, cost optimization and opportunistic refinancings led to improved EBITDA and FCF

Telecommunications Segment

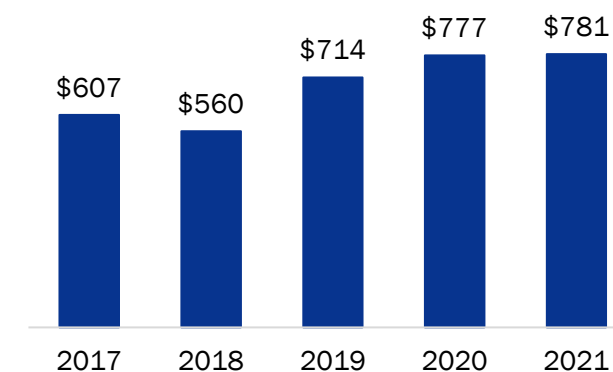
(EBITDA – CAPEX)



QI

C\$ millions

Consolidated Free Cash Flow



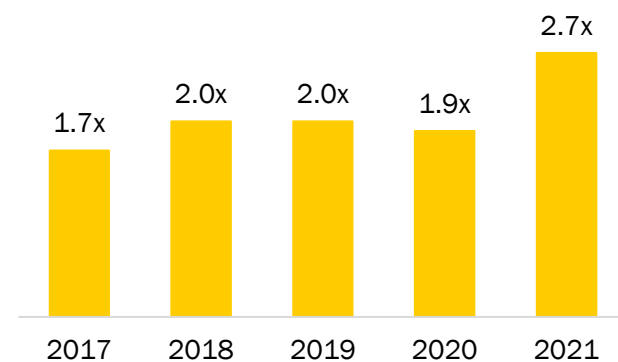
Note: FCF is defined as EBITDA, less interest expense, less cash taxes, less Capex (excluding spectrum)

Conservative Leverage

Low leverage despite the 2018 buyback of CDPQ's remaining stake in QMI for a consideration of \$1.54 billion in cash

Videotron ¹

Debt leverage ratio **2.7x**

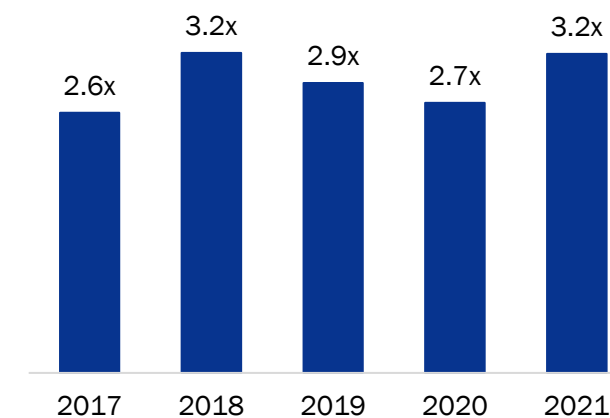


⁽¹⁾ As per Videotron's credit agreement

QI

Consolidated Net Debt leverage ratio **3.2x**

Total Net Debt / EBITDA



Upcoming Maturities

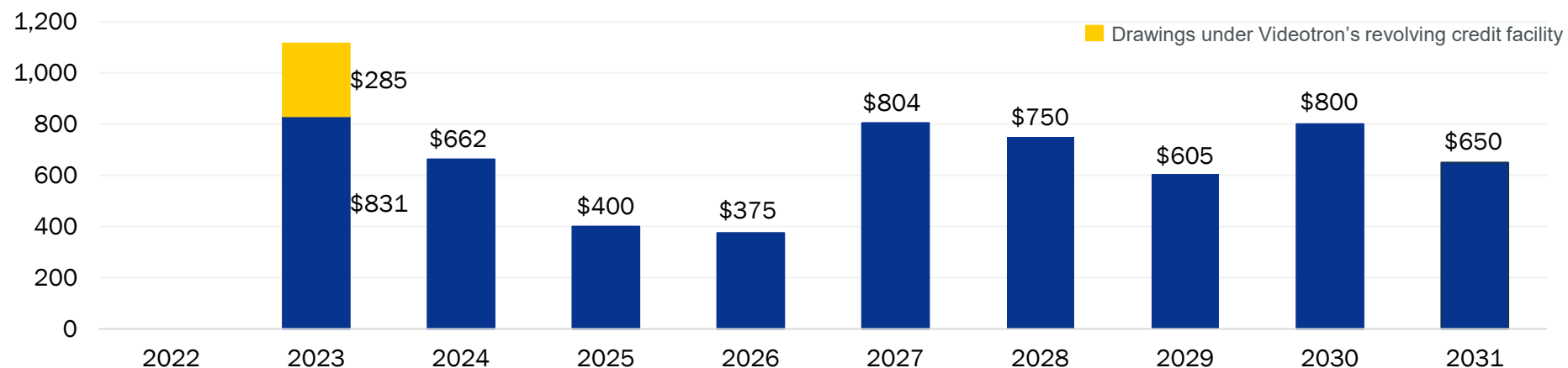
- Intend to continue to proactively address maturities through opportunistic refinancing
- Spread out maturities with 59% of debt maturing beyond 2026

\$1.6B | Net liquidity ¹

5.1 years | W.A. Maturity

Ba1 / BB+ | Moody's ³ / S&P Global

QMI Consolidated Debt Maturity Profile ^{1,2}

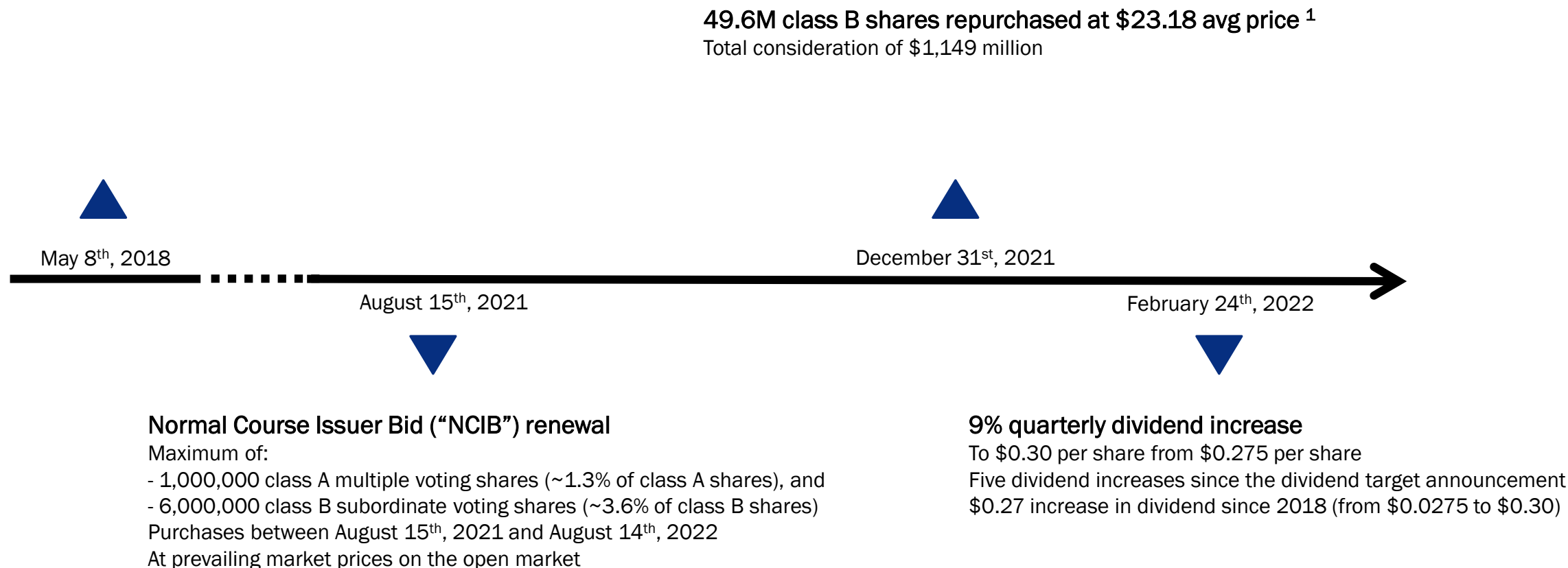


⁽¹⁾ Excluding 68%-owned TVA Group

⁽²⁾ US\$ debt converted at exchange rates under hedging agreements

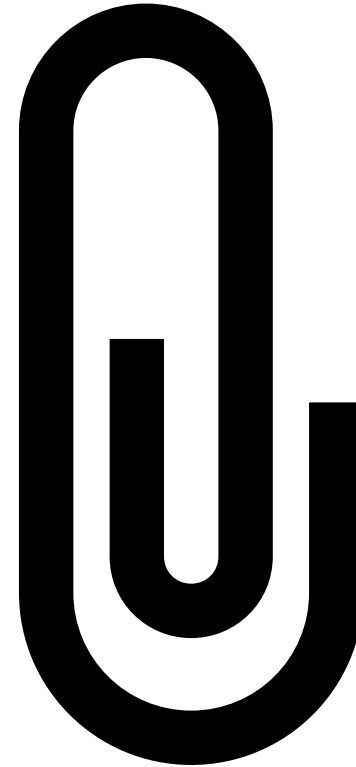
⁽³⁾ On 24 September 2020, QMI's outlook was changed to positive from stable

Distributions to Shareholders



⁽¹⁾ As of December 31, 2021. Since initiation of the NCIB program in 2011

Appendix



Convertible Debentures due 2024: Key Terms & Conditions

\$150M of subordinated convertible debentures issued to CDPQ in connection with QI's repurchase of 1,564,696 QMI shares held by CDPQ on June 22, 2018

- Applicable # of shares depends on the market value of the Class B share (see table below)
- In any case, in lieu of conversion of all or a portion of debentures, QI will have the right to pay an amount of cash equal to the applicable # of shares multiplied by the MV of a Class B share

| MV of Class B share | Applicable # of shares |
|-------------------------------|--|
| \geq ~\$31.87 | ~4.6M Class B shares |
| $>$ ~\$25.49 but $<$ ~\$31.87 | \$150M divided by the MV of Class B shares |
| \leq ~\$25.49 | ~5.8M Class B shares |

Convertible Debentures: Illustrative Impact at Maturity

- Ownership by debenture holders of 2.2% or less of the total number of QI shares outstanding assuming QI share price remains > \$28.00
- Cost to settle in cash at maturity of \$150M if then prevailing market price of a share is equal to prevailing market price on December 31st, 2021

| QI Share Price at Maturity | QI Shares Issuable upon 100% Conversion | % Held by Debenture Holders upon 100% Conversion ⁽¹⁾ | Cost to Repay in Cash |
|----------------------------|---|---|-----------------------|
| ~ \$25.49 and below | 5,883,572 | 2.4% | ≤ \$150M |
| \$27.00 | 5,555,556 | 2.3% | \$150M |
| \$28.00 | 5,357,143 | 2.2% | \$150M |
| \$29.00 | 5,172,414 | 2.1% | \$150M |
| \$30.00 | 5,000,000 | 2.0% | \$150M |
| ~ \$31.87 and above | 4,706,858 | 1.9% | ≥ \$150M |

QUEBECOR



EXHIBIT 78

Q2 2022 Earnings Call

Company Participants

- Hugues Simard, Chief Financial Officer
- Pierre Karl Peladeau, President and Chief Executive Officer

Other Participants

- Aravinda Galappaththige, Analyst
- David McFadgen, Analyst
- Drew McReynolds, Analyst
- Jerome Dubreuil, Analyst
- Matthew Griffiths, Analyst
- Meyer Yaggy, Analyst
- Stephanie Price, Analyst
- Tim Casey, Analyst
- Vince Valentini, Analyst

Presentation

Operator

Good day, everyone and thank you for standing by. Welcome to the Quebecor Inc's Financial Results for the Q2 2022 Conference Call. I would like to introduce Hugues Simard, Chief Financial Officer of Quebecor Inc.

Please go ahead.

Hugues Simard {BIO 3579800 <GO>}

Ladies and gentlemen, welcome to this Quebecor conference call. I am Hugues Simard. I am the CFO. And joining me to discuss our financial and operating results for the second quarter is Pierre Karl Peladeau, our President and Chief Executive Officer. Anyone unable to attend the conference call will be able to listen to a recording by telephone or webcast and access details are available on Quebecor's website at www.quebecor.com and the recording will be available until November 11th of this year.

I also want to inform you as usual that certain statements made on the call today may be considered forward-looking and we would refer you to the risk factors outlined in today's press release and reports filed by the corporation with regulatory authorities.

FINAL

Bloomberg Transcript

Let me now turn the floor to Pierre Karl.

Pierre Karl Peladeau {BIO 1852453 <GO>}

Good morning everyone. Before going into details of our operational and financial performance, I would like to state our complete commitment to participate actively in auction from IZ [Ph] and CRTC Commissioner, Scott exercise and efforts to provide a reliable response plan should Canadian face another unfortunate telecommunication outage like the one Canada have to deal with recently. Today, more than ever as we clearly reminded telecommunication, we present a pillar of the Canadian economy and one of the most important services in our daily lives. We are calling on our competitors who historically benefited from a monopolistic situation who also participate in this worthy process and work with us as opposed to trying to maintain its dominance through unnecessary compensation at the detriment of Canadian.

On the strategic front, I would like to reiterate our commitment and motivation to expand our telecom services across Canada. As we have stated before, we believe that the comparatively high pricing environment, as well as the quasi non-existent competitive and promotional intensity have created an opportunity in Ontario and the west of the country. There is time for an agile, competent, well funded operator with a proven track record to disrupt this cozy country club and start bringing down prices both in wireless and wireline for all Canadians who I am sure are getting increasingly frustrated that be paying among the highest telecom prices in the industrial world, especially as inflation concerns, interest rate hikes and general economic prospects are getting more worse.

As clear evidence of our strong commitment to grow outside of our historical Quebec market, as it matures and has already become the most competitive region in Canada, we decided to accelerate our expansion by acquiring VMedia, a DPI offering Internet services of course and also both regulated and unregulated video services through regular TV. We will soon bring competitive offers in areas for the big three incumbents during pricing presents the biggest upside for us.

The MVNO process would be another way to foster competition. You will remember that more than a year ago, the CRTC through telecom regulatory policy 2021/130, elected to open the incumbents wireless network for competition to a MVNO process. Along with other telecom operators, we are still waiting for a facility based MVNO framework by finding pricing as well as other terms and conditions to be able to decide whether to launch such a service and create new competition again, to the benefit of Canadian.

As we announced in June, we reached an agreement with Shaw Rogers to acquire Freedom Mobile including several side agreement, that will position us favorably and give us the wherewithal to offer attractive bundles of wireline and wireless services, at much lower prices, while continuing to invest to improve Freedom's network to a competitive level including 5G capability. As you know, the Competition Bureau oppose the Shaw Rogers transaction on the basis that even the sales of Freedom to Quebecor would not provide a remedy and thus impact actively the level of competition in telecom in Canada. I should tell you, we don't share this perspective.

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Bloomberg Transcript

FINAL

Quebecor is uniquely positioned to become the successful and long-term pro player that Canada needs. Our on-salable track record of marketing agility, market share growth and price disruption while continuing to grow cash flows, combined with Freedom Network, market position and further adding the ability to offer a multiservice bundle at lower prices position Quebecor much more favorably than Freedom or any of their predecessors were ever. Just look at what happened in other markets in the US, Europe or elsewhere. Disruptors have prevailed and have successfully brought down prices for consumers. It is incomprehensible to us that the Competition Bureau believes that the level of competition in telecom in Canada will be higher if the Shaw Rogers transaction is rejected and we will be back to Freedom alone. Who will then be a much weaker competitor having been much less present and aggressive in the market for the last 18-months as the CEO availed stated during his last conference call and not adding investment in crucial 5G, 3500-megahertz spectrum then with the addition of Quebecor operational track record spectrum portfolio and financial strength.

We respectfully think that the Competition Bureau and the CRTC should realize that the longer they wait to act either by improving the sales of Freedom or by finally establishing a competitive B&O framework, the longer they encourage the current oligopoly that is actively limiting competition outside Quebec. It is high time to give a chance to operators who are capable and willing to jump in and break the strong oval of the big three who in the meantime have been increasing their revenues and EBITDA quarter after quarter at the expense of Canadians who are less -- who are with very little choice and very expensive telecom services.

We must act and we must act now. Let us get the show on the road. Let us start attacking this cozy telecom country club, and start bringing down prices for Canadian. I will now review our operational results, starting with our Telecom segment. As the war in Ukraine continues sadly, we not only have been actively supporting the Ukrainian community by offering a 6-month all inclusive 20-gigabyte per month mobile plans at no charge which has helped more than 4,600 community members to date. We also continue to suspend charges for all calls made to Ukraine from Canada through our mobile, residential and business line. Our 5G deployment in the province of Quebec is well on track. With an increasing number of our operational sites deployed and coverage already in place for larger urban areas. In addition, our project, Videotron will deliver high-speed Internet to 37,000 households in several municipalities across the province. It's proceeding well with significant work underway on 70% of total plan kilometers. Despite challenges caused by the inclement weather, our deployment intensified during the quarter and will continue to ramp up, delivering significant increases in connected homes over the next few months. Moreover, we are also investing in numerous network expansion, both residential and business to continue to improve our network coverage, performance and reliability.

Turning to wireless, we registered the solid growth of 35,000 net adds during the quarter, which represent 8,000 more additions than in Q2 last year. On a year-over-year basis, we added 131,000 new by-lines, bringing our total lines just shy of CAD1.7 million as of June 30th. Once again, we captured the largest combined share of gross adds in Quebec with 32% for our new brand, Videotron and Fizz according to a recent survey. Wireless EBITDA increased by 12% in the quarter compared to Q2 2021. Consolidated wireless ARPU for the quarter improved by CAD0.53 or 1.4% over the same quarter last

Bloomberg Transcript

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year due to higher planned mix, especially for Fizz, lower discounts and higher roaming and data usage revenues offsetting the diminishing dilutive effect of them.

In wireline, we are continuing our efforts, which we mentioned last quarter to maximize the ARPU by better positioning our brand and optimizing the pricing -- the pricing story of our Illico and Helix platform. As a result Helix activation slowed to 33,600 for the quarter still keeping our total video subscriber at 1.4 million as of June 30. But our TVA ARPU increase from CAD46.52 to CAD47.74 sequentially compared to the first quarter. All in all, we were able to reduce video cord cutting for a second consecutive quarter by nearly 20% compared to the same period last year. We also managed to reduce cord cutting in our high margin wireline telephony service by almost 30% compared to Q2 last year. Internet subscriber growth was flat during the quarter and 36,000 year-over-year resulting from continued intense competition, especially at the lower end of the market and from a return to a more quote-on-quote normal moving season in Quebec after two pandemic years which has historically translated into lower net adds in the second quarter followed by a pickup in Q3 which our favorable result in July are proving the case again this year.

While Internet ARPU decreased by CAD0.48 or 0.9% over the last year, essentially due to the dilutive effect of Fizz and lower plan mix, we recorded a significant sequential ARPU increased by CAD1.08 [Ph] from Q1. OTT video subscriber decreased by 16,000 this quarter. A usual seasonal variance in Q2. The interest for new and original content remains strong as demonstrated by a 11% subscriber growth for Vrai, our new platform dedicated to exclusive unscripted lifestyle documentary and entertainment content.

Now, turning to our financial results. Our telecom segment generated CAD369 million in cash flow from operation in the second quarter, an increase of 12% over the same quarter last year with EBITDA growing -- 1.2% year-over-year and EBITDA margins reaching 53.4% compared to 51.9% last year and still the highest in the industry. I would like to reiterate our increasing focus on free cash flow and not only on EBITDA which we consider a secondary measures and I emphasize it on cash flow is not at all to the detriment of key investment in our networks to ensure performance and we reliability and the high quality of our services. In fact, we continue to invest as much if not more to deploy our 5G network, numerous network expansion as well as redundancy and backup assets to minimize the risk of any potential outage. Market analysts and other stakeholders continue to look at EBITDA, but the most important measure is surely the capacity that generate the free cash flow necessary to pay down debt, pay dividend and buyback shares.

Revenue decreased slightly by 1.7% in the quarter as compared to last year mostly due to lower Helix equipment sales resulting from a slower Helix growth as we optimize our two brands pricing to improve margin. On the OpEx side, we are starting to see material reduction from the various initiatives implemented over the last year translating into our increasing and industry leading EBITDA margin. Telecom CapEx spending, excluding spectrum was down CAD33 million for the quarter as compared to Q2 last year as we continue to focus on our strategic priorities as we operate more efficiently by continuing to lower our cost structure while maintaining or increasing our investment levels as I said earlier on key initiatives such as LTE advance and 5G rollout, profitable network expansion

Bloomberg Transcript

FINAL

and much needed IT platform migration to be able to decommission legacy system and thus optimize our cost structure.

Turning to Media, our second quarter results were significantly affected by the soft advertising on all our platform and the lower profitability of the TVA Network as a result of our ongoing strategy of enhancing our investment in content to maintain our market leading position. During the quarter, viewers were able to enjoy a wide array of new content including major reality show such as stock at any [Ph], a hit which do an average audience of over 1.5 million as well as new exclusive reality shows and program. Our strong programming enables the TVA Network to grow its market share by 0.7 -- by 0.7 points during the quarter and to stand out with the advertisers and best limit the impact on their network advertising revenues, which declined by slide 0.7%. Our digital platform, increased our revenue by 19.9% during the quarter due in part to the growing popularity of TVA uplifts. We intend to continue to invest in our programming to maintain our leading position in broadcasting.

Speaking of Media, I have to say how dismay we are by the recent decision by the CRTC to allow CBC looking at more flexibility when it renewed its broadcasting license and most importantly to ignore the calls to remove advertising from its television services as we have done with its radio services years ago. CBC (inaudible) Canada has been even more competitive likely both on the air by carrying infomercial in addition to its existing advertising vehicle and on the web as it did lock its presence online. The status quo of the CRTC is maintaining allows them to capture even more of the advertising dollars which are the sole source of revenues for the over-the-year television station that bring Quebec finally together in front of their television screen.

They both -- it can only lead to the weakening and continued decline of private television in Canada, in the face of foreign competition. We call on the Ministry of Canadian heritage to intervene. To ensure that Canadians continue to have access to multiple sources of news and entertainment and to protect our society through resistance [Ph] and diversity. Finally, turning to our Sports and Entertainment operations, many activities resume this quarter like the Roger Waters concert, a couple of weeks ago at this time to do at home and prospect it continuing to improve with a full calendar lineup in sports and music for the fall and winter.

I will now let Hugues review our telecom and consolidated financial results. Hugues?

Hugues Simard {BIO 3579800 <GO>}

For the second quarter, Quebecor's revenues reached CAD1.1 billion, down 1% from last year. Revenues from our Telecom segment was down 2% to CAD913 million, mainly due, as we said to the decrease in the volume of equipment sales related to our wireline telecom services, more specifically Helix. Revenues from the Media segment decreased 5% to CAD188 million in the second quarter, while our sports and Entertainment segment grew 34% to CAD45 million for the quarter. Our adjusted cash flows from operations increased by CAD23 million for the quarter or 7% to CAD361 million, once again demonstrating our continued operational and financial discipline. Adjusted cash flows from operations for our Telecom segment grew CAD39 million or 12% to CAD369 million.

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Quebecor's EBITDA was down 2% to CAD491 million in the quarter, mainly due to the CAD13 million decrease in EBITDA from our Media segment, which is explained as Pierre Karl mentioned by the increase in our investments in content production and acquisition for TVA Group in order to maintain our leading position in the TV market. Our Telecom segment posted EBITDA up CAD6 million or 1% to CAD488 million.

Quebecor reported a net income attributable to shareholders of CAD157 million in the quarter or CAD0.66 per share compared to a net income of CAD124 million or CAD0.50 per share reported in the same quarter last year. Adjusted income from continuing operations excluding unusual items or gains or losses on valuation of financial instruments came in at CAD162 million or CAD0.68 per share compared to an adjusted income of CAD158 million or CAD0.65 per share in the same quarter last year. For the first six-months of the year, Quebecor's revenues were down 1% to CAD2.2 billion and EBITDA was down 2% also to CAD934 million.

EBITDA from our Telecom segment grew 2% to CAD948 million for the same period, an improvement of CAD50 million over last year. As of the end of the quarter, our net debt to EBITDA ratio was 3.27x, up from 2.71x reported at the end of the second quarter last year, mainly explained by the CAD830 million investment for spectrum acquisition across the country in the second half of 2021. Recently, we amended and extended Quebecor Media and Videotron's revolving credit facilities to July 2025 and 2026 respectively. Available liquidity of more than CAD1.5 billion at the end of the second quarter and our growing free cash flows are more than sufficient to fulfill our commitments and maintain a very strong balance sheet.

During the first six months of the year, we purchased and canceled 4.2 million Class B shares for a total investment of CAD123.1 million. Please note that the Board of Directors upon termination of the August 2021 program has approved the renewal of the NCIB program for an additional year. Since we initiated our normal course issuer bid program one -- more than 11 years ago, actually approximately \$53.8 million Class B shares have been purchased and canceled.

We thank you for your attention and we will now open the lines for your questions.

Questions And Answers

Operator

All right. First question comes from Meyer Yaggy from Scotia Bank. Please go ahead.

Q - Meyer Yaggy

(Foreign Language) Thank you for taking my question. I wanted to ask you first quickly the definitive agreement with Rogers, how are we doing on that. And do you have any idea or any view on when we should see it coming out and following up on that, I wanted to ask you Bell and Rogers indicated both that they have been seeing a higher proportion of wireless net adds coming on the higher end side of the brand, i.e., Bell or Rogers instead of fiber or virgin. Are you seeing improvement in the type of customers you have seen --

you have coming in or are we still seeing a lot of the new adds coming on the Fizz brand?
Thank you.

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Thank you, Meyer. I will ask Hugues to answer your second question. I will do the first one. So, it is unfortunate, I tried to emphasize the fact that, again, we believe that Quebecor is with the track record that we have been able not to show. It's not a wishful thinking. We have been able to the deliver significant performance for the last 10 years. And in a very competitive environment. So we still believe that we should work with the bureau to make Shaw and Rogers will convince them about the strength of our proposal. So, and therefore we will keep this situation under confidential purpose because our goal and our objective is to succeed to get the approval as much as fast -- as quick as possible for us to operate as quickly as possible. As we mentioned -- as I mentioned, also earlier regarding the other aspect of the different other asset that we can line up.

A - Hugues Simard {BIO 3579800 <GO>}

Meyer to your second question, we are also seeing that phenomenon to be sure in Quebec as well this quarter with our main brand, Videotron performing very well. And we - - I think one way to look at it is, we are seeing the the difference -- the average prices and between the main brands and the flank of brands as being reduced a little bit, but that being said, we continue to have very good performance from our Fizz brand. So we are actually seeing good performance in and you saw the performance in wireless for the quarter, a very good performance from both of our brands. But, yes, a little bit of a better performance, I would say by the Videotron brand this quarter as opposed to perhaps the last few quarters. So that's probably in line with what our competitors were saying to you.

Q - Meyer Yaggy

Thank you.

Operator

All right. Next question comes from Jerome Dubreuil from Desjardins Bank. Please go ahead.

Q - Jerome Dubreuil {BIO 22198631 <GO>}

Pierre and Hugues, thanks for taking my questions. The first question for me would be that I would suppose that you have had conversations with your credit agencies, following the announcement of your -- the agreement to acquire Freedom, probably not as big a problem for you since you are not investment grade, but are you still confident that you can realize this acquisitions with the current terms without issuing equity?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Yes, -- I think you should talk about the end of our credit facility Renewal.

A - Hugues Simard {BIO 3579800 <GO>}

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Yeah. For sure. Jerome and yes, we have obviously we have an ongoing dialog as do all the players in the industry of course, with our two credit agencies and the acquisition of Freedom and the eventual acquisition of Freedom would certainly bring in a very interesting growth potential and potential for growth of EBITDA as well and of cash flows. So we are -- the conversation with both agencies was very productive and they are very supportive of this transaction. And so we are certainly confident that we can achieve the plan without -- to your question without having the need to issue equity for sure.

Q - Jerome Dubreuil {BIO 22198631 <GO>}

Thanks Great. And then second question is on your VMedia acquisition, we haven't got the MVNO rates yet and Roger Shaw isn't fully settled. There many reasons that can explain that. But it seems a bit early in or maybe it seems like you are absolutely convinced that either a big merger will definitely work or MVNO will be economically viable. So why didn't you think it was early to acquire VMedia here?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Yeah, that's a good question. As you might think that what we should answer is that we are opportunistic and this opportunity presented in front of us. I know you know obviously that this CPI financial situation is not -- have not been the best more recently. The interesting thing that we have there is the technology which is also driving and I tried to mention it in my speech in my conference. I mean, regarding regulated and unregulated television. More than ever, I would say that we have been loud and clear with the CRTC, the regulation of television is unfortunately from our perspective being a factor -- an additional factor which is basically putting our end in a kind end cost not being able to propose original formula. We need to distribute the base and unfortunately out of the base there is probably 99% it's not fair [Ph] to say this but it is what the reality is all about. So 99% of the different program are not launched but we are forced to (inaudible) in our unregulated environment where we are facing the streaming services the America. This is a technology that could position ourselves in relatively interesting position if we were to increase the content in unregulated environment. This is what we are working on and this is what we are looking also to introduce in our Fizz proposal. So we can bundle services already with our own services that we are offering. So, yes, it's true that it could be considered early in the process, but we look forward there to be able to the catch on with the situation, given that it's not impossible that we can build in the future as we are expecting eventually to do in a B2B where we started as a DPI and since our customer base is high enough, we are considering building and moving from a DPI to a facility-based operator. So, in a nutshell and I could spend more time on it but in a nutshell, this is what I can say at this moment.

Q - Jerome Dubreuil {BIO 22198631 <GO>}

Perfect. Thanks for the color.

Operator

Perfect. And next we have a question from Drew McReynolds from RBC. Please go ahead.

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Q - Drew McReynolds {BIO 5468971 <GO>}

Thanks. Thanks very much. Just a couple of questions for me. With respect to -- I guess for Hue -- Hue, there is a one-time provision reversal just in Telecommunications EBITDA this quarter. Just wondering if you could quantify that. And then secondly, good to see obviously some cost efficiency come through the Telecommunications margin again this quarter. Just wondering how far through are you with your ongoing migration in IT projects. And then lastly, just on CapEx for the full year Videotron CapEx presumably, you are still comfortable with that being stable year-over-year? Thank you.

A - Hugues Simard {BIO 3579800 <GO>}

Thank you for your question. Yeah --Yeah, I will take care. Firstly, yeah, there were a couple of -- there was a reversal and it was a new provision on a couple of ongoing lawsuits. One settled and another ongoing lawsuits. So there were -- we were a little bit of back and forth in provisions, but all in all, when you net them all, it really is not material. In terms of cost efficiencies, yes as we said and you mentioned it yourself Drew, I think we are starting to see both on the OpEx and on the CapEx side the result of our of our ongoing initiatives that we have been discussing with you guys for a few quarters now and, but we are not quite there yet. I think you can expect the momentum to continue and and see further improvement on that because we are where it's an ongoing it's an ongoing and and we continue to find efficiencies throughout the company and throughout the system and should be in a position to continue to improve margins going forward over the next few quarters. In terms of CapEx, yes, we are still comfortable with the stable CapEx for Videotron for the year 2022 for sure. Yeah.

Q - Drew McReynolds {BIO 5468971 <GO>}

That's great. Thank you very much.

Operator

All right, next we have a question from Tim Casey from BMO. Please go ahead.

Q - Tim Casey {BIO 1556292 <GO>}

Yeah, a couple from me. Thanks, good morning. Pierre Karl, can we just go back to VMedia a bit and just, I mean are you looking at this primarily as an expansion a platform that you can leverage with your various Fizz products over the province, or how should we think about that. And can you also -- I recognize it's a small, private company. But can you provide some transparency on how much you paid or were some indication of any free cash flow drag that might come out of VMedia going forward. And my second question Pierre Karl relates to the process with respect to the Competition Bureau, I recognize, you are not going to negotiate on a public forum like this, but just your thoughts on the likelihood that this process will go full tribunal and if that is the case, your appetite for that given that Freedom itself will lose out on the two major selling seasons in 2022. And presumably there will be value implications there, any thoughts you would have on that would be would be interesting. Thank you.

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

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Good. Hey, Tim so first of all, I would say regarding VMedia Europe [Ph] and the transparency you would like to have (inaudible) what I would say is it's not material. So you should not expect any kind of surprise in the balance sheet or a goodwill or whenever and again what I would like to emphasize on is, we were really interested in the Midland [Ph] technology that we found this company is run by individuals as in Toronto from a Eastern Origin connections, we have been able to get technology fairly -- let us call it cheaply when we compare it to IT cost in North America. And at this stage is pretty interesting. This is certainly something that we are took us our attention and for which coupled with the fact that they already have all the interconnection with the different telecom operator in many locations in Canada that give us the agility to the loss service depending about what will come from the MVNO or if we were to sign a private agreement with the telecom operators, which we are still expecting to do unfortunately at this stage the telecom operators, they have been always against competition are refusing to negotiate with us. They are saying that the waiting so the framework to be established and published by the CRTC, we respect that. Unfortunately, we think it's not in the best interest of them all or of us but it's their decision. So we will look forward to an additional asset. If we need it. And we will continue to be prudent, we are not going to consider launching in our full-service which will be a drag on our expenses, on or our financial results. We are going to go slowly, prudently as we have been doing in the past. In terms of Competition Bureau, again this is delicate. We are not running to show. I am not going to say that we are in the bleachers but we are far from being on plate and we are not playing directly with the Competition Bureau for sure we have been part of it because the Competition Bureau ask us even before the announcement of Freedom Mobile some statistics regarding the market, the wireless market, which obviously we answer with as much as good numbers and good statistics and the one that within experiencing for the last 10-year and we will continue to do so. We were in front of them making sure that they understand all the wherewithal of our line are they still working on it for sure. Are we still working on it? Yes, for sure. And we will continue to work with Rogers to make sure this transaction will move forward. Then we are not in control of the game and it's true that depending how long the process will take that could be -- that could have an effect the subscriber and the commercial strategy that Freedom is now using. I guess that Shaw and Rogers should conduct a business -- business as usual. Was they -- will they put more emphasis on Shaw mobile, then on Freedom, this we don't know. This is a matter of how they would like to be positioned in front of the Bureau. These things could send a strong message to the Bureau depending the attitude that they will get -- they will adopt moving forward through the transaction to close and -- I guess that we expect them and we dissipate that they would like to see the transaction close as soon as possible.

Q - Tim Casey {BIO 1556292 <GO>}

Thank you.

Operator

All right. Next we have Matthew Griffiths from Bank of America. Please go ahead.

Q - Matthew Griffiths {BIO 18976511 <GO>}

Hi, good morning and thank you for taking the question. I just maybe focusing on wireless for a second. Maybe we have seen others in the industry have report large benefits to

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ARPU in recent quarters, return to roaming being the largest contributor but underlying kind of planned migration, also chipping in there. Maybe you are obviously benefiting less from the roaming, maybe you could kind of highlight a little bit about what you are seeing in terms of planned migrations, whether you are seeing consumers trying to like save on their monthly bill given those overlaying macro environment, and whether you see there being continued room to move higher as we go through the year and into next? And then also just as we look into Q3, what did you see in the early part of Q3, especially given the network issues that you alluded to Rogers. And did you, were you guys a net beneficiary of that. Do you see that continuing. Was it a blip? Just any kind of color on what you experienced in the market would be helpful.

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Okay. Matthew, would you -- Hugues answer the first part of the question, I will ask -- I will answer the with the second part. I think that what keep saying is as we have only for the last few years and actually even more than few years, I would say that's the general trend that the beginning of Q3 has been Overy strong. And we look forward to continue in that trend. We will remain competitive. We will make sure that always our fair share as we described earlier, coverage had been the biggest market share growth net has. And so we look at, they need to do that. On the ARPU side, Hugues, some comment on this.

A - Hugues Simard {BIO 3579800 <GO>}

Yeah, sure. On the roaming is as you pointed out yourself, Matt, when we said this in the past, we don't benefit from roaming in as much as our national competitors for sure. So as much as we didn't -- we weren't impacted as much at the beginning of the pandemic world is now of course, we don't benefit from as big a pick up as they are as they are currently benefiting on the way back up, which is normal and I think what we are seeing in the market. I mean we continue to be to be aggressive, we continue to win. As you saw 32%, that's pretty stable, I mean that's amazing high to me, but it still is pretty stable over the past few quarters where we continue to our two brands together get about a third of the market of gross adds. And we are seeing people in terms of -- in terms of price and price packages, people are -- there is some stability. Some people moving up/ Both brands being maybe a little bit better positioned in terms of the pricing now. So that helps us a little bit on the overall life human margin but we are seeing some, it continues to be a competitive market. I mean, we have said this. It's been for quite some time, but we definitely have all the tools and all the at the ammunition to be able to successfully compete in this market that we see when we see our competitors results, we can only conclude that it's not the case in the rest of the country,. But for sure here, it continues to be quite competitive, but we continue to win most of it. So we are very pleased with the continuation of the wireless market right now.

Q - Matthew Griffiths {BIO 18976511 <GO>}

Okay, great. Thank you so much.

Operator

All right. Next we have Stephanie Price from CIBC. Please go ahead.

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Q - Stephanie Price {BIO 15269111 <GO>}

Hi, good morning. I was hoping to ask a similar question on the wireline competitive environment. How do you think about competing with the fiber offers here and is there a plan in place for fiber and fixed wireless in your longer-term strategy?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

I am sorry. Would you repeat your question. I am not sure that I understand.

Q - Stephanie Price {BIO 15269111 <GO>}

Sure. So, I was asking about the wireline competitive environment and how you think about competing against fiber offerings that are in the market and whether there is a place for fiber and fixed wireless in your longer-term strategy for wireline?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Okay, I understand. The first one, the first part of it. So, it's been competitive probably in Quebec. This is where we have been seeing the highest amount of the TPIA and this is the reason why we launching net down [Ph] service out of our Fizz offering, which was at the beginning, only dedicated to wireless. In fact what we are seeing in terms of achievement for Internet have been good especially when we couple our offer wireless and Internet and we look forward to continue to do this and that would be also certainly one of our strategy that we look forward to propose when we will be in a position to offer our services outside of our historical area being in Quebec. I am not sure that I understand [Ph] unfortunately the second part of your question which was referring to a fixed competitor in wireline.

Q - Stephanie Price {BIO 15269111 <GO>}

Yeah, I was asking more about Quebec in terms of competing in fiber offerings and whether you are considering putting in place more fiber and fixed wireless in Quebec as part of your longer-term strategy?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Fixed wireless. At this stage, we our investing, as I mentioned and we have been doing it for the last few quarters on wireline and in fact, we are through (Foreign Language) and the position to close about 37,000 new doors and new potential, which we look forward to offer. And with that, we don't think that we would make fixed wireless since know [Ph] will go down directly to the customer and these are subsidized program we out of this program, we are the biggest operator -- the operator with the biggest amount of availability Cogeco was there also. But we look forward to start and in fact, we already have new customers that already are connected with this new fiber but I would say that's anecdotal for the moment. We certainly going to be in a better position in Q3 and Q4. We look forward to have a very high level of penetration on this area, which were previously only serviced either by Xplornet or either by the Telecom incumbent with the DSL technology or this is for television. So, this is of great interest for us in the upcoming quarters. I don't know if Hugues if you have anything to add?

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A - Hugues Simard {BIO 3579800 <GO>}

Maybe just one comment. One thing -- small thing to add Pierre Karl on the -- Stephanie on the first part of your question. At Quebec, the wireline competitive environment in light of the fiber, just one thing, I have to remind you that fiber company -- I mean competition from fiber, I mean there's nothing new to us. I mean our main competitors started laying down fiber to the home in the Quebec City area more than eight years ago, and and we also, in some cases -- don't forget that in some network extensions we also go all the way to the home, but because of our technology, we can afford in many cases to go to the node. So economically, it makes more sense for us to do that but depending on the competitive environment in that area we sometimes lay down more fiber. So I mean, I guess my point is that we have been dealing with this for many, many years and I think we have demonstrated that we can successfully compete against our main competitors very well funded developments and the fiber layout and the overlap is very high in Quebec, compared to the rest of Canada, close to 90% overlap. So I think our numbers show that we are quite successful in competing with them on that front. So I mean, for sure, it continues to be competitive in wireline as well, but again as to our comment on wireless, we believe we have all the right tools to win there.

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

And I would add also -- and you are right to focus on the fact that the fiber expansion out of Bell [Ph] had been there for many, many years. But if you look in light of the quality result released this morning, I mean the IP television increase was not significant. In fact, what we have been seeing is certainly a kind of a flat number and from the Internet no other increase, we don't know where it is comes from, is it coming from Quebec or Ontario, what we are seeing basically in Quebec regarding the competitive aspect is a matter of price. It's certainly not a matter of quality. I know Bell is making big noise regarding 5 or 5D or whatever. We certainly have a very strong technology whatever is (inaudible) which we also offer to our customers. Basically the main driver here is pricing and when we survey our customers, when we certainly the market. The first reasons to change or to move from one supplier to the other from one company to the other will be the pricing equation.

Q - Stephanie Price {BIO 15269111 <GO>}

Thank you for the color.

Operator

Great. Next question comes from David McFadgen from Cormark Securities, please go ahead.

Q - David McFadgen {BIO 1556020 <GO>}

Okay, great, thanks. Yeah. I have two questions, first of all, Hugues, I was wondering if you could comment on the debt that you have arranged to buy Freedom, can you do so. I am just wondering if it's short term, long-term in nature or what kind of debt it is. And then secondly just on the Internet, net adds, they are flat in the quarter. But you indicated that

in July, you are seeing a pick up and I was just wondering, are you seeing a pickup similar to last year? Thanks.

A - Hugues Simard {BIO 3579800 <GO>}

On your first question, David the depth that the debt we have arranged that we have had committed for the Freedom acquisition is actually to give ourselves flexibility. It is -- it's bank debt, but it's bank debt over a a certain number of different lengths in time to the issuer to have some flexibility over the next few years to repay that debt and or to replace it with a different instruments should the markets evolve. And it can get better in certain other areas. So we have afforded ourselves, I think some very interesting freedom on that front, no pun intended to make sure that we have got a very flexible debt instrument should, the acquisition of Freedom materialize. On the Internet. As to your second question. Yes, we are seeing, as we said in our script, that phenomenon that we used to talk about pre-pandemic of the Q2 being have -- we are living through a little bit more disconnect and then reconnect in Q3. So we are seeing this more this year certainly as compared to last year. And our numbers in July so far look pretty good so clearly proving that this is the case again this year.

Q - David McFadgen {BIO 1556020 <GO>}

Okay and then just a follow-up on the bank debt. So there is no requirement that you would have to finance a large amount say within the first year. So you have got time more medium, long-term kind of debt financing.

A - Hugues Simard {BIO 3579800 <GO>}

Yes, that's correct. We have a bunch of -- yes, it's some -- we have extended over the next few years to make sure that we have the flexibility and no big tower over the next couple of years for sure.

Q - David McFadgen {BIO 1556020 <GO>}

All right. Okay. All right, thank you.

Operator

Next, we have Vince Valentini from TD Securities. Please go ahead.

Q - Vince Valentini {BIO 1735239 <GO>}

Yeah, thanks. First, I want to clarify, so 90% of your cable territory is passed by a fiber to the home solution from the telcos and I would just reiterate that you would ask again because Bell gave a number of 56% on their call this morning and I don't think that applies to you guys.

A - Hugues Simard {BIO 3579800 <GO>}

Yeah. I know it was brought to my attention by one of your colleagues and because I didn't listen to the call unfortunately, but so clearly in Quebec and we have been saying

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this. It just proves that we have been saying for many years. The situation -- the competitive situation and even the Technology situation is different here because our overlap is 87%. and I checked it again with our DTO this morning. So when they referred to 56%, I assume that that was referring to the whole of Canada. So clearly we are, and it makes sense then because they started here. They started in Quebec City in Montreal before going to Ontario as well. So yes, the overlap is much higher here than in the rest of Canada, for sure.

Q - Vince Valentini {BIO 1735239 <GO>}

Great. And if you said this in your opening remarks, I apologize, I missed it, but did you give any clarification on retail Internet adds in the second quarter relative to wholesale and and retailer where you may have lost customers, but the retail was positive?

A - Hugues Simard {BIO 3579800 <GO>}

No, we did not give that level of detail, but it's certainly is true. The situation that we mentioned a little bit last quarter certainly continues this quarter. Not as much but it's sort of that phenomenon is still exists for sure.

Q - Vince Valentini {BIO 1735239 <GO>}

Okay and one last one, a bit of a clarification as well. In your opening remarks Pierre Karl, you said the Competition Bureau has said that they don't believe Quebecor as a buyer is a sufficient remedy. Can you just clarify that, I am not aware of them saying anything. They rejected the deal prior to Quebec were getting involved in and they said the remedy proposed then was not good enough. But since then to my understanding they are just investigating and deliberating and have not really said anything definitively. Are you aware that they have come out and actually said they have reviewed the terms of your deal and they don't think it's good enough for competition?

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

This is our understanding. Do we have this from the horse's mouth? The answer is no and again this is why we are still working on it and we want to make sure that we will bring the arguments to convince them that you will remember at certain point, while they were not going to be in a position to bundle. So we are emphasizing the fact and regarding the file with VMedia, we now are in a position to do so. The deal was negotiated but we don't want to go too much in details but arrangement with Rogers, where we will also have access to wireline. Unfortunately, as I mentioned earlier, I would not be able to give details in terms of negotiation, but what we are looking for is to be able to map as much as issues that were raised by the Bureau and finding out how we can give them a positive answer for them will be a key element to move forward and get their approval.

Q - Vince Valentini {BIO 1735239 <GO>}

Yeah, thanks for that clarification. That's it from me.

Operator

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All right. And the last question we have in the queue comes from Aravinda Galappathige from Canaccord Genuity. Please go ahead.

Q - Aravinda Galappathige {BIO 16345323 <GO>}

Thanks for taking my question. I wanted to go back to the cable margin. I think it was mentioned earlier it was definitely a meaningful strengthening, I think of about 150 basis points. Can you maybe give us a little bit of a breakdown in terms of what proportion of it came from the core cable business as opposed to wireless, so that we can perhaps better appreciate the benefit on the cost side from your streamlining initiatives and then when you look at the second half, can we sort of anticipate similar magnitude improvement and I ask particularly because I think many of us remember Q4 was a bit of a step down last year. So you have the benefit of that sort of a lower base as well. Any color on that would be helpful.

A - Hugues Simard {BIO 3579800 <GO>}

Yes, thank you for your question Aravinda. I just want to make sure, maybe on the first part of your question, you are talking about cable margin or wireless or both. I am sorry maybe I misunderstood the specifics of your question.

Q - Aravinda Galappathige {BIO 16345323 <GO>}

Yeah, I was referring to -- I mean obviously what you reported, is the total telecom margin improvement, but I was trying to get a sense -- some proportion of it was sort of the core cable business as opposed to wireless?

A - Hugues Simard {BIO 3579800 <GO>}

Okay. Well, I mean the, a good chunk of it is obviously on the wireless side, but the margin I think, we have clearly given the numbers, I mean 12% more EBITDA in wireless but we are also pointing out that on the wireline side that the margin has picked up. I mean there is the hit due to the equipment that we talked about. So certainly a hit on revenue due to the slower Helix migrations that we talked about, which obviously draws a little bit to the margin, but if you look at service margin in wireline. There is an improvement this quarter. Finally, this is what we had talked about that we had some struggles there as we were investing in a number of platforms and our initiatives of cost reductions had not fully gone into place. But I think on this -- in this quarter, you are starting to see some nice momentum on both wireline and wireless margin. In the case of wireless, it continues to grow of course, but on the wireline margin issues that we had talked about in the past. I mean you are finally seeing an improvement in margins, which to your -- I think to your second part of your question, we are expecting to continue because we are continuing to work on the number of these initiatives that are increasingly bringing out or bearing fruits, perhaps I should think. So we are certainly more optimistic on margin for the next couple of quarters.

Q - Aravinda Galappathige {BIO 16345323 <GO>}

Thank you. And just, just a quick follow-up on the buybacks. I mean you stepped up buybacks in Q2 relative to Q1. In light of the transaction, should we sort of anticipate a little

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bit of a slowing until we have clarity on that front or does that kind of continue unabated?
Thank you.

A - Hugues Simard {BIO 3579800 <GO>}

On buybacks it's not -- it is something, as we said in the past where we are opportunistic and we believe that our stock is in, we continue to believe that our stock is undervalued. So I know it's hard to see in order to decide to them. We have -- certainly haven't decided today, what we are going to do but we should, I don't think it's unimaginable that we can think of continuing buybacks for a while as our stock continues to be undervalued.

Q - Aravinda Galappathige {BIO 16345323 <GO>}

Great, thank you.

A - Pierre Karl Peladeau {BIO 1852453 <GO>}

Good. So we thank you very much all and we are expecting to talk to you again after Q3. Thank you and have a nice day.

A - Hugues Simard {BIO 3579800 <GO>}

Thank you.

Operator

This concludes the Quebecor Inc's financial results for the 2022 Q2 conference call. Thank you for your participation and have a nice day.

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EXHIBIT 79

3500 MHz AUCTION: ANOTHER STEP TOWARDS EXPANSION OUTSIDE QUÉBEC

QUEBECOR

The Quebecor logo consists of the word "QUEBECOR" in a bold, black, sans-serif font. Below the text is a blue, curved line that starts under the 'Q' and sweeps upwards and to the right, ending under the 'R'.

JULY 30, 2021

CAUTIONARY NOTE

Forward-looking statements

This presentation contains forward-looking statements which are subject to known and unknown risks and uncertainties that could cause the actual results of Quebecor Inc. ("the Corporation" or "Quebecor") to differ materially from those set forth in the forward-looking statements. Certain factors that may cause actual results to differ from current expectations include fluctuations in customer demand for Quebecor's products, variations in the cost and availability of equipment and raw materials, seasonal fluctuations in customer orders, pricing actions by competitors and changes in the general economic environment. For more information on the risks, uncertainties and assumptions that could cause Quebecor's actual results to differ from current expectations, please refer to Quebecor's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of Quebecor's Management Discussion and Analysis for the year ended December 31, 2020, and the annual reports on Form 20-F filed with the U.S. Securities and Exchange Commission (SEC) by Quebecor Media Inc. (QMI) and Videotron. We will not update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Presentation of financial information

On January 1, 2019, the Corporation adopted new IFRS 16 accounting rules. Accordingly, the financial results for periods ended after January 1, 2019 (and, for comparative purposes, the financial results for the years ended December 31, 2016, 2017 and 2018) presented in this presentation have been prepared in accordance with IFRS 16.

On January 1, 2018, the Corporation adopted new IFRS 15 accounting rules. Accordingly, the financial results for periods ended after January 1, 2018 (and, for comparative purposes, the financial results for the years ended December 31, 2016 and 2017) presented in this presentation have been prepared in accordance with IFRS 15.

Adjusted EBITDA ("EBITDA") is a non-IFRS measure and is defined 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, loss on debt refinancing, income tax, and income from discontinued operations.

Free cash flows is a non-IFRS measure and is defined as EBITDA less interest, cash tax expense and capital expenditures (aside from spectrum).

Restatement of financial information

Historical results have been restated to exclude the results of discontinued operations.

Currency

All amounts are stated in Canadian dollars unless otherwise indicated.

Statistics

All statistics are as of March 31, 2021 unless otherwise indicated.



SUMMARY OF 3500 MHZ AUCTION RESULTS

Total value of the auction, for all blocks sold

\$8.831B*
(\$2.239/MHz-pop*)

Total price paid for set-asides

\$1.514B*
(\$0.918/MHz-pop*)

Total price paid for non-set-asides

\$7.317B*
(\$3.188/MHz-pop*)

Total value of the auction, for
all blocks sold
at the final stage

\$8.912B
(\$2.259/MHz-pop)

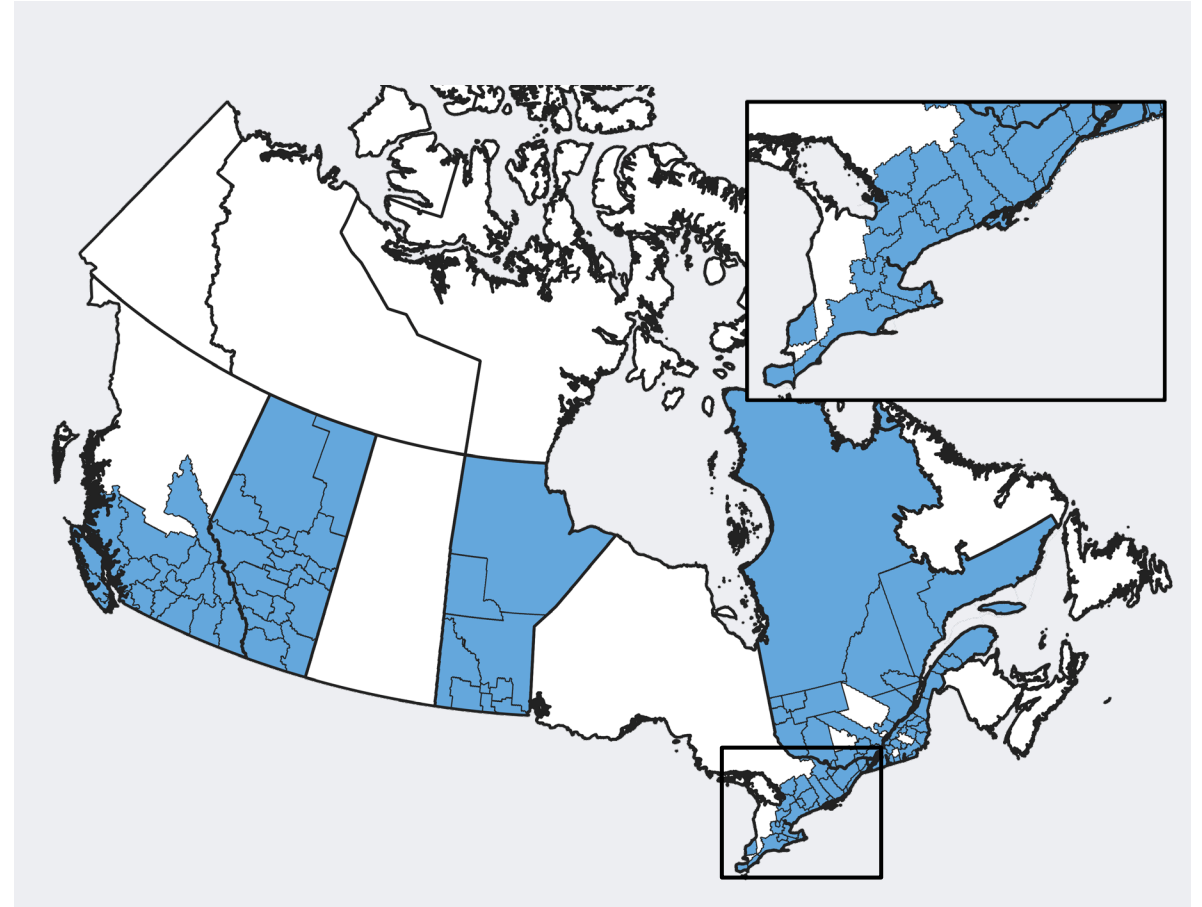
*Does not include amounts bid in the assignment stage (the final stage) of the auction

SPECTRUM ACQUIRED BY VIDEOTRON

| Province | No. of blocks | Price paid (\$M) | \$/MHz-pop |
|------------------|---------------|------------------|------------|
| Québec | 119 | 357 | 0.878 |
| Ontario | 45 | 238 | 1.098 |
| Manitoba | 21 | 28 | 0.786 |
| Alberta | 40 | 63 | 0.653 |
| British Columbia | 69 | 144 | 0.679 |
| Total | 294 | 830 | 0.858 |

SPECTRUM ACQUIRED BY VIDEOTRON

- **Total \$830M investment** in Canada's 5 most populous provinces
- Acquired **294 blocks of spectrum in the 3500 MHz band**
- **More than 50% of the blocks acquired** by Videotron are **outside Québec**
- Acquired **40%** of all the available set-asides **in the country** and **69%** of the available set-asides **in Québec**



VIDEOTRON IS A PROVEN TELECOM PROVIDER

- Largest provider of television services in Québec, migration to IP technology in partnership with Comcast
- Largest ISP in Québec with a state-of-the-art network (DOCSIS 3.1)
- Launched cable telephone service in 2005, quickly overtook the incumbent in market share
- Fastest-growing mobile carrier in Québec
 - 21% market share
 - No. 1 in gross adds
- Best EBITDA margin in the industry



VIDEOTRON IS A PROVEN WIRELESS CARRIER

- Began offering mobility services in Québec, using a third-party network to deliver service, in 2006
- Spectrum acquisitions: AWS-1 (40 MHz) in 2008, 700 MHz (10 MHz) in 2014, AWS-3 (30 MHz), 2500 MHz (20-40 MHz) in 2015, 600 MHz (30 MHz) in 2019
- Build-out of our own mobile network; evolution to LTE, in partnership with Rogers
- Innovation and tech upgrades (3G, 4G, LTE-A, 5G)
- Unrivalled customer service, single billing
- Experience with multiple tech suppliers (Nokia/Siemens, Ericsson et Samsung)

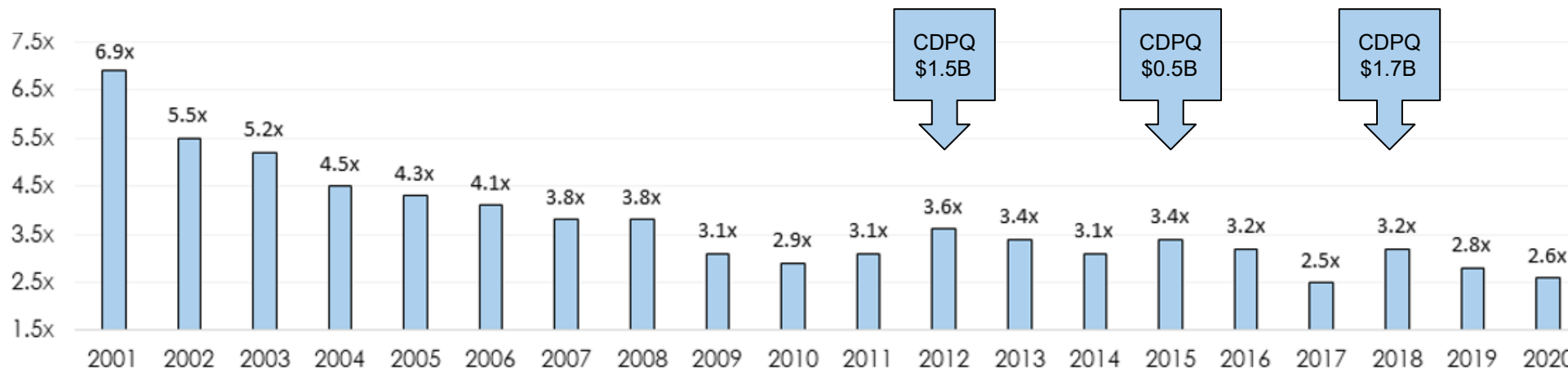
VIDEOTRON IS AN INNOVATION LEADER

- **First** provider to offer pick-and-pay television plans
- Technologically innovative high-speed Internet provider using coax cable
- Market disrupter that increases competition and lowers prices
- **First** provider to offer video streaming service - Club illico
- **First** all-digital wireless and broadband brand - FIZZ

QUEBECOR'S PROVEN FINANCIAL DISCIPLINE

Low leverage despite investing over \$3 billion in wireless and buybacks of CDPQ's stake for a combined consideration of \$3.7 billion over 6 years

QMI consolidated net debt / EBITDA¹



S&P Global: BB → BB+

July 30, 2019

QMI CORPORATE FAMILY RATING²

March 28, 2017

Moody's: Ba3 → Ba2

April 17, 2019

Moody's: Ba2 → Ba1

September 24, 2020

Moody's outlook for QMI changed from stable to positive

¹ As per the credit agreement, but excluding letters of credit issued in connection with spectrum auctions

² Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time

QUEBECOR'S STRONG BALANCE SHEET

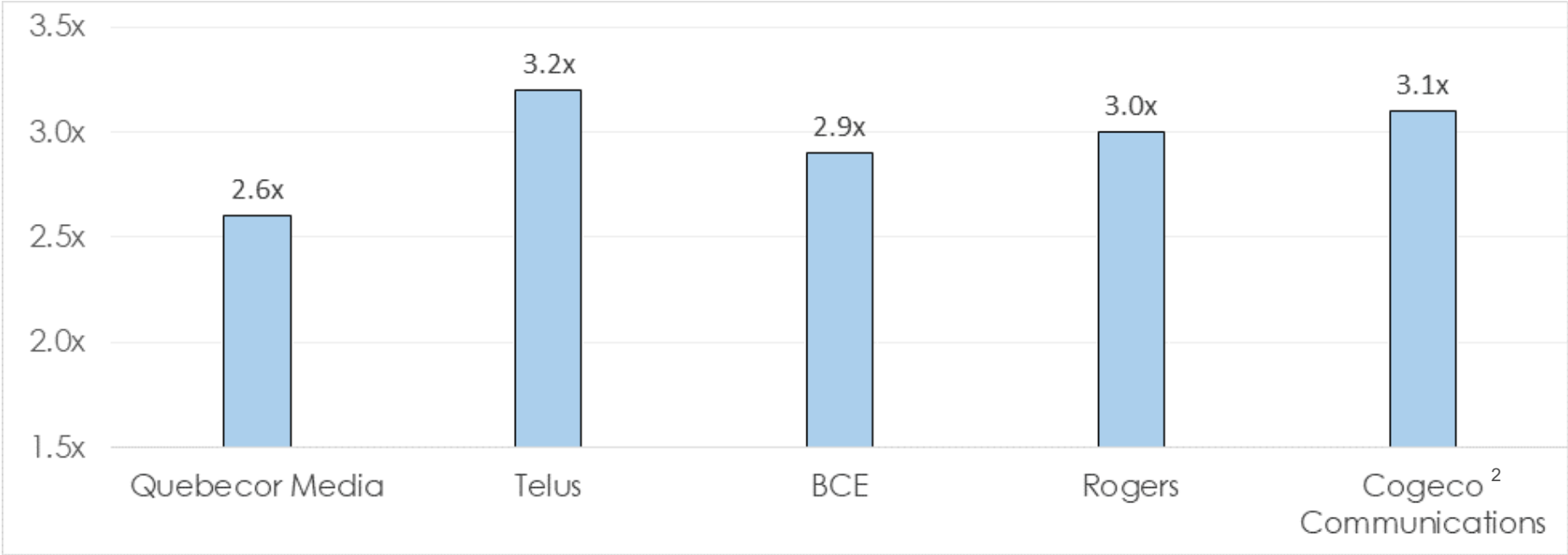
Financial capacity to finance expansion into the rest of Canada and compete effectively with the Big 3

\$2.55B | **Net liquidity**

4.7 years | **Weighted average maturity**

Ba1 / BB+ | **Moody's / S&P Global**

Net debt / EBITDA¹

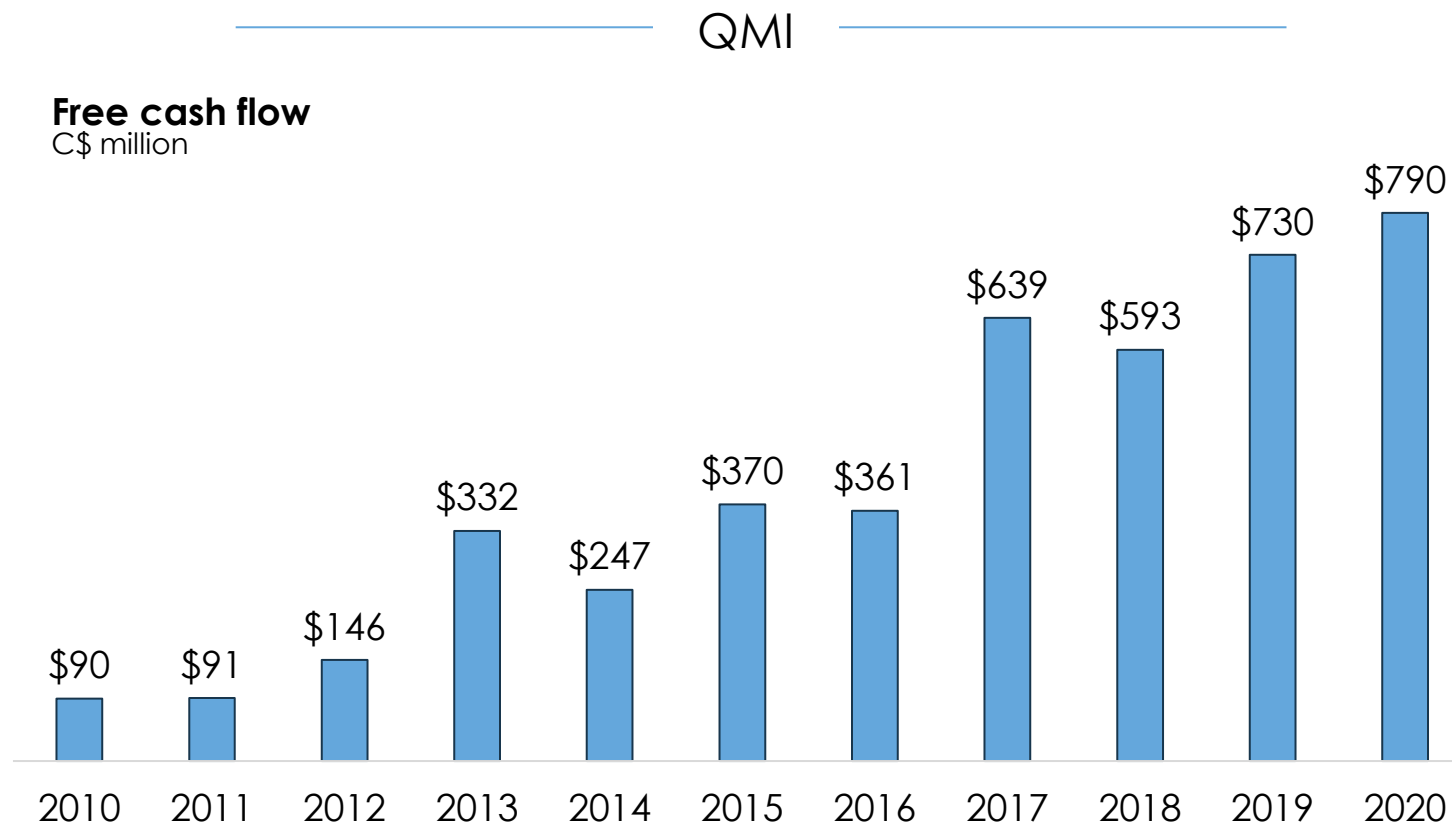


¹ Company's estimate calculated with available information as of July 29, 2021

² Pro forma DERY telecom and WideOpenWest Ohio broadband systems

QUEBECOR'S ABILITY TO GENERATE GROWING CASH FLOW

Intense focus on growth and cost optimization led to growing free cash flow



IMPACT OF A STRONG 4TH PLAYER ON WIRELESS PRICES

“Where the Big 3 face a wireless disruptor, prices are significantly lower.

Facilities-based regional competitors who operate their own wireless networks, such as Sasktel, Videotron and Freedom Mobile, are increasingly disrupting the Canadian wireless landscape. **Prices are generally in the range of 35-40% lower** in the parts of Canada where wireless disruptors have achieved a market share above 5.5%.”

Competition Bureau of Canada, 2019*

Thanks to Videotron, Québec is the **first part of the country** to achieve the government's **25% price reduction** target for specific wireless plans**.

The big 3 **circumvented** the government's plan to bring down prices for some wireless plan by **abolishing** those plans.***

Source:

*Competition Bureau submission in response to Telecom Notice of Consultation CRTC 2019-57 - Further comments by the Competition Bureau, November 22, 2019.

**ISED, 25% reduction target for certain wireless plans, Quarterly Report, January 29, 2021 – https://www.ic.gc.ca/eic/site/143.nsf/eng/h_00005.html

*** Big Three cut prices to meet Ottawa demand, The Globe and Mail, Alexandra Posadzki, May 5th, 2021

ANOTHER STEP TOWARDS EXPANSION OUTSIDE QUEBEC

OUR GOALS

- **GROW** Quebecor as a strong 4th player in the market
- Preserve and create **JOBS**
- Maintain sustainable **COMPETITION**
- Give Canadian **CONSUMERS** a competitive environment, choice, and lower prices



With this spectrum acquisition, Quebecor's plan to become **THE 4th independent wireless player** in Ontario, Alberta, Manitoba and British Columbia is a big step closer to fruition.

Quebecor can now hope to **break the Bell-Rogers-Telus oligopoly** once again and **revitalize the fourth wireless player policy**.

Quebecor is in a strong position to expand its telecom business outside Québec, either by acquiring Shaw's wireless assets or on the basis of recent CRTC decisions.

CONCLUSION

- The recent CRTC decisions puts us in a good position:
 - Spectrum ownership condition
 - Network construction condition
- Acquiring spectrum is the first step towards expansion outside Québec
- Quebecor is strongly positioned to succeed outside Québec and deliver the benefits of the 4th wireless player policy
 - Leader in innovation
 - Recognized telecommunications and wireless network operator
 - Solid balance sheet

QUEBECOR IS CLEARLY IN THE BEST POSITION TO BREAK THE BIG 3 OLIGOPOLY AGAIN

EXHIBIT 80

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

QBRb.TO - Quebecor Inc Acquisition of Blocks of Spectrum in the 3500 MHz Band Conference Call

EVENT DATE/TIME: JULY 30, 2021 / 2:00PM GMT

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CORPORATE PARTICIPANTS

Hugues Simard *Quebecor Inc. - CFO*

Pierre Karl Péladeau *Quebecor Inc. - CEO & President*

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Vince Valentini *TD Securities Equity Research - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Quebecor Inc. conference call in relations with results of the 3,500 megahertz spectrum auction.

I would now like to introduce Hugues Simard, CFO of Quebecor Inc. Please go ahead.

Hugues Simard - Quebecor Inc. - CFO

Good morning, everyone, and welcome to this Quebecor conference call. My name is Hugues Simard, I'm the CFO. And joining me to discuss the outcome of the recently ended spectrum auction is Pierre Karl Péladeau, our President and Chief Executive Officer.

Before turning the floor over to Pierre Karl, I would like to inform you that certain statements made on the call today may be considered forward-looking and refer you to the risk factors outlined in today's press release -- or yesterday's press release rather and reports filed by the corporation with regulatory authorities. I would also refer you to the presentation, which will serve as support for our conversation today. The presentation is available in the Investors section of our website at www.quebecor.com and also via the link provided in the press release yesterday.

I will now turn it over to Pierre Karl.

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

(foreign language) Good morning, everyone. Before going through our presentation in more detail, I would like to comment on the outcome of the auction and highlight its strategic importance for Quebecor. As you are all well aware by now, this auction turned out to be highly competitive with several bidders on both the reserve and the open blocks. And with the prices reaching higher-than-expected levels, clearly demonstrating the strategic importance of this spectrum.

In our case, we are very pleased to have one significant spectrum, both in Quebec and also in key regions of Ontario, Manitoba, Alberta and British Columbia. The outcome of this auction is, for us, the first essential step towards the expansion of our telecom services outside our own base of Quebec into key markets of Ontario and Western Canada, where we believe we are uniquely qualified through our operational track record,

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innovative approach and solid balance sheet to succeed in providing Canadians with well-priced technologically superior telecom services always in line and evolving with their needs and expectations.

Starting with the result of the auction on Page 3 of our presentation, we can see that the competitive intensity I spoke of translated into a total auction value of \$8.8 billion before the assignment stage and \$8.9 billion in total, representing \$2.26 per megahertz per pop. From the total amount before assignment, \$1.5 billion is attributable to reserve blocks and \$7.3 billion to open blocks. As anticipated, the purchase price per megahertz pop was significantly lower for reserve blocks than for open blocks at \$0.92 and \$3.19, respectively.

The next 2 pages provides the detail of the spectrum we acquired. Our investment totaled \$830 million, with the \$357 million for 119 blocks throughout Quebec and \$473 million for 175 blocks in Eastern and Southern Ontario, Manitoba, Alberta and British Columbia. In aggregate, we paid \$0.96 per megahertz pop, less than the auction average for reserve blocks of \$0.92 per megahertz pop.

In our own territory of Quebec, this spectrum will further strengthen our foundation and enable us to continue the deployment of our 5G network with the ongoing development of high value-added services. Since the launch of our wireless activity in 2006 as an MVNO and in 2010 as a full-fledged facility-based operator, we have invested heavily to provide Quebecers with the best service and have quickly established ourselves as the reference with a market share of more than 21% that continues to grow every quarter.

Our investment in this new 3,500 megahertz spectrum will significantly strengthen our offering in all major area of Quebec with an average of 43 megahertz per territory and clearly confirms our commitment to continue to invest in our own province of Quebec for the long term to remain the undisputed telecom leader in the province.

In addition to these important spectrum additions in Quebec, we have also acquired 175 blocks in Eastern and Southern Ontario, Manitoba, Alberta and British Columbia with an average of 32 megahertz of the 3,500 megahertz spectrum in these key regions outside Quebec. Quebecor has now established the essential base on which to plan the deployment of our innovative telecom services outside of our own products.

As I have stated earlier, we are confident to have the unique combination of skills, track records and financial wherewithal to succeed in providing that central fourth player role in Canada. Let me tell you why in more detail.

Of course, you already know all of this, but I believe it is important to underline the numerous competitive advantages that uniquely position us to make this new and -- deal a success.

Turning to Page 6 and 7 in our presentation. We are first and foremost a proven telecom and wireless operator. In wireline, we are the #1 television service provider in Quebec, having evolved to an IP platform in partnership with Comcast, a technological leader in that field. We're also the #1 Internet provider with a state-of-the-art network, fully DOCSIS 3.1 enabled and capable of operating speeds of more than 1 gigabyte per second.

You might also remember that we launched cable telephony in 2005, and we were so successful that we quickly built a market share higher than that of the historic incumbent. Building on that success, we also and more importantly, launched our wireless service. First, as a virtual operator in 2006 and then having acquired spectrum and built our 3G network, a full-fledged operator in 2010. We, thereafter, continued to upgrade our network through LTE in partnership with Rogers and further on the LTE advanced 4G and more recently, 5G to be rolled out gradually over the next few years.

Along the way, we continue to build a solid base of the spectrum, adding 700 megahertz band in 2014, AWS and 2,500 megahertz in 2015 and 600 megahertz in 2019. In addition to our investment in network and technology with several leading suppliers such as Nokia/Siemens, Ericsson and Samsung, we also invested heavily in developing what became one of our greatest strength, the best client experience in the industry based on superior services, such as single billing as well as second-to-none customer service.

10 years later, we now have more than 1.5 million wireless subscribers, \$1 billion business and a market share of more than 21%, which is continuing to grow quickly on the strength of several quarters of winning the highest market share of growth adds in our Quebec market.

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I would also like to remind you that we continue to deliver, year after year, the best telecom EBITDA margin in Canada.

In addition to our track record as one of the most disciplined operator in Canadian telecom, we have also been one of the leading innovators in Canada as we highlighted on Page 8. We were the first to offer pick-and-pay television plans; the first Canadian telco to offer video streaming platform, Club illico; and more importantly, the first to develop and launch a 100% digital wireless brand.

Indeed, in 2018, not fully satisfied with the considerable success achieved with our main brand, we launched Fizz, a game-changing new 100% digital broadband and wireless brand that can complement our offer and better target certain key demographics and geographies where we believe we could perform even better. Fizz not only offer advantageous pricing but also a fully digital experience and complete user autonomy. It was the first carrier to let subscribers gift or carry over unused data.

As consumers in general, not only millennials, are increasingly turning to digital channels, the IT platform that are in Fizz is a very valuable asset for us. This platform enables customers to autonomously manage all phases of the customer journey from sales to installation to ongoing support.

Shifting customer interactions to digital channels through more self-help, self-install and self-service is the prime objective of telecom companies around the world to reduce the volume of field service trips and calls to customer service and technical support call centers. Along with our disruptive marketing, promotional and pricing approach, we are convinced that Fizz provide us with a unique, superior and scalable platform to grow outside Québec.

Of all the new players who ventured into mobile 10 years ago, as part of the government of Canada's desire to foster competition in Canada mobile industry, it was definitively been -- we have been the most successful. We do not believe this is a mere coincidence but rather a testimony to our operational excellence, innovative and financial strength.

Speaking to our financial strength, I would like to highlight one of our greatest advantage, which in addition to our operational track record and innovative approach, constitutes an important base upon which to plan and build our Canadian expansion. The best financial discipline and one of the most solid balance sheets in the industry.

Consider our financial management over the last 20 years, despite investments totaling more than \$3 billion in wireless since 2008 and the buyout of the Caisse remaining stake in Quebecor this year for a total consideration of \$3.7 billion between 2012 and 2018, we managed to increase our free cash flow significantly and reduce our leverage to well below our peers and competitors in Canada.

In terms of cash flow, our strong EBITDA growth, disciplined CapEx spending and opportunistic refinancing allowed Quebecor Media to consistently grow free cash flow, culminating to \$790 million in 2020, while continuing to strategically invest in mobile telephony, our key growth engine to keep growing market share and ARPU as well as reducing churn.

In terms of leverage, we have reduced our debt-to-EBITDA ratio from 7x in 2001 to 2.6x recently, a level that is much lower than that of our peers and competitors in Canada. This disciplined financial management was recognized over the years by both set of credit agencies, more recently when Moody's assigned a positive outlook to Quebecor Media Corporate Family Rating, the last step before investment grade. And it is important to point out that while improving shareholders' return by significantly increasing the dividend payout with the actual dividend per share having been increased by a factor of 20 since 2012.

On the strength of our recent refinancing, we are also reducing our financial expenses and can now boost one of the strongest balance sheets in the industry. Page 12 in our presentation then demonstrate that the presence of a strong fourth player has the direct effect of bringing down prices for wireless services. The Competition Bureau itself stated in 2019 in a submission in response to a CRTC notice of consultation that prices were 35% to 40% lower in area where a regional player held more than 5.1% market share. Thanks to Videotron, the province of Quebec was the first place where the government objectives to reduce prices by 25% were met.

Finally, an article in The Globe and Mail dated recently in May 5, 2021, stated that the big 3 telecom players had avoided the government price reduction objective by abolishing certain plans.

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Turning to Slide 13. With 175 blocks of 3,500 megahertz spectrum outside Quebec, with an average of 32 megahertz per territory, Quebecor has now established the essential base on which to plan the deployment of our innovative telecom services outside our own products. Having clearly demonstrated over the past 10 years in Quebec that we can successfully compete with the big 3 through superior marketing, promotional and pricing agility, technological innovation and second-to-none client experience, we now intend to take on and break that oligopoly in West Canada to provide Canadians in Ontario, Manitoba, Alberta and BC, with the same competitive pricing and client experience that has made our success in Québec.

Having acquired the necessary spectrum in key areas, we now intend to roll out the wireless telecom offer, either through the acquisition of assets should they become available under the right conditions and for a reasonable price or through the opportunity made possible by the recent CRTC decision to operate a virtual network while, of course, fulfilling our obligation of network construction.

In conclusion, expansion outside Quebec is a strategically important growth opportunity for Quebec, the natural next step for us by replicating the winning formula that made our success in Quebec, where we built a \$1 billion business in 10 years and thus provide strong and long-term competition so that Canadians can benefit as Quebecers have for some time now from significantly lower prices.

Looking forward, we are focused on planning the next step to ensure that the regulatory authorities make good on the recently announced decision. If we want sustainable competition that will benefit consumers in the long term, then it is necessary to stay the course with the fourth wireless player policy and put in place the appropriate framework. It is clear to us that we are the ones to do it with not only the will but the expertise, the experience and the financial means.

I thank you for your attention, and we would like now to open the floor to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Vince Valentini from TD Securities.

Vince Valentini - TD Securities Equity Research - Analyst

Thanks very much for hosting this call. This is a big development for your company, and thank you for updating us on your views. I have a few questions. Number one, and you may not want to answer some of this, but I'll try anyway. Is your intention to be an MVNO outside of Quebec, if there is no opportunity to buy existing assets? Because you seem to have bought small amounts of spectrum in a lot of places, which would, I guess, technically make you qualify for the MVNO rules. So it's just not clear to me. Or is this just fully a stepping stone that you hope to be able to be a full facilities-based carrier at some point?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Thanks, Vince. First, I would say it was important to, again, participate in the spectrum auction as we did for the last one since 2008. So we're strengthening our base here and fully complement our 5G expansion that we started in Montreal and Quebec and that we will build throughout the next month and years.

Again, I emphasize the fact that we started in 2006 as an MVNO. So it is important to say and to highlight the fact that we have the proper experience in this kind of economic model, and that was also important for us after the decision rendered by the CRTC that we will be in a favorable position to consider different alternatives. We clearly stated that we have a strong interest in buying the mobile activities of Shaw through the transaction of Rogers.

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If for whatever reason, this was not possible, we will have the alternative to be an MVNO operator, again, with the experience we built in the past with the strong expertise in the digital. This is something new for us because in 2006, we didn't have this aspect of the business. But certainly, that give us, we consider, an edge regarding competition. And since our success in Quebec with this brand, we consider that would be an interesting -- also, a possibility.

So in a few words, I would say that we have many alternatives. And we consider that having those alternatives will position us more favorably in the future to grow what we've been able to build in Quebec for the last 20 years.

Vince Valentini - TD Securities Equity Research - Analyst

That's very helpful, Pierre Karl. From the sounds of it, just to make sure it's perfectly clear for everybody on the line, you would have no intention of trying to start from scratch building a fifth network in all of those 3 or 4 provinces and continuing to buy more spectrum and start building cell sites from scratch. That would be a massive financial risk, I assume. Can you make 100% clear that, that would not be ever your intention?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Going forward, it will be impossible just to tell what will be the outcomes from years from now. But something that we can tell you, and I think it is important for you to understand what happened in the CRTC condition to operate as an MVNO is that you need to build the network after 7 years. You need to have -- to be a facility base. There's been a lot of conversation, discussion and arguments regarding how should we build the Canadian telecom industry. As you know, there is many disputes taking place with tariffs regarding TPIA. There were a reversal of decision recently.

So I think that most of, if not all, telecom industry would be favorable to a facility-based model. And therefore, I think this is why the CRTC decision rendered that obligation to build a network after 7 years. So you have 7 years to build this network. And never forget that the economic model of the MVNO is completely different than the facility-based one.

When we started in Quebec in 2006 as an MVNO, we went very quickly on the PR side, I would call it, and making representation in front of the government, in front of all the stakeholders in Ottawa, to mention that a consistent competitive landscape will be built only and only if there is a fourth operator. But for the fourth operator to succeed, it needs spectrum to operate a network. It needs to be a facility based on the long run.

So I would say those principles are still applicable because if you run an MVNO, your margin will be very tight despite the fact that depending how you've been going, you will be able to negotiate your tariffs and all the other conditions with the facility-based operator. So never forget that at the end of the day, as a facility base, we've been able to generate margins and grow our EBITDA through and this is what telecom is all about. It's a capital-intensive industry. And there is no reason why the wireless business would be different than the rest of the telecom services that we've been offering for the -- for, I don't know, even I mean -- before Quebecor acquired Videotron.

Vince Valentini - TD Securities Equity Research - Analyst

Yes. No, that makes sense. I was going to pass the line, but let me further clarify something. It's not -- I hear what you're saying about a fourth operator and the economic potential there of being facilities based. I guess what I'm trying to get at is, if somebody else is the fourth network operator in Ontario, Alberta and BC, somebody else acquires those existing assets, would you then consider building a fifth network? Or is it only your view that, if it goes back to 3, then the door opens that you can over 7 years become #4, and that might work out? Is that a fair way to interpret what you're saying?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Yes. I would say, Vince, we can obviously line up different scenarios, but it would be, I guess, not possible to answer a very hypothetical situation. So we'll see throughout the -- what's going to take place. We never control what is taking place in the industry, completely control it. But again,

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what I can say is that we are very well positioned. In fact, we -- I think that we're the best positioned to first acquire all those assets and then eventually consider an MVNO. And again, I would not be able to say something else than what I said earlier that we built our alternative to succeed.

Operator

Your next question comes from Jerome Dubreuil with Desjardins.

Jerome Dubreuil - Desjardins Securities Inc., Research Division - Associate

Yes. There's a lot of things, obviously, that we know we don't know for the different proceedings. But maybe if you can address on the risk side of the spectrum strategy, if the Freedom acquisition doesn't work, for example, or if you don't want to pursue MVNO, what are the perspectives to sell spectrum again in a few years, maybe considering deployment requirements? Or can spectrum be monetized in some other way?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Yes. Well, it's -- I guess, what we can say of your question is basically, our previous experience where -- when we started as a wireless operator in 2006, but certainly no more in 2008, certain of you will probably remember that we participate in the auction, and we started as a -- with national ambitions. Through the process where we found out that the auction was very competitive, we decided to get out of the auction in -- on the Western side, and we saw that the auction was remaining competitive in Ontario.

Remember, with the Globalive, which was a company coming from nowhere with no balance sheet and was eventually considered being financed by an Egyptian company, basically, I guess that the industry minister remember that. And this is why, again, they consider that there might be different conditions this time for the auction because they want us to -- our understanding is they want -- it's a political -- I'm not going to say political hot potato, but certainly something that politicians need to deal with is I've -- what have been said, high prices in wireless in Canada. And if they want to succeed in having a competitive landscape, a fourth operator has proven that will be the results.

So again, we think that we have all the right tools, the expertise and the financial means to succeed. If for whatever reason, there should be, we call it a problem, but I don't really see what could happen, yes, it's true that the spectrum had a significant value. And this value is even -- also, you need to consider the price per pop on the reserve block compared to the non -- the open blocks, which is a ratio of close to 3:1, a little bit more than 3:1. So you get value there, but this is certainly not our objective to speculate on spectrum. It's never been, and it will never be over.

Jerome Dubreuil - Desjardins Securities Inc., Research Division - Associate

Yes. I understand that. And maybe just if you can confirm that if you believe an MVNO launch would mean -- would meet the deployment requirements set by ISED?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Yes, as you probably know, having discussions on the regulatory front is not always simple. This is a complex situation, and it will be even more complex in the coming months. As you probably know also, the CRTC recently received comments from the incumbents regarding the MVNO conditions, more the technical conditions than anything else. So we're going through this process. We need to make sure and you can count on us to make sure that we'll be loud on making sure that what we can consider being resistant from the incumbent seeing competition, we'll be able to put emphasis on the fact that we'll start it as an MVNO as quickly as possible. (foreign language) Next question is from Jeff, I think.

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Operator

(Operator Instructions) While Jeff is getting back on, we'll take Matthew Griffiths from Bank of America.

Matthew Griffiths - BofA Securities, Research Division - Associate

So I just wanted to start with you outlining how the spectrum purchase is like the first step in your expansion to other key markets outside of Quebec. What is your next step? What are you working on? It sounds like your next step is to wait on the outcome of what happens with the Rogers/Shaw deal. But I was wondering, among the things within your control that you can influence, what are your next steps as you kind of walk down this road?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Well, our next step will be -- and it's already done partly, as you can imagine, is to finalize our business plan to make sure that, as I mentioned just earlier -- in the earlier question that we were going to have the proper technical access to network, to negotiate with the 3 incumbents' tariff in a competitive landscape to finalize. It's easy to say MVNO. But clearly, again, because we want to respect the conditions imposed by the CRTC building our network to continue also our financial plan to make sure that everybody will feel secure with the business.

And from there, we'll find out what's going to happen. But we will certainly continue to watch and, in fact, it's more than watching because the Competition Bureau is asking us, and you probably have read recently in The Globe and Mail that they're pretty active on that file, given that there was also going to be the CRTC and the [directive] that will be operative in that front also for the merger between Shaw and Rogers. So I'm not saying it's a moving target, but it's -- we cannot conclude that there's a final plan here.

Matthew Griffiths - BofA Securities, Research Division - Associate

Okay. I was asking the question, trying to get a sense as to how important the 2 things that you laid out as enablers of this strategic decision are, one being the outcome of acquiring assets and the other being the CRTC decisions on a facilities-based MVNO? And whether or not both of those have to come together to enable this to come to fruition? Or if you can't acquire the assets, it is sufficient to have just the CRTC facility-based MVNO decision support your plans to move forward? And maybe one other follow-up, if I may.

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Look, I think that what you just mentioned, Matthew, is all the appropriate items that just describe -- I wouldn't emphasize, we have a very favorable situation we're facing. It's always having leverage when you have alternatives, and those alternatives are really present. The conditions on the CRTC in MVNOs imposing building in 7 years will also reduce the amount of possibility of a coming from nowhere operator as there is a lot of MVNO sales in other countries, which are not telecom operators.

So yes, obviously, we're for competition, but there are certainly also a certain level of competition where it doesn't make sense anymore. And this is probably why I think that the CRTC decided to promote and to favor a facility-based model. So all this, again, participate in the fact that, yes, there is competition, but there will be a certain level of competition and competition, which is same for the market and makes every player have their own possibility of financially profitable.

Operator

Your next question comes from Tim Casey from BMO.

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Tim Casey - BMO Capital Markets Equity Research - Equity Research Analyst

Two from me. One, Pierre Karl, as you look to expand outside Quebec and you talked about the successes you had in your home market with brand [denial], you have a lot of strategic advantages with given your wireline incumbent's fee, the -- once you have the -- of the market and your customer base, that you don't -- the evidence is pretty up (inaudible) operations...

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

I'm sorry, Tim. We're not hearing you well. You're breaking up a little bit. Can you repeat?

Tim Casey - BMO Capital Markets Equity Research - Equity Research Analyst

I'm just trying to assess your ability to compete outside of Quebec. Your success within Quebec has been -- is very strong, but you have a lot of advantages there. And the competitive landscape for wireless-only players is pretty tough. And Shaw -- one of the reasons Shaw is selling, I would contend, is they're not making an economic return. So how should shareholders think about your ability to compete outside of Quebec in wireless?

And the second question is, what does this say about the growth prospects within Quebec on a medium- to long-term basis? Are you running out of growth opportunities within your market -- within your home market that you have to pursue wireless outside of Quebec?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

Okay. I'll start with the second. I guess that you're very well positioned to figuring out the answer of this question. We -- clearly, we have -- the first -- fourth operator in wireless in 2006 and with the market share that we've been able to deliver, there is no doubt that there is a limited growth opportunity in Québec. In our case, that doesn't mean that we don't believe in our products. We continue to invest, and we look forward to continue to be successful in our video segment with the Comcast technology. We are certainly one of the best operator in the Internet access with 2 brands and the technology that has been provided by cable industry through coax and fiber still continue to deliver the best product.

Again, our customer service is well recognized. For the 16th consecutive year, we received the title of being the preferred telecom supplier in Quebec. And again, we finalized our wireless business with the implementation and the deployment of a fully technical brand. So all of this precludes us, I would say, to a significant growth, which we delivered since we started in the wireless.

Building on that expertise, yes, it's true that the market outside Quebec is different, given that we've been operating a quad play. But for us, that doesn't mean that there is no room for a single-product play. And there's other alternatives also that we can consider through our capacity to be innovative. You know very well that the TPIA have been taking market share in Quebec in the internet access and starting in the video segment. So all those possibilities also give some further consideration, which we can compare quite positively to what Shaw decided to deliver since they came in. Let's be honest, they came in late in the industry, certainly later than we were in 2006.

Tim Casey - BMO Capital Markets Equity Research - Equity Research Analyst

Do you -- is a network sharing agreement a must-have for you to proceed outside of Quebec?

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

All alternatives on the table. We've been operating with network sharing with Rogers. I think, as you know also, Bell and Telus have one. It's in the best interest of the industry to consider this approach. And it's been used and will continue to provide significant advantages.

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Operator

Your next question comes from the line of David McFadgen from Cormark Securities.

David John McFadgen - *Cormark Securities Inc., Research Division - Director of Institutional Equity Research*

Just a couple of questions. So assuming you launch an MVNO or you buy Shaw's wireless assets, do you anticipate that you would then file and become a third-party Internet reseller outside of Quebec? So you can offer a bundle?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Just as I answered to Tim, this is a possibility. But obviously, as you can imagine, David, we're not going to publish and publicly talk about our commercial strategy. But I guess that anybody can easily figuring out the different possibilities that are available.

David John McFadgen - *Cormark Securities Inc., Research Division - Director of Institutional Equity Research*

Yes. Do you think that could provoke a negative reaction? Let's say, maybe Rogers does the same in your territory to resell your Internet?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Well, what I can say is that we certainly have all the proper expertise to do so. Again, we have the other items that I highlight, which is the financial means, one of the best balance sheet. Everybody need them to continue to invest in their 5G network. So capital intensity will continue to be important. So these are the realities that telecom operators are facing and will remain the same for certainly a while.

David John McFadgen - *Cormark Securities Inc., Research Division - Director of Institutional Equity Research*

Okay. And then lastly, I don't know if you can comment on this one, but -- would Fizz be the primary brand that you would take outside of Quebec, just seeing the incredible success in Quebec? Or do you envision that you would actually take the Videotron brand outside of Quebec?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Again, this is something that we'll make public in due time. Would not be at this stage, providing any advantages to let our competitors know what will be our strategy.

Operator

Your next question comes from the line of Jeff Fan from Scotiabank.

Jeffrey Fan - *Scotiabank Global Banking and Markets, Research Division - Director of Telecommunication Services and Canadian and U.S. Telecom & Cable Equity Research Analyst*

It sounds like facility base is certainly one of the options. And buying the Freedom assets is what you touted as one of the ways to get quick access to become a facility base. But as we all know, like the fourth is as strong as the network assets that you're going to get. What we've seen, I guess, in past deals like the Manitoba deal, was exploring then got a bunch of assets, and it's arguably -- hasn't been great for competition in Manitoba. I'm not sure. I mean, maybe the jury is still out on that. The question to you is what parts of Freedom -- if Freedom is that option, what parts of Freedom do you need to keep to compete effectively?

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Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Well, this is a very interesting question, Jeff. Well, as you know, I talked earlier about Globalive, and I guess that we can say that from a political perspective, that was a little bit of a fiasco. There were no serious real competition before those assets were acquired by Shaw. And you will remember that -- and still, the situation that, I guess, the Shaw management had -- and finally considered that operating on the network and -- we all know and we have -- you know and we know from an operational perspective that it is important to have a good network.

And our understanding, as probably yours, was Shaw was not ready to put their name on this network, which was not providing the level of quality that the Shaw company and Shaw family was built on forever. But they started to change the business plan of what they acquired and investing in the quality of network. And when it was ready, they delivered a new network brand -- not a brand new network, but an improved network in Alberta and then, therefore, decided that they will commercialize under a new -- another brand, the Shaw brand.

So I'm saying all this because I guess that the network under the Globalive/Shaw is different from one region to the other. So from there, we will need to have a deeper look when the process, either a divestiture, a forced divestiture or opportunistic consideration will start. But certainly, again, starting as a MVNO so we have the capacity of enjoying "an incumbent network" -- other to the condition also to build.

And we always like the Shaw family. The Rogers family consider that the quality of the product is paramount. Even before we acquired Videotron, the Shaw family share this perspective. So that, therefore, first, we'll have the capacity to enjoy the best networks available in Canada and then adding the time to build our own network on the level -- the quality level that we're expecting to deliver. So I'm not saying that this is simple, but it's not completely complicated also since basically, this is the scenario we used when we started in the wireless business in Quebec in 2006.

Jeffrey Fan - *Scotiabank Global Banking and Markets, Research Division - Director of Telecommunication Services and Canadian and U.S. Telecom & Cable Equity Research Analyst*

And just a follow-up on the MVNO. Are you saying you need an independent network as opposed to the big 3 for that MVNO opportunity for you? Because when I look at the incumbent rates on MVNO, I mean, they start at the wholesale roaming rate. So they don't really give you much room for a margin. We think an independent network would be more open to helping you to become an MVNO outside Quebec. So do you have any -- can you just clarify what is the ideal network for you to be on for that MVNO?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Well, again, this is certainly more favorable, and we will continue to look at the possibility of network sharing. And on the spectrum side also, this is probably one of the reasons why Bell and Telus were less aggressive than Rogers in the spectrum auction because they have the capacity to share their spectrum in the network. And usually, this is part of a network agreement -- network sharing agreement.

So maybe there's something else I should say, and you may be well aware of this. Building a network from now on, given what the -- there's been a kind of new technology environment, which are also more favorable to newcomers, I would say, the open RAN technology. So instead of being forced to deal with only one operator, also, as you know, all the cloud environment that is now available, you've been probably seeing experiences in Japan with the Rakuten, which is they built an open RAN network in the cloud. You heard probably also the Charles Ergen situation in the U.S., which -- where he bought some assets out of the T-Mobile/Sprint merger.

So I'm mentioning this because we should highlight the fact that what's coming in have -- is carrying more opportunity and is more favorable than what we have been experiencing before in terms of capital intensity. So you need to deal with all those issues and consider them as part of the financial equation moving forward.

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Jeffrey Fan - *Scotiabank Global Banking and Markets, Research Division - Director of Telecommunication Services and Canadian and U.S. Telecom & Cable Equity Research Analyst*

Great. And maybe just one last technical question about the auction. I think many people are asking this. How did Videotron actually qualify to bid outside of Quebec, particularly not so much in Eastern Ontario because we know you have a business there, but in places like Toronto, Southern Ontario and the West? I guess, the understanding going in was that you actually have to offer commercial services. So can you just -- now that the auction is over, can you just clarify that technical detail for us?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Yes. I would say that we have operation in Ontario and Western operations. We -- there's a company called [Detel] Telecom which is a backhaul operator. And we continue to offer backhaul products, especially in Toronto, and we're servicing companies outside the province of Quebec for many, many, many years. And we will continue to do so. And this is the reason why we were able to qualify as a bidder.

And I think there is the last question from Drew?

Drew McReynolds - *RBC Capital Markets, Research Division - MD of Canadian Telecommunications & Media Research and Analyst*

Thanks for hosting this. All very informative. Just 3 final ones from me. Pierre Karl, can you talk about the importance of future set-asides in terms of spectrum auctions coming down? Also, I had to hop off during the call, so apologies if this is repetitive. What kind of, I guess, maximum leverage ceilings are you kind of willing to commit to from a balance sheet perspective? And are wireless partners here a consideration as you kind of work through all these options? Last one, how do you measure success on wireless expansion outside of Quebec?

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Good. Well, it's true. You really have many, many questions.

Hugues Simard - *Quebecor Inc. - CFO*

First one is the set-aside going forward.

Pierre Karl Péladeau - *Quebecor Inc. - CEO & President*

Yes. Obviously, we're not the ones that are creating the rules, but we've been always a big promoter of set-aside. And from a regulatory and policy perspective, without any doubt now, it's been proven that if you want to have a competitive landscape to be able to offer innovation and better pricing, set-aside is necessary. You just compare the 2 prices and how competitive the prices went on the open block. I mentioned earlier the ratio of 3:1 -- more than 3:1 compared to the reserve block.

So there is a limit of new comers have the possibility to deliver in terms of financial power. And I would say that when you have so strong a position in the market, you will be ready to pay whatever it needs to continue to pay for maintaining your position. And that's the way that the incumbent has been thinking, and this is why, I guess, that the industry minister decided that you need set-aside if you want to have a full operator.

So I guess that -- yes, it's true that the results have been mixed. But -- and we're certainly working in Quebec, where prices are low. We've been successful in -- by adding many other services. But we also operate which is mainly as a wireless provider, and we will continue to do so.

How we will be able to measure success in the wireless, I mean, it's growing our revenue, growing our RGU. And there will -- certainly, as I mentioned earlier regarding the model that we use in the -- when we enter the wireless business in 2006 as an MVNO and then creating significant margin

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after building our network. In fact, rule of life, as you know, from the MVNO conditions that the CRTC elected to rule and to promote. So again, there is good reason to think that we'll be able to achieve the kind of margin that we deliver elsewhere.

In terms of leverage, Drew, I think that we made in the presentation loud, but maybe not loud and clear, but when we acquired Videotron in 2000, our leverage was 7x. Clearly...

Hugues Simard - Quebecor Inc. - CFO

We don't want to go there.

Pierre Karl Péladeau - Quebecor Inc. - CEO & President

I remember very well that -- those years. And we've been able to reduce our leverage. In fact, this is why I think that the debt market has been so loyal to Videotron and then to Quebecor because we -- the first roadshow we accomplished, I remember very well, and I said that we will focus on growing our EBITDA and reduce our debt. And year after year after year after year, we delivered. And this is basically one of the reason also we've been successful. We reduced the pricing of our debt, the financial burden of our company. This was providing the capacity to continue to invest, providing the best quality, the best product, the best network. And we know so well how it is important to have a decent leverage. So we will continue never to forget this, and you should not worry about having a too high leverage.

So I think that the questions are over. We would like to thank you very well -- very much attending this conference call. We thought that it will be important. As you know, this is not something that we do very often. But regarding the importance of the situation, we thought we will do it. And as you probably know, Q2 conference call is taking place next week, so we'll have the chance to talk to you again. Since then, we wish you a good time and a good weekend. Take care.

Operator

Ladies and gentlemen, this concludes the Quebecor Inc. conference call in relation with the results of 3,500 megahertz spectrum auction. Thank you for your participation, and have a nice day.

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EXHIBIT 81

Transcripts

Technology



Quebecor Inc.'s (QBCRF) CEO Pierre Karl Péladeau On Q3 2021 Results - Earnings Call Transcript

Nov. 04, 2021 3:57 PM ET | Quebecor Inc. (QBCRF), QBCAF



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Quebecor Inc. ([OTCPK:QBCRF](#)) Q3 2021 Earnings Conference Call November 4, 2021 11:00 AM ET

Company Participants

Hugues Simard - Chief Financial Officer

Pierre Karl Péladeau - President and Chief Executive Officer

Conference Call Participants

Jerome Dubreuil - Desjardins

Jeff Fan - Scotiabank

Tim Casey - BMO

Vince Valentini - TD Securities

David McFadgen - Cormark Securities

Matthew Griffiths - Bank of America

Drew McReynolds - RBC Capital Markets

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Operator

00:06 Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Quebecor Inc.'s Financial Results for the twenty twenty one Third quarter Conference Call. I would like to introduce Hugues Simard, Chief Financial Officer of Quebecor Inc. Please go ahead.

Hugues Simard

00:23 Good morning, everyone. Ladies and gentlemen well to this conference call. Joining me to discuss our financial and operating results for the third quarter of twenty twenty one is, Pierre Karl Péladeau, our President and Chief Executive Officer. Any one unable to attend the conference call will be able to listen to a recording by telephone or webcast. Access details are available on Quebecor's website at www.quebecor.com. The recording will be available until the second of February of next year.

00:57 I also want to inform you that certain statements made on the call today may be considered forward looking, and we would refer you to the risk factors outlined in today's press release and reports filed by the corporation with regulatory authorities.

01:10 Let me now turn the floor to Pierre Karl Péladeau.

Pierre Karl Péladeau

01:14 Good morning, everyone. As we announced last quarter, we are moving ahead with our plans towards the expansion of our telecom services across Canada. Thereby creating a real competitive dynamic and bringing to Canadians the benefit of technological innovation, superior wide experience and lower prices.

01:40 The first step restores our objective of the coming the fourth independent wireless provider in English Canada became a reality in July with our investment of nearly eight thirty million in the acquisition of two ninety four blocks of spectrum in the three thousand five hundred megahertz band across Quebec, Ontario, Manitoba, Alberta and British Columbia.

02:09 Our investment of three fifty seven million dollars for one hundred nineteen licenses in Quebec will enhance an already solid spectrum base acquired throughout the last decade, starting in twenty eight prior to the launch of our facility based wireless operations. These licenses will be used for the deployment of our 5G platform, which is already in operation in Montreal and Quebec City.

02:40 The remaining investment of four thirty two million is dedicated to the acquisitions of licenses in the main regions of the aforementioned provinces. On this topic, I have to say that we were surprised by court initiative against the government of Canada to try and block the award of these licenses to Videotron.

03:10 That being said, we will release, although not surprised this time that the federal court clearly tells that its claims was without merit and denied [Technical Difficulty] sustainable and do not raise a serious issue. This is the paragraph two and I still quote; the disciplined factor is the public interest in fostering greater competition and the market for mobile services and this is the paragraph four.

03:54 It is sad to realize the lens to which Telus and Bell will go to delay, block, and to ultimately squeeze out at all costs. Any efforts to create healthy competition and ultimately lower the prices Canadian pay for mobile services.

04:17 We continue to call on governmental and regulatory authority to issue the licenses and marginally ensure that their longstanding competition policy and objectives are back by concrete actions forcing the incumbents to actively cooperate and take the necessary step so that Canadians are not less paying amongst the highest telecom prices around the industrial lines of the world.

04:51 I would also like to comment on our recent court action against Rogers. Our long time ally and partner in building a joint wireless network and connect. To remain on the legal side of business and keeping in mind that the [indiscernible] rule, as well as the respect owed to the court, I will not comment any further nor I will answer any questions regarding this matter.

05:25 The only thing I wish to share is that over the last years, as described in the claim, we've always strived through the network sharing committee, to find answers and solution to the various change request demands and other [indiscernible] from Rogers new management. But every time we met Rogers request, they came back with further and higher demand. And since Rogers felt comfortable, they state publicly that we fail to meet the investment asked to improve our joint network to benefit our customers. I myself feel comfortable to say that is far from the truth to say the least.

06:24 As you know, Videotron has been recognized for many years as the most respected telecom company in Quebec. Could this be possible without adding our clients, at the center of everything we do? We always acted as a true partner to Rogers and try to avoid the unpleasant publicity of a public report, negotiating a suspension of the time limitation period of three years according to the law to give ourselves a chance to settle our differences, but to know where.

07:10 Given the current events at Rogers, we now understand why our discussions were not a priority and sincerely hoped that when the air clears at Rogers, we may have a chance to engage in a constructive dialogue with open minded individuals.

07:36 Turning to operational matters. We launched Vrai, the first French language video subscription platform dedicated exclusive on scripted lifestyle, documentary, and entertainment content. In just a few weeks, we recorded seventeen thousand subscribers and over two hundred thousand views.

08:02 We will offer full original production this year and over one hundred original Quebec reductions by the end of twenty twenty two. Along with the success of Club illico, which has dedicated to series, movies, and new programs this new platform will enhance and complement our content offering.

08:27 We are expanding our collaborations with local producers and we will continue to significantly invest in the production of new local content, thereby strengthening our leadership position as the largest catalyst for original French productions in Quebec. Speaking of critical, our own successful OTT, we launched our programming two weeks ago with a number of new majors original series and an exceptional twenty twenty one, twenty twenty two lineup up featuring leading figures of Quebec cultures such as the Patrick Senecal, [indiscernible] as well as [indiscernible].

09:17 Finally, bringing all of these investment together, we also unveiled a new digital platform that brings all of Quebecor news and entertainment content together in one place. Available on the web and via a mobile app this is a unique showcase with a vast quantity multi-source, multi-format content, where users will have access to millions of items including tax, music, video and audio in a single environment, live and or on-demand.

09:59 Once again, on the forefront of innovation and anticipating market demand and trends, [indiscernible] will further reinforce one of Quebecor's most important competitive advantage against our national competitors. Our unmatched ability to produce and deliver unique differentiating new and entertainment content.

10:26 On the B2B front, we're pleased to announce that the Videotron business, team up with X-Telia, a Quebec-based technology company to offer a wider range of 2578 connected solution to accelerate the digital transformation of cities, municipalities, government organizations and businesses across Quebec and provide them with solution for weight management, water management, and quality smart parking, environment management and noise pollution.

10:59 Videotron also recently landed a major contract for IoT services with the STM, which is the Montréal public transit authority, further strengthening its leadership position in Quebec.

11:16 Moreover, in September Videotron [indiscernible] announced partnership with [Trois-Rivières] [ph], which is a new team with the ECHL. The new Trois-Rivières arena is now named Colisée Videotron and TVA Sports is an exclusive official broadcaster of the Lions de Trois-Rivières' home games.

11:39 This partnership demonstrates our continued commitment to Quebec's sport and entertainment industry, supporting and promoting the next generation of Quebec athletes, as well as contributing to the economic development of Quebec regions through investment that benefits local community.

12:00 I will now review our operational results starting with our Telecom segment. On the wireless front, we posted forty one thousand net adds during the quarter. Despite a continued aggressive competition from a loading and renewal perspective, especially towards the end of the quarter, we were able to keep our returns flat year over year and once again capture the largest share of growth as by far with thirty seven percent of the market, our best performance ever and with our Videotron and Fizz brands coming in first and second position respectively according to a [indiscernible] marketing service.

12:56 Consolidated wireless ARPU for the quarter declined one point six percent or zero point eight three dollars versus twenty twenty. This decline is explained in large part by the dilutive impact of BYOD model or Fins combined with a decline in roaming and data usage revenues.

13:19 Videotron recently enhanced its value proposition regarding the equipment installment plan by launching in September the take back credit program option, allowing customers to further benefit from reduced monthly phone payments in broadband.

13:37 We are pleased to report another strong quarter with a growth in internet subscribers of twenty two thousand five hundred, two thousand more than during the third quarter last year, and a two point one percent or one dollars thirteen Internet ARPU growth.

13:57 In the quarter, more than one hundred thousand installations were completed bringing our total subscribers to over one million as of September thirty, twenty twenty one. Our Helix TV continues to help lower our TV turn rate and mitigate our TV subscriber decline, which was thirteen thousand four hundred in the quarter, an improvement of more than two thousand compared to the third quarter last year.

14:33 We continue to promote Helix self-installations and we are very satisfied with the result thus far. We have already surpassed one hundred thousand self-installation since the launch in March twenty twenty one and are pleased to report a ninety three percent overall customer satisfaction rate. This program has proven to be very successful and will continue to improve it to maintain the current satisfaction rate level.

15:07 In our media segment, advertising revenues continue to increase particularly in our television network where they came in higher than the same quarter of last year, but also the twenty two percent higher than the same quarter in twenty nineteen, which is as you know pre-pandemic.

15:32 Our consolidated market share reached thirty eight point two percent for the quarter, strengthening our leadership position in the Quebec market with such [indiscernible] the French version of [indiscernible] gains.

15:50 Building on our number one franchise, we continued to increase our investment in content, the strategy that is reflected in our call programming with a wealth of new shows, original production, and exclusive content for our digital platforms such as TVA+, which continue to grow and build on its strong popularity.

16:16 Our array of content is broader and more diverse than ever and is available on multiple platform to reach more Québec on a daily basis and bring them together for major television events.

16:34 Our film production and audio visual services segment also performed very well with high demand from mega production such as parallel picture mega production¹⁵⁸⁰ Transformers, Rise of the Beast and also from major online streaming player. Mail services are increasingly being recognized and used by international clients, placing us in the enviable position of being able to take advantage of the current market growth and plan for expansion, our facilities with the upcoming constructions of MELS 4.

17:20 Our virtual stage services continue to draw the attention of producers with greater numbers using the technology to facilitate shooting certain scenes or creating advertising.

17:36 I will now let Hugues review our financial results.

Hugues Simard

17:44 Quebecor's revenues were up three percent in the quarter to one point one five billion dollars and EBITDA was up by more than one percent at five twenty million dollars. Third quarter revenue growth from our telecom segment was flat as compared to last year. As the growth from Internet access and mobile telephony up six percent and eight percent respectively, with [indiscernible] by reduction in mobile equipment with more BYOD than in Q3 last year, and also the stabilization of the growth in Helix equipment sales, which drove most of the top line increase in prior quarters.

18:21 Our Telecom segment EBITDA posted a decline of one percent compared to last year, as a result of a nineteen million dollar unfavorable impact – of the impact of a nineteen million dollar one-time item in the third quarter of last year. Without the impact of the twenty twenty one-time item, our telecom EBITDA would have grown by two point six percent in the quarter.

18:45 Our overall EBITDA margin remained strong at fifty one percent for the third quarter, still one of the highest in the Canadian telecom market. Our media segment recorded revenues of one hundred and ninety one million dollars, a twenty one percent increase and an EBITDA of thirty seven million dollars of forty seven percent increase compared to the same period last year.

19:07 In our media segment, TVA Group continues to benefit from the improvement of activities from almost all of its sectors as evidenced by the twenty six percent and fifty two percent respective increases in revenues and EBITDA during the third quarter.

19:23 Quebecor reported a net income attributable to shareholders of one hundred and seventy three million dollars in the quarter or zero point seven one dollars per share, a thirty two million dollar increase compared to the same period last year.

19:37 In addition to the EBITDA improvement, this increase is also explained by the gain on valuation and translation of financial instruments related to our convertible debentures, as well as to the restructuring initiatives that were put in place during the quarter.

19:54 Adjusted income from continuing operations, excluding unusual items and gains or losses on valuation of financial instruments, payment at one hundred and seventy six million dollars or zero point seven three dollars per share, compared to an adjusted income of one hundred and seventy three million dollars or zero point six nine dollars per share in the same quarter last year.

20:13 For the first nine months of the year, Quebecor's revenues were up six percent to three point three seven billion dollars and EBITDA was up three percent to one point four seven billion dollars. Revenues from our Telecom segment grew four percent to two point seven eight billion dollars and EBITDA increased two percent to one point four one billion dollars for the same period.

20:35 Telecom CapEx spending, excluding spectrum, was down [eighteen] [ph] million dollars for the quarter as compared to the previous year, mainly due to the timing of some of our investments.

20:47 On a year to date basis, CapEx spending is comparable to last year with continued deployment of the LTE-A of the events or 10 or 5G rollout as planned. Our cash flow from operations for the third quarter of twenty twenty one increased by twenty million dollars or six percent, the three sixty six million dollars once again demonstrating the resilience and strength of our business model, as well as our continued operational and financial discipline.

21:16 Cash flow from operations from our Telecom segment grew eleven million dollars or four percent to three thirty seven million. TVA Group's cash flow from operations grew forty four percent to twenty nine million dollars in the quarter.

21:30 As of the end of the quarter, our net debt to EBITDA ratio was two point eight zero, up from 2.76 reported at the end of the third quarter of last year, still one of the lowest in the telecom in the street competitors and Peers in Canada.

21:49 Despite the redemption of Videotron's five percent senior notes and Quebecor media's six percent and five eight percent senior notes in July, with two point three billion dollars in available liquidity at the end of the third quarter. With growing free cash flows and strong credit profile, our liquidities are giving us the flexibility to continue and invest in strategically important growth projects, such as mobile telephony, investing in content and continuing to invest in studios.

22:18 During the first five months of the year, we purchased and canceled seven point one million Class B shares for a total investment of two twenty six million dollars, since we initiated our NCIB program ten years ago, approximately forty seven point seven million Class B shares have been purchased and canceled.

22:37 We thank you for your attention and would now like to open the lines for your questions.

Question-and-Answer Session

Operator

22:48 All right. [Operator Instructions] First question comes from Jerome Dubreuil from Desjardins. Please go ahead. Jerome?

Jerome Dubreuil

23:06 Thanks for taking my question. First question on the media front, good results. Just looking to see how recurrence are the good results in terms of film production. I know this business can sometimes be lumpy, but I also think you've made significant investments in that business. Can we expect such good results going forward as well?

Pierre Karl Péladeau

23:34 Well, thank you Jerome and I guess that [indiscernible]. Looking forward, it's not always an easy exercise. As we and we will certainly have the opportunity to talk a little bit more, but expect questions regarding the telecom environment. And I would say that in the broadcasting industry lots are quite competitive. Obviously, we're getting out of a situation where pandemic was certainly not the best environment.

24:07 As know the advertising revenues were certainly not in the best conditions given that most of the retail business were closed and significant businesses were not ²⁵⁸³ performing. But we need to say that in front of us, we have two maintain competitors Bell, which with a specialty channels lineup and generally are much more in a better position than the previous owner and in fact these other kinds of representation we made in front of the CRTC they have a national platform in English and in French, which we do not and that also will provide the capacity for them to move forward.

25:03 The good thing and it's been also used by our competitors and Canada is one of that, which is the second one I was referring to earlier is that we have many platforms. So, if we are investing and this is we do as example, and I mentioned it in my presentation in Club illico and/or in Vrai, which is our new OTT and documentary platform. This also give us the opportunity to rebroadcast this content on the other platform.

25:41 So, we are multiplying the amount of vehicles, which we are able to use to generate advertising and keep our audiences as much as possible. So, this is something that we've been doing for many years already. And it's been copied by [indiscernible], which for us, it's quite – it's a big question modeling because, I didn't know that the national broadcaster will compete against private networks on non-OTT basis. To me, this is distribution where [indiscernible] should be a broadcaster.

26:19 In fact, we made our presentation during the, [indiscernible] renewable items. We expect the decisions to come forward and figuring out with the CRPC thing about this. And so, we look forward to continue to expect a competitive environment, but we certainly have a leadership position and we would continue to invest to make sure that we remain number one on this segment. Sorry for the long answer.

Jerome Dubreuil

26:48 No, that's fine. And then second on the back to school, do you feel that you had the full benefit out of this or this was still not a normal year just trying to assess your, if your net adds could be better or similar next year just related to back to school?

Hugues Simard

27:10 As you all know; this was a fairly active and fairly competitive back to school. We're quite pleased. I mean, forty one in wireless, I mean, you know historically, this is – it's a good quarter in terms of loading for us, but it's one, you know in terms of [indiscernible] it is slightly a bit more challenging with a lot of students back and taking in lower price points.

27:43 And we had significantly more, bring your own device BYOD this quarter, seventy four percent of course compared to sixty six percent last year same quarter. So that also contributed to that. So, I think all in all in terms of activity, I'd qualify it as very competitive, so pressure on the average invoice, but we're fairly pleased with our loading.

28:18 We did very well. We did very well against competition in terms of growth ads in our market share. So, it was very busy and very competitive, but we feel that we came out of it especially with FIS, which accounts for most of our growth on the right side of this equation.

Jerome Dubreuil

28:40 Thank you.

Operator

28:40 Next question comes from Jeff Fan from Scotiabank. Please go ahead.

Jeff Fan

28:53 Thank you. Good morning, everybody. A question for Pierre Karl, you've obviously been very vocal about the national expansion, but I think the market is sitting back looking at the various obstacle that you still have. You mentioned the lawsuit against Rogers and Quebec in the spectrum, yes, there's no injunction, but you still have a court case next year. I think the MVNO costs is so much clear. So, how can investors gain some comfort that you're making a good investment decision here? Can you just kind of shed some light on the thing that you're looking at to ensure that you're making the right investment decision? Thanks.

Pierre Karl Péladeau

29:44 Good. As you know, Jeff, we the CRTC provide what I would call favorable conditions. In fact, probably, we can say the most favorable condition ever. Out of the decision, this summer, you know, what we call twenty twenty one/130 MVNO is now regulated and the incumbents we need to open their network to new competitors. As you know, we started our wireless business in two thousand six with Rogers network as MVNO would participate in twenty eighteen and well.

30:26 We made representation in twenty eight to make sure if government was looking to have competition, the best way to do so, will be to provide certain conditions, one of which probably the most important would be the set aside spectrum during the auction also mandatory roaming and few other conditions.

30:51 The late that [Jean-François] understood is the situation and then therefore decided to administer to open the auction with those conditions. We participated, we bought the entire forty megahertz in Quebec, and we started to build our own network. Throughout all those years billing our net providing one of the best services, we've been able to achieve significant portion of the market share.

31:21 Fortunately, that was able to provide a growing opportunity in terms of revenues and EBITDA and if we were not to have this segment of business, I don't know, obviously, we cannot redo the timeframe, but ten years later, I think that we should conclude this decision, which was at the beginning probably questioned was vendor for delivering some significant amount of growth and EBITDA.

32:00 What is the plan in the rest of Canada, with the MVNO regulated environment sanitary to be made with our acquisition spectrum, we have all the assets to be able know to provide a good service. In terms of investments, as you know, we already have invoicing system. We already have call centers. We already have our digital platform.

32:28 We have all the assets necessary you know to provide a decent commercial proposal. And you don't need to go very far. You guys which are following the telecom industry those know well, how competitors and marketplaces in Quebec when we compare with the rest of Canada. Sorry about this, but this is – so, I would like to give you an example and you can go on my [indiscernible] account for more illustrations, but last week, many newspapers, so if you go to see on October twenty eight, so last Thursday, you will see that in the Vancouver Sun, in the Edmonton Journal, in the Calgary Herald, and the National Post, in the Ottawa Citizen that you have an ad of Bell, which is proposing twenty gig for eighty bucks.

33:46 This is the same ad and you go in the Montreal Gazette with the same ad for the same proposal, twenty gig, you're finding it at sixty five dollars. This is the most recent example, but it's been like this for many, many times.

34:09 So, we look forward to be able to piggyback on a very lucrative market and when I'm looking about results of Rogers and the quarterly results of Bell with their significant amount of new ads at the prices that we're seeing, I guess the room for us to grow there had a decent investment price and as you know, we have seven years to build our network.

34:45 Seven years in a technological environment we're seeing new perspective, which is bringing interesting opportunities to reduce the cost of building a network. All those items for me and for us is providing favorable conditions to move forward and expect growth elsewhere there where in Quebec, which is, I would see a quite mature market for us.

Jeff Fan

35:25 So, just a quick follow-up, it sounds like you're talking about a capital light expansion using MVNO first, so are you saying you don't need to pursue freedom in order to address your national expansion and the opportunity?

Pierre Karl Péladeau

35:45 Well, obviously this is a very important matter. And maybe you have more insight than we do, but we get problems to understand what's going on with Rogers and Shaw and we're figuring out what will be the outcome of everything. But we're not going to open our play here, and certainly again, we are seeing that we considered that we have – there also all the proper tools and names to be the best of quarter for [indiscernible]. So, what is interesting is that we have many alternatives and this is what we should conclude for the moment.

Jeff Fan

36:36 Fair enough. Thank you.

Pierre Karl Péladeau

36:39 Thanks, Jeff.

Operator

36:41 All right. Next question comes from Tim Casey from BMO. Please go ahead.

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Tim Casey

36:49 Thanks. Good morning. Two from me. Just following up Jeff's question, Pierre Karl, should we assume then that you'll be launching FIS imminently, no matter how the freedom, any remedies related to freedom play out and no matter how MVNO discussions proceed and is that what you're signaling to the market here? And just an accounting question for Hugues. Regarding working capital, it's been a huge use so far this year, and I know that's related to handset acquisition in the IP and whatnot, but just wondering if you expect that to swing in Q4 or more likely in twenty twenty two? Thank you.

Pierre Karl Péladeau

37:38 Yes. Thanks Tim. We unfortunately don't control the different actions that are taken by the income to stop and to refrain our capacity to offer a proposal to Canadians in the different areas where we acquired spectrum. We've been seeing once again that they're completely allergic to competition. When you start suing the government of Canada in a regulated environment, your spectrum comes from the ministry. I mean, it shows how allergic you can be. It's still a great move.

38:22 You have your own take on this and I have my own. Will they appeal the court decisions of last week by the Federal court of 10 days, will they continue to delay in court the delivery of the licenses by the ministers? All this we don't know. We also are in front of the CRTC with the more technical discussions regarding how should we connect the different networks?

38:57 How should also access to again, those are technical, but the fall back, the roaming obviously also all the tariffs and the tariffication will be a matter of discussion and eventually arbitration in front of this CRTC. So, in a nutshell, we expect not being able to do it next week and probably not next month, but as soon as the CRTC and the other governmental authorities will move and make sure that competitions will be brought for Canadians and we are ready to move.

Hugues Simard

39:45 And Tim on your working capital question, I certainly expect the pressure on working capital to continue, stabilize but continue for all the reasons you brought up, they're the right ones, obviously, the IP program and building inventory on many components because of life time increasing. So, I was certainly, I think it's going to stabilize a little bit. It is stabilizing, but I certainly expect to continue on to – at the beginning of twenty twenty two for sure.

Tim Casey

40:21 Thank you.

Pierre Karl Péladeau

40:23 Thanks Tim.

Operator

40:33 Yeah, next question comes from Vince Valentini, TD Securities. Please go ahead.

Vince Valentini

40:38 Yeah, thank you. Good morning to you Pierre Karl. The first question is, the eighteen point eight million, can you clarify Hugues is at all in the wireless segment or would some of that be in Videotron Wireline as well?

Hugues Simard

40:53 No it's all in wireless Vince. It's a reversal of AWS licenses that we had accrued for a couple of years. And our regulatory department finally told us that was a mistake and we didn't need to accrue for that because we wouldn't have to pay for these licenses. So, it was one hundred percent reverse last year in the wireless business.

Vince Valentini

41:17 Thank you. So, if we take that headwind or one-time item into consideration, the typical question you get on wireless EBITDA growth, I assume it's negative year over year, given that eighteen point eight million dollars?

Hugues Simard

41:34 Actually no. EBITDA growth is small, but it still is positive for the quarter. Even accounting for this.

Vince Valentini

Hugues Simard

41:49 Right. I mean, it's pretty flat. I mean, EBITDA as you know for us it depends how you allocate certain network costs, but I mean we – even accounting for that, I think we're looking flat and slightly positive on the wireless side. Flat on the wireline and slightly positive on the wireless.

Vince Valentini

42:14 Okay. Hate to make you put on your history cap, but if you go back and adjust last year by eighteen point eight million dollars, it would mean that Q3 twenty Telecommunications Segment EBITDA was down about zero point six percent versus Q3 nineteen, that seems to be out of line with the trend we saw throughout other quarters in twenty twenty, was there something unusual way back in – of nineteen that did caused EBITDA to drop in Q3 last year?

Hugues Simard

42:49 Yeah, we had another. This is the second year in a row of a one-timer Vince. We also had a reversal of about twenty, actually yet, just slightly over twenty million dollars in the third quarter of twenty nineteen as well. So, last year was pretty, I think from an operational standpoint, the results of Q3 of last year were pretty much in line. It's just we honestly got a bump in the third quarter of twenty nineteen.

Vince Valentini

43:25 Okay. Got you. That helps. Thank you. And my last question, sorry to go back to the same topic on the wireless expansion, but I want to add this a slightly different way just to be actually clear on this. I think I asked similar question on the last call. If there's is another buyer of freedom and therefore, another fourth carrier that exists in most of the rest of Canada, would you still intend to go forward as an MVNO and then build out a network over seven years and effectively be the fifth player entering the market or is that, is your plans contingent on seeing what happens with the fourth carrier before you decide on being number five?

Pierre Karl Péladeau

44:07 Vince, we appreciate your assumption, but I think that's not going to be possible to answer. We'll find out in due time about what's kind of happen and would be, I would say inappropriate to answer things that we don't know what's going to happen. Can you tell me is the Rogers transaction a one hundred percent we've done? I guess that's what people think or possibly think that could be a different outcome. I don't know. So, for me, no speculating on what's going to happen is not useful.

Vince Valentini

44:56 Okay. Totally a fair color. I agree with that. I guess implied in your answer though as you are going to survey what does happen as we do get more facts over the next several months as opposed to [indiscernible] forward no matter what, you're almost acknowledging in your answer that things could change and we don't know how the world's is going to unfold and you need to assess as we go along. Is that not a fair interpretation?

Pierre Karl Péladeau

45:24 Absolutely, I guess that you're right.

Vince Valentini

45:26 That's all I'm trying to get. It's a dynamic situation and we're all learning as we go. So, Appreciate that color and I'll pass the line.

Pierre Karl Péladeau

45:37 Thanks Vince.

Operator

45:39 All right. Next question comes from David McFadgen from Cormark Securities. Please go ahead.

David McFadgen

45:48 Thank you. A couple of questions. So, just following along the line of questioning regarding wireless expansion across Canada, I'm assuming, well, I shouldn't assume, would you wait until you have a bundled products before you decided to go across Canada with wireless? And if so, I'm just wondering how that might impact your rollout because I know and in that reseller and he was delayed for two years, by the incumbent to be able to resell their products. I'm just wondering if they could do the same with you and just really slowdown down your rollout?

Pierre Karl Péladeau

46:36 Yes. Good morning, David. I guess that I will continue as my predecessors have been doing before. I don't think that is appropriate to give us our strategy, our marketing strategy and the different products that we will launch. But you certainly, you know, identify the different things that are available or possible.

47:09 So, I guess what we should say is that it enhance our possibility of moving forward and the capacity to grow our revenues and basically also justify even more than ever our requirement to move forward outside of our historical Quebec to continue to grow the company.

David McFadgen

47:36 Okay. And then just another question, just on the mobile apps in the quarter. If you look at Q2, it was pretty much flat, it declined a little bit. Again Q3, I thought we sort of had hit the inflection point between the various ABPU profiles between Sales and Videotron, so I was just wondering, did that reverse a little bit or is there some other factor that's caused the mobile apps to decline another one percent in the quarter?

Hugues Simard

48:09 David, the main issue on ABPU are more BYOD, it is more promotional activity, so, pressure obviously on pricing more increased percentage of growth from FIS, so increased dilutive effect. And also, as I said earlier, generally speaking, you'll remember, I mean, the back to school is not as a typically more challenging ABPU quarter for us.

48:41 Last year, we lost four point three percent on ABPU. And also, you'll notice that our equipment sales are down this quarter. So, that's also part of the ABPU, as you know, so ABPU is a little bit less impacted by that. So, I think generally speaking these explain. I don't think it's a reversal. I think we're still moving. We're still moving towards the same stabilizations that we've been talking about for some quarters.

49:14 And are certainly improving from the minus four and minus three percent that we've been living for the past few quarters before last quarter. So, that's, sort of what I would tell you on ABPU for the quarter.

David McFadgen

49:32 Okay. And then maybe just a question on CapEx. Can you give us an update on what you expected this year and if possible, can you tell us what you expect for next year, obviously, excluding the wireless spectrum purchase?

Hugues Simard

49:48 Stability is the name of the game in CapEx, David for us. We're going to come in exactly where we've said we would for this year and are expecting also a very stable CapEx environment for twenty twenty two.

David McFadgen

50:09 Okay. All right. Thank you.

Hugues Simard

50:11 Thanks David.

Operator

50:14 All right. Next question comes from Matthew Griffiths from Bank of America. Please go ahead.

Matthew Griffiths

50:22 Hi. Thanks for taking the question. Sorry to ask another one on this national expansion issue, but correct me if I'm wrong, from what I've heard you'd ~~would say~~^{would say}, are you going to try to engage in – once the terms and conditions are set, are you going to try to engage in negotiations with one of the national providers before you go about trying to maybe acquire spectrum from whatever source that might be and launch the network? Or are we to assume that you may invest capital in spectrum and other items and then down the road start to enter negotiations to see what the actual kind of cost of the operating the facility is based in [MVNO] might be?

Pierre Karl Péladeau

51:17 Matthew, most of this spectrum have been acquired already. I guess that right now it is a pause phase where again, tellers have been suing the government for bidding them to issue the licenses, we'll find out the outcome of that. We expect as the first decision has been unfavorable to tellers that we'll be able to move forward, but certainly this is a condition to be an MVNO and we look forward to have the conditions.

51:53 We should say that I already sent letters to the different CEOs of the incumbents telling them that we would like to entertain discussions and negotiations regarding their access to the network, and basically the answers that we received is that we look forward to continue the regulatory process, which is basically saying between the lines, stay tuned, but in the lineup and the delay mode.

52:32 So, we look forward to have the proper decisions made by the regulatory authorities namely, the CRTC – is the CRTC will be able to move quickly? And again, I mentioned earlier, we don't control this, but we certainly do the profitable representation [indiscernible] and also, I guess that's in front of the new government, while which is not completely new.

53:02 In fact, the industry minister is [indiscernible] and he's aware and he is the one that was occupying this function before. And I guess that everyone is looking and would have more competition. So, we're also enjoying a favorable political environment.

Matthew Griffiths

53:25 Okay. And just a follow-up. So, is it Quebecor's position that the thirty five, the three point five gigahertz spectrum that you have is sufficient to run a competitive network? And maybe just a follow-up to on the self-install rate, if I understood correctly, about ten percent of Helix has been self-installed, and I just wanted to ask if that's meeting your expectations as you benchmark around the industry, do you think that there's room for improvement? And this is like a source of potential margin improvement as we self-install and self-help kind of things can be expanded, how is that progressing generally as a bucket of potential, kind of margin enhancements at Videotron.

Hugues Simard

54:24 Yeah. On the self-install, Matt, yes, we're actually higher than ten percent. We're growing higher than ten percent on the Helix front. And that is definitely, I mean, the two main two main drivers on margin at this point that are on which we're pushing as hard as we can are the self-install and the digitalization of the whole client contact experience. And so, we're continuing on that. I mean, we're not happy to answer your question. We're not happy with being in the ten percent to fifteen percent range.

55:08 We are happy that it's growing quite fast, but we need to do, we still need to do quite a bit of work on that, but it will be definitely of one of the big drivers, one of big levers of margin improvement going forward, as well as the – like I said, the digitalization and also the simplification of our technological set of platforms and systems, which are being modernized and ultimately leading to much simpler and a much cheaper maintenance and support type of agreements going forward. So, we're working hard on all these front for margin improvement.

Pierre Karl Péladeau

56:03 On spectrum Matthew, we think that we have a spectrum to start our business. Obviously, if we would add more it will be up here, but we think that we have enough for to start with. As you know, I mean, the auction was quite competitive. We saw incumbents complaining that they paid too much for the spectrum, and then, but I guess that's their own responsibility of doing this.

56:36 There will be another auction taking place in the months to come. So, that will give us also another opportunity I think that what we should say is that we need to balance everything and again, regarding the competitiveness of the auction. I think that we were at the right place of paying the right amount for the right size regarding our business by at the beginning and where we are coming from and where we would like to go.

Matthew Griffiths

57:12 Thank you. Very much.

Operator

57:16 All right. And the last question we currently have in the queue comes from Drew McReynolds from RBC Capital Markets. Please go ahead. Drew, please go ahead, your phone maybe on mute.

Drew McReynolds

57:36 Sorry. I appreciate squeezing me in here. Just one follow-up, for Hugues. So, thank you for stability comment on CapEx in twenty twenty two. I think that's appreciated among investors in Quebecor. I just wanted to drill down into what that implies in terms of the 5G kind of deployment of roadmap for twenty twenty two. Obviously, there's a ton of moving parts to wireless into network share and arrangement and all of that, but if you could just give us a little sense there, that'd be great. Thank you.

Hugues Simard

58:16 Yes. I mean, stability on all fronts. I mean, we started, Drew, we started on the four and point five G [indiscernible] call it, whatever you want. I mean, we've been upgrading that and has started along quite some months ago. And we'll continue and 5G, we've always said, of course, we will be there, but it's going to be in our case an incremental – from a CapEx standpoint it is an incremental program, which does not destabilize everything. We're not talking amounts that are destabilizing any of the wireline programs in place the other big ticket items that we have in our CapEx program.

59:09 We have reprioritized many projects on which we had been working and focusing on revenue generating and growth generating programs, which allows us to use some of the puts and the takes to make sure that we on the whole keep our CapEx program pretty stable. So, I think focus on LT events, continuing to invest in 5G, but also on the modernization of our systems that I talked about.

59:49 So, I think we're focusing on the right programs and there was opportunity for us to clean up a few things and to be a little more disciplined in our investments. And I think this is what is showing now.

Drew McReynolds

60:06 Thank you.

Hugues Simard

60:08 So, that was the last question. Thank you all. And looking forward, talk with you in the next quarter.

Operator

60:19 Ladies and gentlemen, this concludes the Quebecor Inc.'s financial results for the twenty twenty one third quarter conference call. Thank you for your participation and have a nice day.

EXHIBIT 82



Address by Pierre Karl Péladeau
President and CEO, Quebecor

Annual Meeting of Shareholders
May 12, 2022, 9:30 a.m.

Check against delivery

Thank you, Mr. Mulroney.

It is a pleasure to be here today at our annual meeting to review the past year.

In 2021, Quebecor continued to grow and to optimize its operations in a fiercely competitive business environment, particularly in the Québec media and telecommunications industries.

Despite the market environment, we posted increases of 5.5% in revenues, 1.1% in adjusted EBITDA and 5.3% in adjusted cash flow from operations.

We did it by staying focused on sound management of our operations and investments, as evidenced by, among other things, the 7.4% increase in adjusted cash flows from operations in the fourth quarter of 2021.

In addition, with net available liquidity of \$1.57 billion at December 31, 2021, we have a solid foundation to pursue our strategic priorities and continue delivering more innovation, more content and the best customer experience.

Allow me to describe the main achievements of the past year.

TELECOM

In our important Telecommunications segment, Videotron continued to grow. Revenues were up 3.1% and adjusted EBITDA 0.6% in 2021, driven by our strength in wireless services.

We believe that the future development of wireless and digital demands, among other things, the emergence of real competition in Canada—competition that can generate tangible benefits for consumers and protect the public interest.

The acquisition of spectrum in the 3500 MHz band we announced in July 2021 is an indication of our commitment to creating genuine competition in Canada.

In a strategic investment that will support the development of our 5G network, Quebecor spent nearly \$830 million to acquire 294 blocks of spectrum. More than half of this investment is concentrated in Ontario, Manitoba, Alberta and British Columbia.

We are now counting on the government to create a favourable environment and appropriate regulatory conditions to foster and maintain healthy competition.

Videotron's 15 years of success in the Québec wireless market demonstrate our expertise, our capacity for innovation and our ability to compete with Canada's Big Three telecoms. This is exactly what we plan to offer consumers outside Québec.

Over the years, Videotron has built a relationship of trust with Quebecers. Videotron's ability to deliver products and services that meet customer expectations—demonstrated most recently by the roll-out of its 5G network in Montréal, parts of Montréal's South Shore and North Shore, and Québec City—has earned it the loyalty of customers.

With its increased speed, expanded connectivity and minimal latency, our 5G network opens up a world of possibilities for individuals and businesses alike.

We will continue investing in this technology and gradually rolling it out across our entire mobile network in the coming years.

There is no question that connecting rural communities to high-speed Internet is essential for Québec's development.

We are very pleased with the agreement Videotron made a year ago with the Government of Québec and the federal government to connect 37,000 underserved households in various regions of Québec to high-speed Internet.

Under that agreement, the governments agreed to provide Videotron with approximately \$258 million in financial assistance, to be used in its entirety for the extension of Videotron's wireline network.

Mobility

In the mobility business, Videotron and Fizz added 120,800 subscriber connections in 2021, an 8.2% increase.

Continuing an established trend, they posted the highest combined share of new connections in every quarter of 2021. Together, they accounted for 33% of all new mobile connections in Québec during the year.

Fizz has the wind in its sails: for the second year in a row, it placed first for online experience in Canada's telecommunications industry on Léger's WOW Digital Index.

Fizz also started selling phones in 2021. After operating on a "bring your own device" model since its inception, Fizz now offers a wide selection of new phones as well as rigorously

inspected Preloved Phones to meet the needs of consumers who are concerned about both their wallets and the environment.

Internet and television

Our Helix platform kept up its momentum, reaching more than 1.2 million units since its launch in August 2019.

The dynamic Helix platform was enhanced with the addition of new entertainment applications such as our QUB musique music streaming service, TVA+, Netflix and Amazon Prime Video. Other self-service home automation features were also integrated into Helix Fi, such as lock control and smart thermostats.

Also to meet subscriber needs, we successfully introduced an equipment self-installation process in March 2021 for customers who prefer to do it themselves.

MEDIA AND CONTENT

In the over-the-top video business, which includes streaming services such as Netflix and Amazon Prime, competition is just as fierce as it is in telecom.

In February, the federal government introduced Bill C-11, which amends the *Broadcasting Act* to cover these platforms.

It bears repeating that the Bill must lighten the regulatory and financial burden on our broadcasters if they are to remain competitive and continue investing heavily in the production of original Canadian content.

This is especially true in Québec, where the vitality of our culture and language depends on it.

Investments and content

Since the day it was founded, Quebecor has been determined to make content production a lever for economic development and the promotion of Québec culture.

I am proud to say that in 2021, Quebecor spent more than \$212 million on content production and acquisition, up 40% from the previous year. The bulk of this spending was dedicated to original content.

As a result, 134 original productions were released in 2021, including 82 new projects and 2 Québec feature films.

Club illico and Vrai

Another noteworthy development in 2021 was the expansion of Videotron's streaming services with the launch of the Vrai platform to meet growing consumer interest in unscripted lifestyle, documentary and entertainment content.

In 2021-2022, more than 100 original Québec productions are or will be available to subscribers.

With Vrai and Club illico, we are fulfilling our commitment to creating an unparalleled selection of entertainment programming produced by Québec artists and crews.

With their diverse, constantly updated selection of original content, Vrai and Club illico now have more than half a million subscribers, a strong indication of the soundness of our choices and investments in the production of Québec content.

TVA Group

TVA Group has pursued the same astute strategy.

In a time of proliferating platforms and fragmenting audiences, TVA and its specialty channels continue to perform strongly thanks to the calibre of their original productions and their ability to draw mass audiences to major television events.

They held their spot at the top of the ratings with a combined market share of 39.8% in 2021.

A striking example of TVA's dominance is its Sunday-night line-up of must-see variety shows for the whole family, such as *Star Académie*, *Chanteurs masqués* and *Révolution*, which drew an average of 1.5 million viewers.

TVA's dramas were also immensely popular. For example, *Les beaux malaises 2.0* reached more than 1.6 million viewers, and the series *Alertes*, *L'échappée* and *L'heure bleue* each drew more than 1 million.

Quebecers were able to watch their favourite TVA shows and series, and some specialty channel programs, for free on the Web or via the TVA+ mobile app.

In TVA Group's other lines of business, I am pleased to report that MELS outperformed in 2021.

In fact, it set a record with 47% revenue growth in a year of major productions including the blockbusters *Home Sweet Home Alone* and *Transformers: Rise of the Beasts*.

To help keep Montréal and Québec competitive on the international production market, we announced in July 2021 the expansion of our MELS studios with the construction of MELS 4.

Thanks to the support of the Government of Québec and the City of Montréal, MELS will have an even more attractive package with which to draw the largest local and international productions, for the benefit of our industry and our cultural workers.

MELS continued to stand out with its new state-of-the-art virtual production stage, which is attracting both local and international producers. It has now been made permanent.

NEWS MEDIA

Quebecers placed their trust in Quebecor's newsrooms in 2021, as they have for decades.

At

- TVA Nouvelles
- LCN
- Le Journal de Montréal
- Le Journal de Québec
- 24 Heures

- the Investigative Bureau
- QMI Agency
- QUB radio
- and their digital platforms

in all parts of Québec, our teams were there for Quebecers, informing the public with professionalism and a dedication to accuracy.

I would like to mention the departure of Pierre Bruneau, who is retiring on June 16 after 46 years as a news anchor.

In the course of his career, Pierre has forged a special bond with Quebecers of all generations. We thank you and your wife Ginette for your colossal contribution at every level. Pierre, I wish you many years of happiness in your well-deserved retirement!

Many dedicated teams work long and hard to gather and produce news content.

The use of this content on digital platforms such as Google and Facebook must be paid for at fair value and intellectual property must be protected.

Recently, the federal government tabled a bill entitled *An Act respecting online communications platforms that make news content available to persons in Canada*.

As legislation passed by other sovereign legislatures has done, this bill recognizes that the use and dissemination of local news content without payment by foreign platforms is unfair and undermines the sustainability of Canadian news media.

Now an agreement for payment commensurate with the quality of our news content must be reached.

News is vital to a healthy, robust, sustainable democracy. It is a pillar of democracy that must remain solid in a landscape disrupted by the proliferation of social networks.

MEDIA AND DIGITAL

I would now like to turn to our advertising revenues.

In a sign of economic recovery as well as advertiser enthusiasm for our content, our innovative products and our brands, our advertising revenues increased in most of our market segments in 2021.

Most notably, advertising revenues were up 26% in television, largely because the Montréal Canadiens made the playoffs, and 65% in digital media, due in large part to our new QUB platform and to traffic on TVA+.

This revenue growth is important, for it enables us to maintain our spending on content and to compete in the marketplace.

QUB PLATFORM

In September 2021, to promote the discoverability of our content, we continued innovating by launching QUB, a digital platform where millions of items from our media ecosystem can be found in one place.

More recently, we launched QUB livre, an online bookshop integrated into the QUB platform that carries over 65,000 titles.

Meanwhile, QUB musique is returning 11 times more to Québec's cultural economy than other streaming platforms in Canada.

I am very proud of QUB musique's mission to promote and spread Québec music. The charts show we're succeeding: 13 of the 15 most-listened-to albums on QUB are by Québec artists.

SPORTS AND ENTERTAINMENT

In our Sports and Entertainment segment, the pandemic has demanded extraordinary resilience of promoters and artists for more than two years.

Nevertheless, the segment fared well in 2021. Among other things, it established several major strategic partnerships.

In October, Gestev, already the manager of the Videotron Centre and Baie de Beauport, and owner of the Théâtre Capitole in Québec City, became the new manager of the Cabaret du Casino de Montréal, one of the city's premier performance venues.

Also, in February 2021 we acquired Audiogram., the largest independent French-language record label in North America. It also includes Éditorial Avenue, Canada's largest French-language music publisher.

Hopefully, things will return to normal for cultural industries in the coming months.

Quebecor will continue to proudly support Québec artists and promote culture throughout Québec.

In 2022, more than 150 Québec artists will perform at our venues in all regions of Québec.

CORPORATE SOCIAL RESPONSIBILITY

Quebecor has always been animated by a strong philanthropic culture. This is one of the most precious legacies that my father, Pierre Péladeau, left us. Today, I am proud to carry on this noble tradition.

Quebecor actively contributes to Québec's economic, cultural and social vitality by joining forces with our visionaries, creators and cultural workers.

In 2021, Quebecor supported over 400 organizations and cultural events across Québec.

We also partnered with the Fondation Autiste & Majeur and made a \$1 million donation to help fund the development of day centres for adults with Autism Spectrum Disorder across Québec.

Supporting the next generation of entrepreneurs is another key commitment.

As Mr. Mulroney mentioned, Quebecor and the Fondation Chopin-Péladeau, of which I have the privilege to be President and which is named in honour of my parents, announced a historic \$40 million donation to Université de Montréal in February 2022.

The money will be used to create Millénium Québecor, a comprehensive entrepreneurship awareness, training and support program, and to construct a state-of-the-art building to be known as the Pavillon Pierre-Péladeau, in the heart of the MIL campus, a neighborhood where students, researchers, workers, artists and residents rub shoulders.

This partnership will support the emergence of a new generation of even more audacious, even more innovative entrepreneurs.

In addition to continuing to award the Pierre Péladeau Bursaries to Québec student entrepreneurs, we launched the asterX venture capital fund in November 2021.

It will invest in start-ups with the potential to drive innovation in industries that contribute to the advancement of our society.

On the environmental front, Quebecor continued to support the energy transition.

Among other things, we are electrifying our vehicle fleets. In 2020, we launched an ambitious plan to electrify all the cars and light trucks operated by Quebecor's subsidiaries by 2030.

Ultimately, our action plan will cut our greenhouse gas emissions to 50% of current levels.

Our efforts are already bearing fruit: the number of electric, hybrid or converted vehicles and charging stations at Quebecor and its subsidiaries has been growing steadily.

Quebecor is also taking action to reduce its ecological footprint.

In 2021, TVA and MELS joined forces with the Québec Film and Television Council and the Conseil québécois des événements écoresponsables to set up the Rolling Green program.

We believe it is important to put in place the necessary conditions and tools to reduce the environmental footprint of our shoots and enable our teams to shift towards greener productions.

Last week, the Rolling Green program won a Novae award as one of the top 20 impactful projects of the year.

The Novae awards recognize innovative solutions that point the way towards the socially and environmentally responsible Québec economy of the future.

As well, we recently joined Soverdi's urban forest leaders committee, which publicizes greening initiatives on private and institutional lands with the goal of growing the urban forest and improving Montrealers' quality of life.

In conclusion, I would like to thank our shareholders, our directors, our customers, our advertisers and our partners for their continuing support.

I join Mr. Mulroney in saluting Normand Provost's contribution to the boards of Quebecor Media and Quebecor over the past 10 years. I thank Normand from the bottom of my heart.

I also want to express my gratitude to France Lauzière, who stepped down as President of TVA Group in October 2021, for her enormous contribution. It was an honour to work with her for 20 years. France devoted herself to strengthening TVA's position as Québec's

television leader. She personally contributed to the flowering of Québec culture by championing Québec talent and furthering the careers of our artists and cultural workers.

I would also like to say a few words about Marc Tremblay, who has retired as Chief Operating Officer and Chief Legal Officer.

Marc left his position in March after more than 15 years with Quebecor. During that time, he built our Legal Department into a large-scale, solid and diverse operation, and a formidable force. He was a mentor who took care to groom his successors.

Marc, thank you for your invaluable and faithful collaboration throughout all these years.

On behalf of the entire management team, I thank the thousands of employees who continued to demonstrate outstanding dedication throughout the year.

In 2021, Quebecor again demonstrated its capacity to innovate, to develop and invest in its growth sectors, to create value, and to maintain the special relationship with Quebecers that motivates us day after day.

Thank you!

EXHIBIT 83

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Technology



Quebecor Inc. (QBCRF) CEO Pierre Karl Péladeau on Q1 2022 Results - Earnings Call Transcript

May 16, 2022 12:41 AM ET | Quebecor Inc. (QBCRF), QBCAF



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Quebecor Inc. ([OTCPK:QBCRF](#)) Q1 2022 Earnings Conference Call May 12, 2022 2:00 PM ET

Corporate Participants

Pierre Karl Péladeau - President and Chief Executive Officer

Hugues Simard - Chief Financial Officer

Conference Call Participants

Vince Valentini - TD Securities

Jerome Dubreuil - Desjardins Bank

David McFadgen - Cormark

Stephanie Price - CIBC

Ben Benawra - 1832 Asset Management

Aravinda Galappathige - Canaccord Genuity

Jeff Fan - Scotiabank

Drew McReynolds - RBC

Good day everyone and thank you for standing by. Welcome to the Quebecor Inc.'s financial results for the First Quarter 2022 Conference Call. I would like to introduce Hugues Simard, Chief Financial Officer of Quebecor Inc. Please go ahead.

Hugues Simard

Thank you. Good afternoon, everyone, and welcome to this Quebecor conference call. My name as you just heard is Hugues Simard. I'm the CFO of Quebecor and joining me to discuss our financial and operating results for this first quarter is Karl Péladeau our President and Chief Executive Officer. Anyone unable to attend the conference call will be able to listen to a recording by telephone or webcast. Access details are available on our website at www.quebecor.com. The recording will be available until August the 10th of this year.

As usual, I also want to inform you that certain statements made on the call today may be considered forward-looking, and we will refer you to the risk factors outlined in today's press release and reports filed by the corporation with regulatory authority.

Let me now turn the floor to get Karl Péladeau.

Pierre Karl Péladeau

Merci, Hugues and good afternoon, everyone.

This quarter has been marked we all know unfortunately by the war in Ukraine a sad and difficult situation affecting all Ukrainians that we have been actively working to support the Ukrainian people living in Quebec, first by adding that 24 Hour News Channel, Ukraine 24 to our television programming lineup, and make it accessible to all clients for free.

We also suspended international calling charges for all calls made to Ukraine from Canada for our mobile, residential and business clients. In addition, [indiscernible] have launched a new program to help all Ukrainian arriving in Canada, providing them with a six month all inclusive and 20 gigabytes per month mobile plan at no charge so they can maintain contact with their loved ones both here and abroad.

Finally, we donated 1000 used or refurbished smartphone to the Ukrainian Canadian Congress and its partners so they can give them to family in needs. These initiatives are in addition to real-time continued support for communities in crisis both here in Quebec and abroad.

On the regulatory front, we welcome the Competition Bureau conclusion after rigorous investigation that the proposed Rogers-Shaw merger would substantially prevent or lessen competition in wireless services in Canada. Such competition has already declined and that the best remedy remains true and effective, growing and disruptive competitor will bring down prices for the benefit of the Canadian consumers. This is completely in line with our position which we have stated publicly on numerous occasions mainly at the best. For us the only way to encourage lasting competition and lower prices for Canadians is by entering that Freedom and Shaw wireless assets end up in the hands of financially viable, long-term wireless operator like Quebecor, we have demonstrated the ability to compete effectively against the big three, win market share and bring down prices.

What we have achieved in Quebec as simply not happened in the other markets in Canada were quoting the Competition Bureau “Competition has already declined. A fact also acknowledged publicly by main competitors CEO who candidly declare a competitive intensity between two potentially merging parties is not quite there as it used to be. And that's probably benefiting the entire industry.” So clearly, a much quieter market in the rest of the country, quite different from what we are experiencing in Quebec where, as in a tale of two solitudes, a rendering team between Quebec and Canada, the competitive landscape and promotional activity level remains much more intense, an environment in which we try to discipline management of our operational expenses and investments, while offering the best products, unparalleled customer service, and constant innovation.

Another way to foster competition in wireless is obviously through MVNOs which were mandated by the CRTC last year. On that front, we look forward to a framework detailing the terms and conditions of the incumbent MVNO access services. We expect the CRTC to make a quick ruling on these terms and conditions so that parties can negotiate MVNOs tariff rates, and Canadian can start benefiting from new competitive alternatives.

In parallel, trying to expedite things we have approached all three incumbent carriers who initiate commercial discussions, but perhaps not surprisingly, you have either refuse our approaches outright and not engage in various stall tactics designed to delay the start of meaningful negotiations.

So as a preliminary conclusion is important to repeat that we have many alternatives to expand our business beyond our historic footprint of Quebec, where our goal prospects are obviously more limited as compared to 10 years ago.

On a related matter, we are pleased with the CRTC decision on determining conditions of seamless roaming issue on April 6, this is a constructive decision that will ultimately reduce the prevalence of trunk call when moving from the regional carrier network to a national carrier network, thereby eliminating an important competitive disadvantage for regional carriers.

Quebecor also welcomes the Tabling of C18 bill by the Minister of Canadian [indiscernible], the outcome of numerous representation made by Quebecor and many other Canadian media organizations and associations. This bill will regulate negotiation between the web giants and local news outlets to ensure fair and equitable compensation for the use of their or our content. The creation of a payment system is necessary in view of the web giants market dominance. These platforms use the content produced by Canadian news organizations to generate a significant portion of the interaction on their network and should be required to pay a fair price for it.

I will now review our operational results starting with our telecom segment.

Videotron is actively pursuing its 5G deployment in the province of Quebec, providing increased speed, expanded connectivity and minimal latency. And first of all focus on high-density urban areas. We're continuing to expand and are ahead of schedule in terms of operational sites deployed.

Operation high-speed which will deliver high-speed internet to 37,000 households in several municipalities across the province is proceeding well. Despite a tight specialized labor market, we are aiming to accelerate the deployment over the summer months and easier weather conditions.

On the wireless front, we are pursuing our path of increasing profitable growth with 24,500 net adds during the quarter, capturing once again, the largest combined share of growth adds in Quebec with more than 31% of our two brands Videotron and Fizz according to Léger survey. Churn remain stable and wireless EBITDA increased 16% in the quarter.

Consolidated wireless ARPU for the quarter improved by \$0.62 or 1.6%. Over the same quarter last year, due to higher plan mix especially for Fizz, lower discount and higher roaming and data usage revenues more than offsetting the diminishing dilutive effect of Fizz.

In wireline internet subscribers growth was 5300 during the quarter and 51,200 year-over-year, continuing its steady growth in the midst of highly promotional environment, and a developing trend of uncompliant Internet connections and usage and larger multiple dwelling units.

Internet ARPU decreased by \$0.94 or 1.7%. Over the last year essentially due to the dilutive effect of Fizz, which accounted for 50% more customers in our internet base than last year.

Our Helix activation reached 88,500 for the quarter, bringing our total Helix subscriber to over 1.3 million as of March 31, 2022. A good performance in a shrinking and increasingly competitive TV distribution segment. As we mentioned last quarter, we are continuing to optimize the migration process from illico to Helix, which is proving to be more challenging than initially anticipated, with the addition of significant costs over the last few quarters, namely new platforms, systems, development and integration teams, while realizing growing but still limited benefit to date, from the commissioning of older platform supports contracts and other cost reductions to come. That being said, key long-term strategic benefits such as self-install, which reads 70% over the last quarter are kicking in and translating into lasting operation cost reductions.

With more than 520,000 subscribers across Quebec, Club illico and Vrai, our new video subscription platform that is dedicated to exclusive, unscripted lifestyle documentary and entertainment content continues to invest in the production of local differentiated content from various horizons with the introduction of brand new content offered.

In the first quarter, the two-themed fan favorite series made a comeback to new original series debuted and the production of a new season for two of our most popular show was announced for [indiscernible]. [Indiscernible] is also proud to have launched many international productions including the movie Alain, which was available on our platform soon after its theater release. Thanks to the impressive numbers of new original productions available every month, plus equal and they are fast becoming the reference for original content in Quebec. As a reminder, Quebecor increased its investment in production and acquisition of content by more than 40% in 2021 compared to the previous year and the better part of those investments was made towards original content.

In our media segment, TVA continues to dominate this market, increasing its consolidated market share by 1.2 market share to 40.6% in the quarter and broadcasting four of the five most watched TV show in Quebec, including Le bonheur Star Académie, which attracted more than 1.5 million viewer each. Activity was also strong in Nelson production facilities and audio services, as well as in general our production and distribution business, which delivered more than 20 films this quarter.

Turning to our financial results and starting with our telecom segment. Videotron generated 345 million in cash flow from operations in the first quarter an increase of 10% over the same quarter last year. With EBITDA growing 2% year-over-year and EBITDA margin reaching 50.9% compared to 49.3 last year. Revenue decreased slightly by 1.2% in the quarter as compared to last year, mostly due to lower wireline equipment sales from Helix as a migration naturally slows from peak last year.

On the OpEx side, we are starting to see material reduction from the various initiatives implemented over the last year translating into our increasing and industry-leading EBITDA margin. Another clear impact of our cost reduction in this year is 23 million decrease in CapEx this quarter. We are reducing overhead, simplifying our technological team structure and systematically conducting a much more discipline, rigorous analysis of all development projects to ensure optimized scope and more agile development and thus reduce investment.

To be clear, we are continuing to invest just as significantly and sometimes more in our key strategic initiatives such as LTE advanced, 5G rollout, IT system migration, network performance optimization, network extensions and operation high-speed in remote areas. The net CapEx reduction is the result of our rigorous and agile approach with respect to the numerous other development, growth and maintenance related projects.

In our media segment, revenues were up 4% in the quarter as compared to last year, driven by television advertising revenues, production and distribution revenues, as well as small increase film production and audio visual services activity. In the quarter we continue to invest in a wealth of new shows, original production and exclusive content to maintain our leadership in the face of increased competition from proliferating offerings on multiple platforms.

This additional investment of 15 million in differentiated content, translating into growing audience market share is allowing us to continue to increase our share of the advertising spend and position us well for the strategic fall season. But obviously comes with a direct impact on our EBITDA.

I will now let Hugues review our consolidation financial results. Hugues?

Hugues Simard

Merci, Pierre Karl.

For the first quarter Quebecor's revenues reached \$1.1 billion down 0.3% from last year, revenues from our telecom segment was down 1% to \$903 million, mainly due to the decrease in the volume of equipment sales related to our wireline telecom services, and more specifically, Helix as Karl mentioned.

Revenues in the media and sports and entertainment segments increased 4% and 9% respectively for the quarter. Quebecor's EBITDA was down 2% to 442 million in the quarter, mainly due to the \$13 million decrease in EBITDA in our media segment explained as we've just said, by the increase in our investments in content production and acquisition for the TVA Group, in order to maintain our leading position in TV market share in Quebec.

Our telecommunication segment posted EBITDA up \$9 million, or 2% to \$460 million. Quebecor recorded a net income attributable to shareholders of \$121 million in the quarter or \$0.51 a share compared to a net income of 121 million as well or \$0.49 per share reported the same quarter last year. Adjusted income from continuing operations excluding unusual items and gains or losses on valuation of financial instruments came in at \$129 million or \$0.54 per share, compared to an adjusted income of 130 million last year, or \$0.52 per share.

Telecom CapEx spending was down 23 million as Karl mentioned for the quarter as compared to the last year mainly due to the timing investments and all of the main issues that Karl pointed out.

Our adjusted cash flows from operations increased \$9 million in the quarter or 3% to \$316 million, once again demonstrating the resilience and strength of our business model as well as our continued operational and financial discipline. Adjusted cash flows from operations for our telecom segment grew \$32 million, or 10% to \$345 million in the quarter.

As of the end of the quarter, our net debt to EBITDA ratio was 3.18x up from 2.67x reported at the end of the first quarter last year, mainly explained by the 830 million investment for Spectrum acquisition across the country in 2021. Available liquidity of 1.7 billion at the end of the first quarter and our growing free cash flows are obviously more than sufficient to fulfill our commitments and to continue to fuel our growth.

In the quarter we purchased and canceled almost 1 million Class B shares for a total investment of \$26 million. Please note that we received on April 27 approval from the TSX to increase the maximum number of Class B shares that can be repurchased under this year's program to 10 million shares. Since we initiated our normal course issuer bid program 11 years ago, approximately 50.5 million Class B shares have been purchased and cancelled.

We thank you for your attention, and we'll now open the lines for your questions.

Question-and-Answer Session

Operator

Okay. Perfect. [Operator Instructions] And the first question comes from Vince Valentini from TD Securities. Please go ahead.

Vince Valentini

Yes. Thanks very much. Couple things for me. First, the ARPU decline in internet, Pierre Karl, you mentioned mark down 1.7%. If you took the Fizz mix changes out of it, would ARPU be up on just the Videotron brand? And even if it's up, I assume it's down less than the strong result you posted in the first quarter last year? Is there any color you can give on incremental, promotional intensity versus [indiscernible]? Maybe some of that is things getting back to normal after the pandemic, with retail stores and people moving houses a bit more? Any commentary on that'd be great.

I'll ask Hugues to give you a little bit more details. Vince, but in the meantime, as I mentioned, no, we should say that competition is still intense in Quebec. And again, we look forward to have disciplined management by making sure that all our expenses are well positioned, to continue to grow our business and this is what we're looking for. So is this situation will remain, I guess that we're positioning ourselves, to make sure that we'll be able to face and win whatever is the kind of circumstances that are taking place.

Hugues Simard

Specifically on the ARPU decline Vince, even excluding Fizz from the equation. Videotron's ARPU is -- on the wireline is fairly flat in the quarter a number of issues that at play here, as Karl mentioned, of course. It is in internet and TV distribution increasingly competitive. So our ability to increase prices is much lower than it used to be. And also, some discounts on equipment are continuing and that -- in the midst of the transition that we've talked about, between illico and Helix is also weighing in on this.

So even without the diluted effect of Fizz we have to be, I think we have to be fair that our ARPU was fairly stable this quarter.

Vince Valentini

Anything in terms of the timing of rate increases, the different this year versus last year, even if --

Hugues Simard

No, same timing, it's just taking us a little bit longer to pick it up. And sometimes, some of these increases are countermanded by as I said, the more discounts either on equipment on the service or people moving on to lower packages -- lower priced packages more or less having to align to competition on heightened promotional activity, as I mentioned a little bit earlier.

Vince Valentini

Okay. And you mentioned the equipment discounts that the equipment revenue was down quite a bit. Is that just simply that factor you mentioned? Is there any impact on costs? Is that part of the reason why your cost reduction was so strong because you didn't have to pay for some equipment or is that not right?

Hugues Simard

No, that's not right. The equipment, yes, the reason for the equipment, I mean, the migrations were slowed down a little bit, as we said. So obviously, our equipment revenue, don't forget that for Helix, we're on a different model, right, where we sell the boxes and we finance them over 24 months were compared to the traditional rental model, right? So, obviously, this is, it helps on the CapEx side, of course, and that's a significant chunk, I'm sure you might have or some of your colleagues will have questions on CapEx reduction. Don't forget that a good chunk of the CapEx reduction has to do with that change in model where we -- if we sell the boxes, we still have to -- from a cash flow perspective, it comes back to the same thing, we still have to buy the boxes. But we don't CapEx them anymore. So that's a chunk of the lower CapEx, but on the other side, it really impacts the margin on wireline.

Vince Valentini

Two more, hopefully quick ones. One, I assume the significant increase in homes pass is about 520,000 up is just because you multiple dwelling units, you now count each unit as an individual.

Hugues Simard

Yes. That's exactly. It's just a different way to calculate to get the real what we believe that there is the real is the true number of homes pass.

Vince Valentini

And last one for me. I'll leave the wireless stuff to others. And I'm sure you won't get off the hook on that. But last one from me would just be TVA and the content cost? Is that a one quarter thing and something to do with timing issues of the pandemic? Or is this more of a structural change because of streaming investments and content inflation, that you're going to be seeing that this type of escalation in content costs every quarter?

Pierre Karl Péladeau

I was mentioning Vince, the competition is intense, I would say that it's not only in the telecom side, we should also have that and became stronger. And we will call generalist broadcasting. So our TVA, again, and the two other main broadcasters being Canada, obviously, then, therefore, always. And the second, thing, Bell media investing much more significantly in their own programming. So we consider that remaining number one, is of great importance, because we want to continue to have the main shares of advertising revenues. So, this is why we need to make sure that we'll line up as much as good programming as possible.

I would say the benefit that we have of investing more is also that, "We're populating" our other platforms, namely, our [indiscernible] which is also full of content and have the capacity to enhance and promote our telecom services, because it's included or it's piggybacking on Fizz and illico. So again, it's showing all the convergence game plays and connect all but certainly, we were forced to make an effort -- an investment effort for the last quarter. And we look forward to continue to maintain our position in the future.

I think the second the next question is Jerome Dubreuil?

Operator

Yes. We have Jerome Dubreuil on the phone. Please go ahead.

Jerome Dubreuil

I will take the wireless question for sure. So I understand, you're still interested in acquiring Freedom. Obviously, a lot of moving parts here and evolving situation too. But I wonder if you can provide color on where you currently are in terms of dialogue on that front if there is one. And then as a follow up on this, if you can comment broadly, on the profitability targets that you would need to see on that potential investments in order to make a firm bid of that size?

Pierre Karl Péladeau

A lot of questions here, Jerome. For all the questions, I guess, for answers, yes, you would probably consider to be not enough. I'm not sure that you will understand pretty easily that making comments on this specific situation is certainly not in our best interest. I think that, for the last quarter, and we were not hiding anything here, we mentioned that we would be interested to move forward out of our -- the historical power meter of where we've been able to provide them, telecom services. So the interesting thing, and unfortunately, maybe the only thing that I will be able to say and I would like to emphasize on this because it's of great importance. And it shows also coupled with the fact that, no one should be worried on the fact that we will continue to be highly disciplined and we're going to manage our capital according to what we consider being in one of the market is looking for. So the interesting thing is, there is many alternatives. So when you've got alternatives, you've got choices, and then you have the capacity to pick the best way to proceed and achieve your objectives. And unfortunately, this is the kind of situation that we're in front of for the last quarter, and everything goes by, I would say that those conditions are even improving.

I mentioned earlier that the recent decision by the CRTC is seamless and over, maybe it looks like anecdotal or technical, but it shows how the regulatory authorities, this is the way that we're reading it is looking to make sure that competition will be stronger in Canada than it used to be before. Maybe as strong as what the competitive market had been in Quebec for the last 10 years. Obviously, I cannot read in brief, but my belief is this is what public policy is all about, and obviously, we're looking to piggyback on it.

Jerome Dubreuil

Yes, I see. And then in terms of the operations, on the cable margins front, decent improvement there, you mentioned the self-install, a couple of other reasons. Do you think we can expect this is a new trend that, that could be sustainable? Thanks.

Hugues Simard

Yes. I mean it, as we've said, this is an ongoing. It's not from yesterday that we are working on many, many initiatives to lower our operating costs and improve our cash flows. And that is certainly something that we're starting to see the benefit of both from a cost standpoint, from -- we talked about self-install, I mean the one thing that maybe we should mention as well is call centers, in all of our customer contact centers are increasingly less costly to us because of our new way to operate.

Technology is improving, which makes for a fewer number of calls per year, per customer or per subscriber. We are better organized. So we have fewer people to give the service. We have teams that are more integrated. So other than the -- what we've mentioned that we -- and we've owned up to it. We have a bit of a migration issue on the wireline and we're working on this. And for -- as I've said before for a couple of quarters, it's going to remain a bit of a challenge. But I mean, other than that, our main initiatives are really starting to kick in. So I would definitely say that this is something that's on for good for the longer-term.

Jerome Dubreuil

Great. Thank you.

Operator

Thank you. And our next question comes from David McFadgen from Cormark. Please go ahead.

David McFadgen

Great. Yes. Thank you. A couple of questions. So when I look at the wireless network revenue was up 10%, I'm just wondering what the wireless EBITDA did. Would it be up similar or 10%? I'm just kind of wondering how the wireless EBITDA did and the wireline EBITDA did in the quarter?

Hugues Simard

David, we actually gave it to you this time. It was in the --

David McFadgen

Already you gave?

Hugues Simard

Yes, we said 16%. Yes, I know it's a surprise to all of you because we never said it before, but we actually said it, as Karl said a 16% increase in wireless EBITDA.

David McFadgen

Thank you. Okay. I guess I missed that one. So that would probably -- I haven't done the math, but that would probably imply wireline EBITDA is down modestly, right?

Hugues Simard

Yes. Well, that's the -- yes, that's the counter. I mean it's math.

Pierre Karl Péladeau

David, you should ask question about the free cash flow too, Hugues will be very happy to answering you.

David McFadgen

Okay. Could I miss that one and I'm not fast enough to make calculate and calculate the other?

Hugues Simard

On the -- David, we -- I think we've talked about our issues and our -- the reasons for the more challenging EBITDA performance in wireline. I think we've covered most of the issues there. But as Karl just pointed out, if you look at cash flow generation, 10% is significant in the quarter. And don't forget that these -- all of these various initiatives that we keep talking about, they're, for the most part, I mean, some are wireless, some are wireline, but for the most part, they're on both sides. And this is something that allows us not only to lower OpEx, but lower CapEx. So I think it was a pretty good performance in terms of cash flow generating this quarter.

David McFadgen

Yes. No, absolutely. Maybe just back on wireless, I saw the ARPU was up in the quarter.

Hugues Simard

Yes.

David McFadgen

Obviously, if you look at the prior quarters, it was down for many quarters. Is this a trend that you can continue and start to continue growing or up modestly in announcements?

Hugues Simard

Well, a couple of things. I mean we -- not as much as our competitors, as you know, but some roaming revenues are back. It's not the most of it, but it's a chunk of it to be sure. And also as we said, we've talked for many, many months or many quarters in the past, the dilutive effect of Fizz, both -- while both ARPUs were growing, Fizz being at a much lower price point, but this quarter, finally, I think we're starting to get over this. So yes, to answer your question, I believe that some of these levers are in for the long-term, well, let me hope anyway, I mean things can change, but anyway, should be in for the next little one.

David McFadgen

Okay, okay, great. Okay, that's it for me. Thank you.

Hugues Simard

Thank you, David.

Operator

Thank you. And our next question comes from Stephanie Price from CIBC. Please go ahead.

Stephanie Price

Hi, good afternoon. I just want to circle back on the national wireless rollout as well. Just curious about how important a bundled offering, including wireline would be as you look at a national wireless rollout?

Hugues Simard

I'm sorry, Stephanie, I didn't quite get your -- the end of your question. Do you mind restating it? I'm sorry, it wasn't a --

Stephanie Price

Sorry, no problem. Yes, I was curious around the importance of a bundled offering in a national wireless rollout that would include wireline?

Hugues Simard

Yes. I mean we said -- as we said, our potential expansion outside of Quebec is certainly, I mean, we talked about wireless and -- but there are other opportunities and certainly being able to offer a multiservice or a multiproduct approach or a bundled approach as you call it, rightly so would be an advantage and would certainly we believe make the offering stronger. I mean, that being said, I think there are many ways to skin this cat and certainly many ways to develop our business outside of Quebec. And bundling is certainly an approach that's been very successful for us in Quebec, and that I believe we need to consider on the -- if we do expand outside.

Pierre Karl Péladeau

And Stephanie, if I may add, do not forget that the Internet access is regulated in Canada, and the capacity to offer Internet through a TPIA model is existing. So then therefore, all those possibilities brings and I know that some people would say that selling just one wireless product as an offering, we're not going to be successful. I guess that we can say that took place elsewhere in the world, why Canada would be so different? Certainly, we're not done publicly talk about our marketing strategy, but we would -- just would like to mention that, again, as you say in many ways this -- skin this cat, but there's certainly many other alternatives or proposal or marketing strategy that we can use to make sure that we will be as efficient as possible in this wireline or wireless market outside of Quebec.

Stephanie Price

Great color. Thank you. And then Hugues, I'll ask about the CapEx reduction and how you think of CapEx going forward? It looks like the reduction is mainly driven from the Telecom Group?

Hugues Simard

Yes. So the CapEx reduction, as Karl stated is really -- is the -- I mean it's a result of a number of things, but mostly our various initiatives to be more disciplined in terms of really analyzing in a lot of detail. The number of projects that we've got ongoing, the scope of each project and the involvement and the need for all of these projects. So -- and I -- when you really get down to it, and it's -- I mean, it's a lot of work. But once you get down to it, I mean, a lot of times, you find out that you can be more disciplined, a little bit more tight on cost.

And we end up doing many projects -- a fewer -- a lower number of projects, but are still focusing on the important ones. And as we said, clearly, I'm not talking about the big strategic projects on which we're continuing to invest. And as we've said and some of them even more, but I'm talking about in Telecom as in many businesses, I'm sure, there are a lot of growth related or maintenance related or I mean there are many, many projects that are put in front of us. And now we are a little bit more systematic in terms of making sure that we optimize these things and do these projects at lower cost.

Stephanie Price

Great. Thanks so much.

Pierre Karl Péladeau

Thank you, Stephanie. Next question, please.

Operator

Perfect. Thank you. And we have 4 more in the queue. Our next question is from Ben Benawra from 1832 Asset Management. Please go ahead.

Ben Benawra

Yes. Good afternoon. Thank you for taking my call. I have questions related to just the acquisition. It's just at a very high level. Firstly, given the size of that acquisition, do you feel that you need to partner with anybody? And secondly, in the event you do proceed with the transaction, like how will you structure it? Would you be using Videotron's balance sheet or would you be doing through this through a separate entity, which is ring-fenced and not really linked to Videotron? And thirdly, just want to get a sense on your discipline with respect to the balance sheet? You mentioned that quite often in this call, but just wanted to see -- just get for news like how important that, that relevant is? Thank you.

Hugues Simard

I'll answer your question, but I just want -- because I really get, Ben, -- from what -- are you an analyst?

Ben Benawra

Yes.

Hugues Simard

Okay, with whom?

Ben Benawra

1832.

Hugues Simard

Oh the -- okay, 18 -- okay, all right. Well, listen, on your couple of questions, I mean, certainly, we haven't gone in as far as determining whether a ring-fenced or any other, I mean that's -- I mean we're not there yet. I mean it's -- I think it's a bit early in the process to be able to answer that question at this point. And your other question was respective of our balance sheet discipline, but what was your question specifically, sorry?

Ben Benawra

Well, I just want -- just respect to the balance sheet, you mentioned a lot of times discipline, just want to get a sense of what your approach would be to just with respect to the balance sheet?

Hugues Simard

What our -- what would be with respect to the balance sheet? I'm sorry, I can't get what that was?

Ben Benawra

Your thinking like -- so like would you lever the company or like how -- just to like separate --

Hugues Simard

Okay, you're saying separate, right?

Ben Benawra

Yes, level, yes?

Hugues Simard

Okay. Well, one thing I can -- I think that we've said a number of times, Ben, is that we -
- if you look at our track record for the past many, many years, we've been ^{never} ²⁶³²
disciplined at bringing down our leverage despite continuing to invest very heavily in our
networks, both wireless and wireline. And taking out the case, you'll remember that over
four transactions between 2012 and 2018. So -- and despite stock buybacks and
dividend increase and all that. So I believe that we've -- our track record speaks for
itself. And we certainly wouldn't want to put ourselves again in a position of more risk
from with respect to the balance sheet. So we will be -- I think you can bet on our track
record as I just said to ensure that we're going to be disciplined about that.

Ben Benawra

Okay, got it. That's fantastic. My last question was just regarding partnering. Would you
look at partnering with someone in this transaction just given the size of this
transaction?

Hugues Simard

I think it's -- I mean, there -- I don't think at this point, we want to make too many
comments. I mean that, you don't know that there is a transaction at this point. So --

Ben Benawra

No, I understand that.

Hugues Simard

Whether we would partner or not, perhaps, but I think it's a bit early to look into that.

Ben Benawra

Okay. Thank you very much. Thank you.

Hugues Simard

Thank you.

Operator

Thank you. And our next question comes from Aravinda Galappaththige from Canaccord
Genuity. Please go ahead.

Aravinda Galappaththige

Hi, good afternoon. Thanks for taking my questions. The first question is on sort of the - - on the wireline side and the Internet revenues. I know that competitive conditions are tough, particularly in Quebec. But based on sort of the disclosure in terms of the subs and the revenues, it looks like you had Internet ARPU dropped about 1.5%, which I haven't seen in a while. How should we look at this trend? Do you -- should we think of Q1 as sort of the -- perhaps the bottom as far as the year-over-year trends are concerned? But -- or based on sort of the timing of price increases and so forth, can we expect to kind of see a little bit more constructive trend from here on?

Hugues Simard

No, I mean, a couple of answers to this. I don't -- I think some of the -- some of the dynamics that we are living through in wireline, as we said, we've talked about competition, we've talked about our migration that's ongoing between our legacy systems and our legacy offers and products to our new products and the costs associated with them. And the -- as you're trying to transition in the midst of a much more competitive environment, where some of our competitors are -- have stepped up their promotional activity and intensity, I think it would be imprudent from us to say that this is just sort of a one-time.

I think that being said, we -- this is something that some of our cost issues is something that we will get over. And is the competitive intensity and the -- going to stay, I mean, who knows? I would be a little prudent. It's -- we see Internet as becoming, as you know, more and more of a commodity. So it's not abnormal that people get more price sensitive. And Quebec, as you know, has historically been a very price-conscious market. It's one where we know how to thrive though and how to succeed. So we're confident that we're going to get on top of this.

Aravinda Galappathige

Thank you. And then just on back to the margins to kind of maybe wrap that up. When you think of all those moving pieces sort of the redundant costs you're moving through that transition, that component comes off. And then you talked about the different sort of accounting or the way that you're kind of financing the boxes. How should we think that the margin trajectory, is it sort of maybe flattish in Q2 as well? And then as some of those costs come in -- costs come out, are you able to maybe drive some expansion in the second half, is that still on the cards? Thank you.

Hugues Simard

Yes. I think, Aravinda, I think that's a fair characterization. I would certainly think it's fair to say that flattish and eventually as we're -- as we get -- as we gain more momentum on the cost side with certainly a growth potential towards the end of the year.

Aravinda Galappathige

Thank you. I'll pass the line.

Hugues Simard

Thanks, Aravinda.

Pierre Karl Péladeau

Thank you. Next question, please?

Operator

Thank you. Our next question comes from Jeff Fan from Scotiabank. Please go ahead.

Jeff Fan

Hi, good afternoon. Thanks for taking the question. I just have one related to wireless. You both mentioned many alternatives in front of you. And I think you're talking about the MVNO route versus a facility base. Based on your history in Quebec, when we look at over the last 15 years going from MVNO and then going to facility base and showing the success that you've had, isn't facility-base really did the preferred route for you over the long-term?

Pierre Karl Péladeau

Thank you, Jeff. As you may know, the conditions of the licenses that was released and for which we participate in the auction from IZ [Phonetic] carries some obligation. And those obligation is to build the network -- your network at a period of 7 year is this completely built in and will never change. I guess that this is the assumption that we will work is, arrangement could be done in that long period of time. Certainly, this is something that we will and we should look at is the cost of technology in terms of facility base is moving downward. And our experience as of today is that this is the trend that we're facing.

We were in Barcelona recently at the International Summit at the Mobile World Congress. What we're seeing the Open RAN Technology give us good perspective on making sure that you'll be able to build your network at probably more decent prices than what you've been forced to historically. That creates a competitive environment from manufacturers to a new business model. We understand that this is not clearly actually completely full frame and fully efficient.

But like any technology, new technology, it's improving what the time goes by. So yes, we've been building our business on the model facility base that gives you flexibility, that gives you, obviously, the profitability. And there is no reason at this stage, we look forward to change the business model.

Jeff Fan

Okay, thank you.

Hugues Simard

Thanks, Jeff.

Operator

Thank you. And our --

Hugues Simard

Is that we have a last question?

Operator

We do have a last question, and it comes from Drew McReynolds from RBC. Please go ahead.

Drew McReynolds

Yes, thanks very much. Good afternoon. Hopefully, three quick ones here for me. Just on the MVNO framework, Pierre Karl, can you just update us, do you have any sense of when you'd expect to kind of get these terms and conditions from the CRTC?

Secondly, maybe for Hugues, on the capital returns that obviously, Quebecor has been quite active on over the last 3, 4, 5 years of dividend growth and buyback, did you kind of get a little more conservative on that in the near-term pending the outcome here on wireless? And then lastly, I know very small part of the business, but the sports and entertainment just with everything normalizing here kind of through the rest of the year hopefully and sustainably going forward. Just what do you expect in terms of that segment and how to model that going forward?

Pierre Karl Péladeau

Good. Just I'm taking note. Okay. I'll do the first, Hugues will do the second, I'll do the third.

Hugues Simard

Okay.

Pierre Karl Peladeau

We unfortunately don't control the CRTC agenda. We know obviously that we're actively pursuing the different requests. I don't want to be too technical, but, yes, this is a matter that sometimes when you go in the details, I'm not saying the devils there, but sometimes this is the kind of environment that you'll see. As you kind of easily expecting the incumbents are not running to offer their services.

So every type of possibility to refrain the slowdown will be used to make sure that competition will rise as late as possible. Our understanding is that the CRTC knows this kind of game very well. Are they accepting it, I don't know, but I think that looking forward to accomplish what the public policy is looking for, which is encouraging competition will bring us some results, I would say probably soon, that will make shortly a year that the decision was proposed. So that therefore, we look forward regarding our regulatory colleagues that are entertaining discussions with CRTC that these are times the work frame should come shortly.

Hugues Simard

On the stock buybacks, Drew, as you know, this is something that historically we've been -- how would I qualify it may be opportunistic about. And as we believe that our stock is -- continues to be undervalued. We -- this is certainly something that we'll -- we intend to continue, whether we'll flex it up or down will depend on, I think on many factors. But it certainly is something that we can flex down should our need for capital be needed elsewhere. But at this point I think it's a bit early to tell you of a specific strategy on that front.

In terms of capital returns, I guess the other point would be dividends. I think we are probably in the right spot for dividends. So that's another thing as well that we'll see as it goes along what our strategy will be. But we're in the pretty good spot right now and pretty much within the range that we had set for ourselves in terms of payout. So I guess we'll see over the next few months whether some opportunities do materialize or not and whether there's opportunity for us to continue to improve capital returns.

Pierre Karl Péladeau

And I would add quickly before going to the third question is that with the level of dividends that we're paying, and as you know, we mentioned that we were looking to have a global -- not a global, but an overall policy as the Board of Directors is establishing it a few quarters ago, buying back shares allow us to refrain paying dividends on the shares being bought. So mathematically, it is profitable.

So this is a question of balance, I mean, we're making improvement in terms of earnings per share and cash wise also. But obviously, you don't want to go to the end of it and leverage your balance sheet too much. The third question about our sports and entertainment section, I would say that business is starting to come back. We have a few concerts that are taking place right now. We will continue to do so.

Our key minor league hockey that is [Indiscernible] Quebec, in fact, our team help all the Quebec just had a great season, they participate in the playoffs that are taking place right now. So bit by bit, and you're right to say that this is not a significant part of our EBITDA, but we're looking forward to position ourselves as a profitable operation.

Drew McReynolds

That's great. Thank you.

Hugues Simard

Thanks, Drew.

I think that we do not have any more questions. So to all of you, we'd like to thank you to participate in this conference call. And we'll talk to you at our next quarter conference call. Thank you so much.

Operator

Thank you. Ladies and gentlemen, this concludes the Quebecor Inc.'s financial results for the 2022 first quarter conference call. Thank you for your participation and have a nice day.