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The infinite power of cable

PRESS RELEASE

For immediate release

Regulatory framework for IP telephony services

VIDÉOTRON WELCOMES CRTC DECISION AND INTENDS TO PUSH AHEAD WITH INVESTMENT PLAN

Montréal, May 12, 2005 – Vidéotron reacted positively to today's decision by the Canadian Radio-television and Telecommunications Commission (CRTC) to apply the same regulatory treatment to local IP telephony services as to all other local telephone services, regardless of the technology used.

Today's CRTC decision supports healthy, sustainable competition, while recognizing that restrictions must be applied to the dominant incumbent telephone company until such time as competition is deemed to have taken hold. The regulator's decision encourages the introduction of new reliable and affordable local telephone services that will allow consumers to enjoy the benefits of a competitive marketplace.

Vidéotron welcomes the CRTC's determination to act in keeping with its basic mandate, which is to create conditions conducive to the emergence of competition, despite the power of the traditional telco lobby.

It must be borne in mind that although the CRTC opened the local residential telephone market to competition in 1997, Bell's competitors have a market share of barely more than 2%. Eight years later, the CRTC still needs to regulate the incumbent local exchange carriers (ILECs) since they continue to dominate the market.

"Bell tried to speculate about the financial impact of the arrival in the marketplace of new players using IP technology," said Robert Dépatie, President and Chief Executive Officer of Vidéotron ltée. "Today, the CRTC indicated that it prefers to base its decision on concrete market data."

Today's decision lets the companies that are trying to establish competition in local residential telephone services move forward. Vidéotron will therefore pursue its investments program required to roll out its service across its territory and to develop distinct and progressive new products such as video phone service and unified messaging.

Vidéotron intends to participate actively in the public consultation the CRTC will hold in September 2005 for the purpose of determining subsequent criteria for deregulating the ILECs, when market conditions warrant. For now, Vidéotron believes that the CRTC has found an appropriate balance by maintaining a sound regulatory framework that promotes the emergence of genuine competition which will benefit Canadians.

In January 2005, Vidéotron became the first major cable company in Canada to offer local residential telephone service. At quarter's end, the number of customers for the service stood at 15,000. The popularity of the new reliable and affordable alternative to traditional telephone service continues to grow and by the end of April 2005 more than 23,000 Quebecers had signed up for Vidéotron's new cable telephone service.

"We are highly satisfied with the enthusiastic response thus far to our new service in South Shore Montréal and Laval," said Robert Dépatie, President and Chief Executive Officer of Vidéotron. "Consumer interest in cable telephone service is exceeding our expectations. We are receiving many positive comments from customers about the quality of the product. The message from the marketplace is clear: significant numbers of consumers were waiting impatiently for a reliable alternative to traditional telephone service."

Vidéotron Itée (www.videotron.com), a wholly-owned subsidiary of Quebecor Media Inc., is an integrated communications company engaged in cable television, interactive multimedia development, Internet access services and residential telephone service. Vidéotron is a leader in new technologies with its *illico* interactive television system and its broadband network, which supports high-speed cable Internet access, analog and digital cable television, and other services. Vidéotron serves 1,455,000 cable television customers in Québec; including over 356,000 *illico* subscribers. Vidéotron is also the Québec leader in high-speed Internet access, with 554,000 subscribers to its cable modem and dial-up services. As well, Vidéotron provides residential telephone service to more than 23,000 customers in South Shore Montréal and Laval.