MANAGEMENT DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. ("Quebecor" or the "Corporation") in the first quarter of 2013 and the major changes from the previous financial year.

All amounts are stated in Canadian dollars ("CAD dollars") unless otherwise indicated. 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, 2012.

Quebecor is a holding company with a 75.4% interest in Quebecor Media Inc. ("Quebecor Media"), one of Canada's largest media groups. Quebecor Media's subsidiaries operate in the following business segments: Telecommunications, News Media, Broadcasting, Leisure and Entertainment, and Interactive Technologies and Communications. Quebecor Media is pursuing a convergence strategy to capture synergies among all its media properties.

HIGHLIGHTS SINCE END OF 2012

- Quebecor's sales decreased by $9.5 million (-0.9%) to $1.05 billion in the first quarter of 2013 compared with the first quarter of 2012.
- Quebecor announced major management changes at the Corporation and its subsidiaries.
    - Serge Gouin, Chairman of the Board of Quebecor Media, is retiring after serving in that position since the creation of Quebecor Media in 2000. Pierre Karl Péladeau has been appointed Chairman of the Board of Quebecor Media and of TVA Group Inc. ("TVA Group"), and Vice-Chairman of the Board of Quebecor. In his new position, Mr. Péladeau will also be responsible for some of the Corporation's strategic files.
    - Robert Dépatie, President and Chief Executive Officer of Videotron Ltd. ("Videotron") since 2003, takes over from Pierre Karl Péladeau as President and Chief Executive Officer of Quebecor and of Quebecor Media.
    - When announcing the management changes, Pierre Karl Péladeau noted that since the beginning of Robert Dépatie's tenure at Videotron, its operating income has increased from $275.0 million to more than $1.20 billion. During the same period, the number of revenue-generating units[1] has increased by nearly 3.2 million, including more than 420,000 connections to the mobile telephony service.
    - Manon Brouillette, President, Consumer Market, at Videotron, is appointed President and Chief Operating Officer of the subsidiary. Robert Dépatie will remain Chief Executive Officer of Videotron.

Telecommunications

- In the first quarter of 2013, the Telecommunications segment grew its revenues by $23.0 million (3.6%) and its operating income by $14.3 million (4.7%).
- Revenues from all of Videotron's main services increased in the first quarter of 2013: mobile telephony ($12.4 million or 33.0%), Internet access ($7.1 million or 3.7%), cable telephony ($4.0 million or 3.6%), and cable television ($3.9 million or 1.5%).
- A net increase of 31,100 revenue-generating units was recorded in the first quarter of 2013, compared with a 30,200-increase in the same period of 2012. In the 12-month period ended March 31, 2013, the number of revenue generating units increased by 222,700 (4.7%).
- In late February 2013, Videotron launched illico Club Unlimited, a new subscription video on demand service that carries the largest selection of unlimited on-demand French-language titles in Canada.

[1] The sum of cable television, cable and mobile Internet access, and cable telephony service subscriptions and subscriber connections to the mobile telephony service.

News Media

- According to the NADbank 2012 survey of the readership of major Canadian dailies, *Le Journal de Montréal* had a weekly readership of 1,164,300, which is 329,400 more than its closest competitor, a significant 39.5% gap. *Le Journal de Québec* reaches 351,500 readers per week, 75,500 more than its nearest rival**.** The free daily *24 heures* had a weekly readership of 652,800, an increase of 15,800 from the previous year (source: NADbank 2011 and 2012, Montréal CMA).

Broadcasting

- The television program *La Voix* achieved exceptional ratings throughout its run from January 20 to April 14, 2013. The average audience for the weekly gala was above 2.6 million and the average audience share was more than 57%. The creation of value-added multiplatform content around this high-calibre program bears out the success of Quebecor's convergence strategy and its benefits for all of the Corporation's media properties.

NON-IFRS FINANCIAL MEASURES

The financial measures not standardized under International Financial Reporting Standards ("IFRS") that are used by the Corporation to assess its financial performance, such as operating income, adjusted income from continuing operations, cash flows from segment operations, free cash flows from continuing operating activities of the Quebecor Media subsidiary, and average monthly revenue per user ("ARPU"), 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.

Operating Income

In its analysis of operating results, the Corporation defines operating income, as reconciled to net income under IFRS, as net income before amortization, financial expenses, gain on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, charge for impairment of goodwill, loss on debt refinancing, and income tax. Operating income 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 other financial operating 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 operating income 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 amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments.

Operating income is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in the Corporation's segments. The Corporation also uses other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities of the Quebecor Media subsidiary. In addition, measures like operating income are commonly used by the investment community to analyze and compare the performance of companies in the industries in which the Corporation is engaged. The Corporation's definition of operating income may not be the same as similarly titled measures reported by other companies.

Table 1 below provides a reconciliation of operating income with net income as disclosed in Quebecor's condensed consolidated financial statements.

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

	Three months ended March 31	
	2013	2012
Operating (loss) income:		
Telecommunications	**$ 317.3**	$ 303.0
News Media	**5.7**	15.7
Broadcasting	**(1.9)**	(7.0)
Leisure and Entertainment	**(1.7)**	0.3
Interactive Technologies and Communications	**1.3**	3.0
Head Office	**(0.3)**	5.3
	320.4	320.3
Amortization	**(162.7)**	(142.0)
Financial expenses	**(97.2)**	(85.4)
Gain on valuation and translation of financial instruments	**7.7**	81.9
Restructuring of operations, impairment of assets and other special items	**(1.6)**	(1.1)
Impairment of goodwill	**–**	(14.5)
Loss on debt refinancing	**–**	(7.3)
Income taxes	**(20.9)**	(38.7)
Net income	**$ 45.7**	$ 113.2

Adjusted Income from Continuing Operating Activities

The Corporation defines adjusted income from continuing operations, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before gain on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, charge for impairment of goodwill and loss on debt refinancing, net of income tax related to adjustments and net income attributable to non-controlling interests related to adjustments. Adjusted income from continuing operations, 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's definition of adjusted income from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 2 provides a reconciliation of adjusted income from continuing operations to the net income attributable to shareholders measure used in Quebecor's condensed consolidated financial statements.

Table 2

Reconciliation of the adjusted income from continuing operations 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 ended March 31	
	2013	2012
Adjusted income from continuing operations	**$ 33.1**	$ 37.8
Gain on valuation and translation of financial instruments	**7.7**	81.9
Restructuring of operations, impairment of assets and other special items	**(1.6)**	(1.1)
Impairment of goodwill	**–**	(14.5)
Loss on debt refinancing	**–**	(7.3)
Income taxes related to adjustments[1]	**(3.3)**	(13.3)
Net income attributable to non-controlling interest related to adjustments	**(0.3)**	(12.1)
Net income attributable to shareholders	**$ 35.6**	$ 71.4

[1] Includes impact of fluctuations in income tax applicable to adjusted items, either for statutory reasons or in connection with tax transactions.

Cash Flows from Segment Operations

Cash flows from segment operations represents operating income, less additions to property, plant and equipment and additions to intangible assets (excluding disbursements for license acquisitions and renewals), plus proceeds from disposal of assets. The Corporation uses cash flows from segment operations as a measure of the liquidity generated by its segments. Cash flows from segment operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, the payment of dividends and the repayment of long-term debt. Cash flows from segment operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. Cash flows from segment operations is used by the Corporation's management and Board of Directors to evaluate cash flows generated by its segments' operations. When cash flows from segment operations is reported, a reconciliation to operating income is provided in the same section of the report.

Free Cash Flows from Continuing Operating Activities of the Quebecor Media Subsidiary

Free cash flows from continuing operating activities of the Quebecor Media subsidiary represents cash flows provided by operating activities calculated in accordance with IFRS, less additions to property, plant and equipment and additions to intangible assets (excluding disbursements for license 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 operations of the Quebecor Media subsidiary. Free cash flows from continuing operating activities represents Quebecor Media's available funds for business acquisitions, the payment of dividends and the repayment of long-term debt. 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 other financial operating 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.

Table 9 provides a reconciliation of free cash flows from continuing operating activities of Quebecor Media to cash flows provided by its operating activities.

Average Monthly Revenue per User

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

ANALYSIS OF CONSOLIDATED RESULTS OF QUEBECOR

2013/2012 first quarter comparison

Revenues: $1.05 billion, a decrease of $9.5 million (-0.9%).

- Revenues decreased in News Media ($25.5 million or -10.9% of segment revenues), Leisure and Entertainment ($6.3 million or -9.4%), Broadcasting ($2.4 million or -2.1%), and Interactive Technologies and Communications ($1.4 million or -3.8%).
- Revenues increased in the Telecommunications segment ($23.0 million or 3.6%).

Operating income: $320.4 million, an increase of $0.1 million.

- Operating income increased in Telecommunications ($14.3 million or 4.7% of segment operating income) and there was a favourable variance in the Broadcasting segment ($5.1 million).
- Operating income decreased in News Media ($10.0 million or -63.7%), Leisure and Entertainment ($2.0 million), Interactive Technologies and Communications ($1.7 million or -56.7%), and at Head Office ($5.6 million). The decrease at Head Office was due primarily to a gain on dispute settlement recognized in the first quarter of 2012.
- The change in the fair value of Quebecor Media stock options resulted in a $4.4 million favourable variance in the consolidated stock-based compensation charge in the first quarter of 2013 compared with the same period of 2012.

Net income attributable to shareholders: $35.6 million ($0.57 per basic share) compared with $71.4 million ($1.13 per basic share) in the first quarter of 2012, a decrease of $35.8 million ($0.56 per basic share).

- The decrease was mainly due to:
  - $74.2 million unfavourable variance in the gain on valuation and translation of financial instruments;
  - $20.7 million increase in amortization charge;
  - $11.8 million increase in financial expenses.

  Partially offset by:
  - favourable variance in 2013 due to recognition of a $14.5 million goodwill impairment charge in the first quarter of 2012;
  - favourable variance in 2013 due to $7.3 million loss on debt refinancing recorded in the first quarter of 2012.

Adjusted income from continuing operations: $33.1 million in the first quarter of 2013 ($0.53 per basic share) compared with $37.8 million ($0.60 per basic share) in the first quarter of 2012, a decrease of $4.7 million ($0.07 per basic share).

Amortization charge: $162.7 million in the first quarter of 2013, a $20.7 million increase essentially due to the impact of significant capital expenditures since 2011 in the Telecommunications segment, including amortization of capital expenditures related to modernization of the cable and mobile networks, and to the impact of the emphasis on equipment leasing in the promotional strategy.

Financial expenses: $97.2 million, an increase of $11.8 million due mainly to higher indebtedness.

Gain on valuation and translation of financial instruments: $7.7 million in the first quarter of 2013 compared with $81.9 million in the same quarter of 2012. The unfavourable variance of $74.2 million was mainly due to an unfavourable change in the gain on the fair value of early settlement options caused by interest rate and credit premium fluctuations.

Charge for restructuring of operations, impairment of assets and other special items: $1.6 million in the first quarter of 2013, compared with $1.1 million in the same period of 2012, an unfavourable variance of $0.5 million.

Goodwill impairment charge: $14.5 million in the first quarter of 2012.

- As a result of new tariffs adopted in 2012 with respect to business contributions for costs related to waste recovery services provided by Québec municipalities, the costs of the magazine publishing operations were adversely affected. Accordingly, the Corporation reviewed its business plan for the segment in the first quarter of 2012 and determined that goodwill was no longer fully recoverable. A $14.5 million non-cash goodwill impairment charge (without any tax consequences) was recorded.

Loss on debt refinancing: $7.3 million in the first quarter of 2012.

- In March 2012, Videotron redeemed all of its 6.875% Senior Notes maturing in January 2014 in the aggregate principal amount of US$395.0 million. During the same period, Quebecor Media redeemed US$78.5 million principal amount of its 7.75% Senior Notes maturing in March 2016 and settled the hedging contracts. The transactions generated a total loss of $7.3 million on debt refinancing.

Income tax expense: $20.9 million (effective tax rate of 31.4%) in the first quarter of 2013, compared with $38.7 million (effective tax rate of 23.3%, counting only taxable and deductible items) in the first quarter of 2012.

- The $17.8 million favourable variance in the income tax expense was mainly due to the decrease in pre-tax income. The increase in the effective tax rate was due to the impact of the tax rate mix on the various components of the gain on valuation and translation of financial instruments.

SEGMENTED ANALYSIS

Telecommunications

First quarter 2013 operating results

Revenues: $668.8 million, an increase of $23.0 million (3.6%).

- Combined revenues from all cable television services increased $3.9 million (1.5%) to $271.9 million, due primarily to higher revenues from the leasing of digital set-top boxes and increased viewings of pay-per-view events.
- Revenues from Internet access services increased $7.1 million (3.7%) to $198.4 million. The favourable variance was mainly due to customer growth.
- Revenues from cable telephony service increased $4.0 million (3.6%) to $115.7 million, primarily as a result of customer base growth and more lines for business customers.
- Revenues from mobile telephony service increased $12.4 million (33.0%) to $50.0 million, essentially due to customer growth.
- Revenues from Videotron Business Solutions decreased $1.1 million (-6.5%) to $15.8 million.
- Revenues from customer equipment sales decreased $1.4 million (-16.9%) to $6.9 million. The decrease caused by campaigns promoting cable television equipment leasing was partially offset by increased revenues from mobile telephony equipment.
- Other revenues: $10.1 million, a decrease of $1.9 million (-15.8%) caused by Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") store closures and other revenue decreases.

ARPU: $114.49 in the first quarter of 2013 compared with $109.18 in the same period of 2012, an increase of $5.31 (4.9%).

Customer statistics

Revenue-generating units – As of March 31, 2013, the total number of revenue-generating units stood at 4,948,400, an increase of 31,100 (0.6%) from the end of 2012, compared with an increase of 30,200 in the first quarter of 2012 (Table 3). In the 12-month period ended March 31, 2013, the number of revenue-generating units increased by 222,700 (4.7%). Revenue-generating units are the sum of cable television, cable and mobile Internet access, and cable telephony service subscriptions and subscriber connections to the mobile telephony service.

Cable television – The combined customer base for all of Videotron's cable television services decreased by 5,800 (-0.3%) in the first quarter of 2013 (compared with a decrease of 7,500 in the same quarter of 2012) and decreased by 4,800 (-0.3%) during the 12-month period ended March 31, 2013 (Table 3). At the end of the first quarter of 2013, Videotron had 1,849,200 subscribers to its cable television services. The household and business penetration rate (number of subscribers as a proportion of the total 2,710,000 homes and businesses passed by Videotron's network as of the end of March 2013, up from 2,666,700 one year earlier) was 68.2% versus 69.5% a year earlier.

- As of March 31, 2013, the number of subscribers to illico Digital TV stood at 1,500,300, a quarterly increase of 15,700 or 1.1% (compared with a 16,700-subscriber increase in the first quarter of 2012) and a 12-month increase of 82,800 (5.8%). As of March 31, 2013, illico Digital TV had a household and business penetration rate of 55.4% versus 53.2% a year earlier.
- The customer base for analog cable television services decreased by 21,500 (-5.8%) in the first quarter of 2013 (compared with a decrease of 24,200 customers in the same quarter of 2012) and by 87,600 (-20.1%) over a 12-month period, primarily as a result of customer migration to illico Digital TV.

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,397,300 at March 31, 2013, a quarterly increase of 9,600 (0.7%), compared with an increase of 8,000 in the first quarter of 2012, and a 12-month increase of 56,800 (4.2%) (Table 3). At March 31, 2013, Videotron's cable Internet access services had a household and business penetration rate of 51.6%, compared with 50.3% a year earlier.

Cable telephony service – The number of subscribers to cable telephony service stood at 1,274,000 as of March 31, 2013, a quarterly increase of 9,100 (0.7%), compared with a 7,200-customer increase in the first quarter of 2012, and a 12-month increase of 61,500 (5.1%) (Table 3). At March 31, 2013, the cable telephony service had a household and business penetration rate of 47.0% versus 45.5% a year earlier.

Mobile telephony service – As of March 31, 2013, the number of subscriber connections to the mobile telephony service stood at 420,900, an increase of 18,300 (4.5%) from the end of the previous quarter, compared with an increase of 22,200 connections in the first quarter of 2012, and a 12-month increase of 108,100 (34.6%) (Table 3).

Table 3
Telecommunications segment quarter-end customer numbers for the last eight quarters
(in thousands of customers)

	Mar. 2013	Dec. 2012	Sept. 2012	June 2012	Mar. 2012	Dec. 2011	Sept. 2011	June 2011
Cable television:								
Analog	**348.9**	370.4	395.1	412.9	436.5	460.7	496.1	530.3
Digital	**1,500.3**	1,484.6	1,457.8	1,425.0	1,417.5	1,400.8	1,348.1	1,270.4
	1,849.2	1,855.0	1,852.9	1,837.9	1,854.0	1,861.5	1,844.2	1,800.7
Cable Internet	**1,397.3**	1,387.7	1,369.6	1,341.1	1,340.5	1,332.5	1,306.4	1,266.5
Cable telephony	**1,274.0**	1,264.9	1,249.7	1,223.4	1,212.5	1,205.3	1,179.4	1,141.6
Mobile telephony[1]	**420.9**	402.6	378.3	347.6	312.8	290.6	258.1	210.6
Internet over wireless	**7.0**	7.1	7.4	6.8	5.9	5.6	5.2	4.0
Total (revenue-generating units)	**4,948.4**	4,917.3	4,857.9	4,756.8	4,725.7	4,695.5	4,593.3	4,423.4

[1] In thousands of subscriber connections

Operating income: $317.3 million, an increase of $14.3 million (4.7%).

- The increase in operating income was mainly due to:
  - impact of higher revenues;
  - $2.3 million decrease in stock-based compensation charge.

  Partially offset by:
  - increases in some operating expenses, including customer service costs incurred to support customer base growth.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 52.6% in the first quarter of 2013 compared with 53.1% in the same period of 2012.

- The decrease was mainly due to the impact of revenue growth (as the fixed component of operating costs does not fluctuate in proportion to revenues), partially offset by increases in some operating costs.

Cash flows from segment operations: $159.4 million in the first quarter of 2013 compared with $101.8 million in the same period of 2012, an increase of $57.6 million (Table 4).

- The increase was due to a $43.6 million decrease in additions to property, plant and equipment and additions to intangible assets, mainly reflecting lower investment in the 4G network, and the $14.3 million increase in operating income.

Table 4: Telecommunications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating income	**$ 317.3**	$ 303.0
Additions to property, plant and equipment	**(145.6)**	(183.5)
Additions to intangible assets	**(13.2)**	(18.9)
Proceeds from disposal of assets	**0.9**	1.2
Cash flows from segment operations	**$ 159.4**	$ 101.8

News Media

First quarter 2013 operating results

Revenues: $207.6 million, a decrease of $25.5 million (-10.9%).

- Advertising revenues decreased 14.2%; digital revenues decreased 7.6%; circulation revenues decreased 5.2%; combined revenues from commercial printing and other sources decreased 1.1%.
- Revenues decreased 11.3% at the urban dailies, 12.6% at the community newspapers and 34.9% at the portals; the decline at the portals was caused by lower advertising revenues.

Operating income: $5.7 million, a decrease of $10.0 million (-63.7%).

- The decrease was due primarily to:
  - impact of revenue decrease;
  - unfavourable variance related to investments in Quebecor Media Out of Home, which started up in November 2012;
  - $2.2 million unfavourable variance in multimedia employment tax credits.

  Partially offset by:
  - $10.6 million favourable impact related to restructuring initiatives and to other reductions in operating expenses;
  - $1.2 million decrease in stock-based compensation charge.

Cost/revenue ratio: Operating costs for all News Media segment operations, expressed as a percentage of revenues, were 97.3% in the first quarter of 2013, compared with 93.3% in the same period of 2012. The increase was due to the fixed component of operating costs, which does not fluctuate in proportion to revenue decreases, the unfavourable impact of investments in Quebecor Media Out of Home, and multimedia employment tax credits, partially offset by the favourable impact of the reduction in operating costs in the first quarter of 2013.

Cash flows from segment operations: $2.6 million in the first quarter of 2013 compared with $11.0 million in the same quarter of 2012 (Table 5).

- The $8.4 million decrease was due primarily to the $10.0 million decrease in operating income, partially offset by a $1.8 million decrease in additions to intangible assets.

Table 5: News Media
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating income	**$ 5.7**	$ 15.7
Additions to property, plant and equipment	**(2.4)**	(1.9)
Additions to intangible assets	**(1.0)**	(2.8)
Proceeds from disposal of assets	**0.3**	–
Cash flows from segment operations	**$ 2.6**	$ 11.0

Broadcasting

First quarter 2013 operating results

Revenues: $113.0 million, a decrease of $2.4 million (-2.1%).

- Revenues from television operations decreased $1.5 million, mainly due to:
  - lower advertising revenues at TVA Network.

  Partially offset by:
  - increased subscription revenues at the specialty channels, attributable largely to the LCN, TVA Sports, SUN News, Yoopa, Moi&cie and addik^{TV} channels.
- Total publishing revenues decreased $0.9 million, mainly because of lower newsstand revenues.

Operating loss: $1.9 million in the first quarter of 2013 compared with $7.0 million in the same period of 2012, a $5.1 million favourable variance.

- $2.8 million favourable variance in operating loss of television operations, mainly due to:
  - decrease in TVA Network's operating costs, including content and production costs, and impact of containment of other costs;
  - decrease in SUN News' operating loss due to reduction in labour and content costs.
- Operating income from publishing operations increased by $2.3 million, mainly as a result of:
  - negative impact on first quarter 2012 results from recognition of a $2.3 million charge for the years 2010 and 2011 related to the adoption of new tariffs for business contributions to costs related to waste recovery services provided by Québec municipalities.

  Partially offset by:
  - impact of revenue decrease.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations, expressed as a percentage of revenues, were 101.7% in the first quarter of 2013 compared with 106.1% in the same period of 2012. The decrease in costs as a proportion of revenues was mainly due to the decrease in operating costs and recognition in the first quarter of 2012 of retroactive costs related to waste-recovery services.

Cash flows from segment operations: Negative $7.8 million in the first quarter of 2013 compared with negative $12.9 million in the same period of 2012 (Table 6). The $5.1 million favourable variance was entirely due to the decrease in operating loss.

Table 6: Broadcasting
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating loss	**$ (1.9)**	$ (7.0)
Additions to property, plant and equipment	**(5.3)**	(5.3)
Additions to intangible assets	**(0.6)**	(0.6)
Cash flows from segment operations	**$ (7.8)**	$ (12.9)

Leisure and Entertainment

First quarter 2013 operating results

Revenues: $60.8 million, a decrease of $6.3 million (-9.4%) compared with the first quarter of 2012.

- Archambault Group Inc.'s revenues decreased 12.9%, mainly because of:
  - 36.7% decrease in distribution revenues, mainly reflecting the larger number of successful CD releases in the first quarter of 2012, combined with decreased product distribution at Le SuperClub Vidéotron stores;
  - 1.9% decrease in retail sales due to lower sales of CDs, partially offset by higher sales of books and musical instruments;
  - 75.9% decrease in production revenues, mainly reflecting the larger number of CDs and concerts produced in the first quarter of 2012.
- The Book division's revenues decreased by 3.6%, mainly because of lower revenues from general literature distribution.

Operating loss: $1.7 million in the first quarter of 2013 compared with operating income of $0.3 million in the first quarter of 2012. The $2.0 million unfavourable variance was caused mainly by the impact of the revenue decrease.

Cash flows from segment operations: Negative $2.9 million in the first quarter of 2013 compared with negative $1.3 million in the same period of 2012 (Table 7).

- The $1.6 million unfavourable variance was mainly due to the negative variance in operating income.

Table 7: Leisure and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating (loss) income	**$ (1.7)**	$ 0.3
Additions to property, plant and equipment	**(0.5)**	(0.9)
Additions to intangible assets	**(0.7)**	(0.7)
Cash flows from segment operations	**$ (2.9)**	$ (1.3)

Interactive Technologies and Communications

First quarter 2013 operating results

Revenues: $35.2 million, a decrease of $1.4 million (-3.8%).

- The decrease was mainly due to:
  - lower volume in Europe, particularly Spain and France;
  - lower volume from customers in Canada. A revenue decrease at the Montréal office was partially offset by an increase at the Toronto office;
  - lower revenues in Asia.

  Partially offset by:
  - higher volume from government customers.

Operating income: $1.3 million, a decrease of $1.7 million (-56.7%). The unfavourable variance was mainly a result of the impact of lower revenues and margins.

Cash flows from segment operations: $0.5 million in the first quarter of 2013 compared with $1.9 million in the same period of 2012 (Table 8).

- The $1.4 million unfavourable variance was caused mainly by the decrease in operating income.

Table 8: Interactive Technologies and Communications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating income	**$ 1.3**	$ 3.0
Additions to property, plant and equipment	**(0.8)**	(1.1)
Cash flows from segment operations	**$ 0.5**	$ 1.9

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

Cash flows provided by operating activities: $123.6 million in the first quarter of 2013 compared with $236.5 million in the same period of 2012.

- The $112.9 million unfavourable variance was mainly due to:
  - $81.7 million unfavourable net change in non-cash balances related to operations, mainly because of unfavourable variances in accounts payable, accrued charges and income tax liabilities, partially offset by a favourable variance in deferred revenues related to a different customer billing cycle in the Telecommunications segment;
  - Decrease in operating income, mainly in the News Media segment ($10.0 million) and at Head Office ($5.6 million). The decrease at Head Office was due primarily to a gain on dispute settlement recognized in the first quarter of 2012;
  - $18.7 million unfavourable variance in current income taxes;
  - $12.4 million increase in cash interest expense.

  Partially offset by:
  - $14.3 million increase in operating income in the Telecommunications segment and $5.1 million decrease in the operating loss of the Broadcasting segment.

Unfavourable timing of transactions on non-cash items related to operating activities, combined with a reduction in previously tax benefits available for the deferring of income tax disbursments, were the main negative factors affecting cash flows provided by operating activities. Interest expenses on higher indebtedness also had a negative impact. As well, in a continuation of the trend seen in recent quarters, increased profitability in the Telecommunications segment generated higher cash flows, while the negative impact of more aggressive competition and weak market conditions in the News Media segment had an unfavourable impact on cash flows provided by operating activities.

Working capital: Negative $167.7 million at March 31, 2013 compared with negative $113.8 million at December 31, 2012. The $53.9 million unfavourable variance mainly reflects the recognition under current liabilities of liabilities related to derivative financial instruments maturing in January 2014.

Investing activities

Additions to property, plant and equipment: $154.8 million in the first quarter of 2013 compared with $193.2 million in the same period of 2012. The $38.4 million difference was mainly due to:

- $37.9 million decrease in additions to property, plant and equipment in the Telecommunications segment, mainly related to spending on the 4G network and network modernization.

Additions to intangible assets: $15.6 million in the first quarter of 2013, compared with $22.5 million in the same period of 2012. The Telecommunications and News Media segments accounted for most of the $6.9 million decrease.

Free cash flows from continuing operating activities of the Quebecor Media subsidiary

Free cash flows from continuing operating activities of Quebecor Media: Negative $39.4 million in the first quarter of 2013 compared with positive $37.8 million in the same period of 2012 (Table 9).

- The $77.2 million unfavourable variance was mainly due to:
  - $122.5 million unfavourable variance in cash flows provided by operating activities.

  Partially offset by:
  - $38.4 million decrease in additions to property, plant and equipment.

Table 9
Cash flows provided by operating activities of the Quebecor Media subsidiary and free cash flows from continuing operating activities
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Operating (loss) income:		
Telecommunications	**$ 317.3**	$ 303.0
News Media	**5.7**	15.7
Broadcasting	**(1.9)**	(7.0)
Leisure and Entertainment	**(1.7)**	0.3
Interactive Technologies and Communications	**1.3**	3.0
Head Office	**1.1**	7.2
	321.8	322.2
Cash interest expense	**(90.6)**	(80.0)
Cash portion of charge for restructuring of operations, impairment of assets and other special items	**(0.8)**	(0.7)
Current income taxes	**(24.3)**	(5.5)
Other	**1.2**	1.5
Net change in non-cash balances related to operations	**(77.5)**	14.8
Cash flows provided by operating activities	**129.8**	252.3
Additions to property, plant and equipment and additions to intangible assets, less proceeds from disposal of assets:		
Telecommunications	**(157.9)**	(201.2)
News Media	**(3.1)**	(4.7)
Broadcasting	**(5.9)**	(5.9)
Leisure and Entertainment	**(1.2)**	(1.6)
Interactive Technologies and Communications	**(0.8)**	(1.1)
Head Office	**(0.3)**	–
	(169.2)	(214.5)
Free cash flows from continuing operating activities	**$ (39.4)**	$ 37.8

Financing activities

Consolidated debt (long-term debt plus bank borrowings): $48.5 million increase in the first quarter of 2013; $63.3 million favourable net variance in assets and liabilities related to derivative financial instruments.

- The increase in the debt was mainly due to the estimated $64.2 million unfavourable impact of exchange rate fluctuations. Any increase in this item is offset on the balance sheet by a decrease in the liability (or increase in the asset) related to cross-currency swap agreements entered under “Derivative financial instruments.”
- The following debt reductions mitigated the unfavourable impact of exchange rate fluctuations on the debt:
    - $7.4 million favourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations;
    - $6.5 million reduction in Quebecor’s debt;
    - current payments totalling $5.3 million on Quebecor Media’s credit facility.

- Assets and liabilities related to derivative financial instruments totalled a net liability of $199.6 million at March 31, 2013 compared with a net liability of $262.9 million at December 31, 2012. The $63.3 net favourable variance was due to:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments;
  - settlement by Quebecor Media of hedges on foreign currency exposure on its term loan "B" credit facility, which was prepaid in full in December 2012.

  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 April 16, 2013, Quebecor Media announced a public exchange offer for the exchange of the entirety of its outstanding 5.75% Senior Notes maturing on January 15, 2023 for an equivalent principal amount of Notes registered pursuant to the *Securities Act of 1933*. The public exchange offer will expire on May 14, 2013, unless it is extended.

Financial position at March 31, 2013

Net available liquidity: $1.00 billion for Quebecor Media and its wholly owned subsidiaries, consisting of $129.1 million in cash and $874.9 million in available unused lines of credit.

Net available liquidity: $88.1 million for Quebecor at the corporate level, consisting of a $1.0 million bank overdraft and $89.1 million in available unused lines of credit.

Consolidated debt: $4.58 billion at March 31, 2013, an increase of $48.5 million from December 31, 2012; $63.3 million favourable net variance in assets and liabilities related to derivative financial instruments (*see* "Financing Activities" above).

- Consolidated debt essentially consisted of Videotron's $2.17 billion debt ($2.13 billion at December 31, 2012), TVA Group's $74.7 million debt ($74.4 million at December 31, 2012), Quebecor Media's $2.24 billion debt ($2.23 billion at December 31, 2012) and Quebecor's $96.1 million debt ($102.6 million at December 31, 2012).

As at March 31, 2013, minimum principal repayments on long-term debt in the coming years are as follows:

Table 10
Minimum principal amount on Quebecor's long-term debt
12 months ending March 31
(in millions of Canadian dollars)

2014	$ 22.2
2015	97.3
2016	900.3
2017	12.0
2018	41.3
2019 and thereafter	3,826.1
Total	**$ 4,899.2**

The weighted average term of Quebecor's consolidated debt was approximately 6.9 years as of March 31, 2013 (7.1 years as of December 31, 2012). The debt consists of approximately 89.9% fixed-rate debt (89.7% at December 31, 2012) and 10.1% floating-rate debt (10.3% at December 31, 2012).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover requirements for capital investments, working capital, interest payments, debt repayments, pension plan contributions, share repurchases, and dividend payments. The Corporation believes it will be able to meet future debt maturities, which are fairly staggered over the coming years.

Pursuant to their financing agreements, the Corporation and its subsidiaries are required to maintain certain financial ratios and financial covenants. The key indicators listed in these financing agreements include debt service coverage ratio and debt ratio (long-term debt over operating income). At March 31, 2013, the Corporation and its subsidiaries were in compliance with all required financial ratios and restrictive covenants in their financing agreements.

Dividends declared

- On May 7, 2013, the Board of Directors of Quebecor declared a quarterly dividend of $0.05 per share on Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on June 18, 2013 to shareholders of record at the close of business on May 24, 2013.

Analysis of consolidated balance sheet as at March 31, 2013

Table 11
Consolidated balance sheet of Quebecor
Analysis of main differences between March 31, 2013 and December 31, 2012
(in millions of Canadian dollars)

	March 31, 2013	December 31, 2012	Difference	Main reason for difference
Assets				
Cash and cash equivalents	**$ 134.8**	$ 228.7	$ (93.9)	Cash flows used in investing and financing activities exceeded cash flows provided by operating activities
Liabilities				
Accounts payable and accrued charges	**669.1**	804.5	(135.4)	Impact of current variances in activity
Long-term debt, including short-term portion and bank indebtedness	**4,579.8**	4,531.3	48.5	*See* "Financing activities"
Derivative financial instruments[1]	**199.6**	262.9	(63.3)	*See* "Financing activities"

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

ADDITIONAL INFORMATION

Contractual Obligations

At March 31, 2013, material contractual obligations of operating activities included: capital repayment and interest payments on long-term debt; coupon payments on convertible debentures; operating lease arrangements; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 12 below shows a summary of these contractual obligations.

Table 12
Contractual obligations of Quebecor as of March 31, 2013
(in millions of Canadian dollars)

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 4,899.2**	$ 22.2	$ 997.6	$ 53.3	$ 3,826.1
Interest payments[2]	**2,435.8**	253.0	721.5	563.9	897.4
Coupon payments on convertible debentures	**124.0**	20.8	41.3	41.3	20.6
Operating leases	**305.9**	57.6	79.0	51.9	117.4
Additions to property, plant and equipment and other commitments	**290.8**	76.7	96.2	29.1	88.8
Derivative financial instruments[3]	**204.6**	116.5	48.7	2.2	37.2
Total contractual obligations	**$ 8,260.3**	**$ 546.8**	**$ 1,984.3**	**$ 741.7**	**$ 4,987.5**

1 The carrying value of long-term debt excludes adjustments related to embedded derivatives and financing fees.

2 Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of March 31, 2013.

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

Related-Party Transactions

During the first quarter of 2013, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated corporations in the amount of nil ($2.2 million in the same period of 2012), which are included in purchase of goods and services. The Corporation and its subsidiaries made sales to affiliated corporations in the amount of $0.6 million ($0.9 million in the same period of 2012). These transactions were concluded on terms equivalent to those that prevail on an arm’s length basis and are accounted for at the consideration agreed between the parties.

Capital Stock

In accordance with Canadian financial reporting standards, Table 13 below presents information on the Corporation’s capital stock as at April 30, 2013. In addition, 361,632 share options were outstanding as of April 30, 2013.

Table 13
Capital stock
(in shares and millions of Canadian dollars)

	April 30, 2013	
	Issued and outstanding	Book value
Class A Shares	19,571,986	$ 8.7
Class B Shares	42,632,596	$ 324.3

On August 9, 2012, the Corporation filed a normal course issuer bid for a maximum of 980,357 Class A shares, representing approximately 5% of the issued and outstanding Class A shares, and for a maximum of 4,351,276 Class B shares, representing approximately 10% of the public float of Class B shares as of July 31, 2012. Purchases may be made from August 13, 2012 to August 12, 2013, at prevailing market prices, on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid have been or will be cancelled.

In the first quarter of 2013, the Corporation purchased and cancelled 152,500 Class B shares for a total cash consideration of $6.2 million (10,000 Class B shares for a total cash consideration of $0.4 million in the first quarter of 2012). An excess of $5.0 million in the purchase price over the carrying value of Class B shares repurchased was recorded as a reduction in retained earnings in the first quarter of 2013 ($0.3 million in the first quarter of 2012).

Financial Instruments

Quebecor and its subsidiaries use a number of financial instruments, mainly cash and cash equivalents, trade receivables, long-term investments, bank indebtedness, trade payables, accrued charges, long-term debt, and derivative financial instruments.

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

Certain cross-currency interest rate swaps entered into by the Corporation and its subsidiaries 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, derivative financial instruments and liability and derivative components of convertible debentures as of March 31, 2013 and December 31, 2012 are as follows:

Table 14
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

	March 31, 2013		December 31, 2012	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (4,899.2)**	**$ (5,106.8)**	$ (4,845.1)	$ (5,109.1)
Derivative financial instruments:				
Early settlement options	**271.8**	**271.8**	264.9	264.9
Foreign exchange forward contracts[2]	**1.2**	**1.2**	0.1	0.1
Cross-currency interest rate swaps[2]	**(200.8)**	**(200.8)**	(263.0)	(263.0)
Liability and derivative components of convertible debentures	**(132.4)**	**(132.4)**	(132.7)	(132.7)

1 The carrying value of long-term debt excludes adjustments related to embedded derivatives and financing fees.

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

Gains on valuation and translation of financial instruments for the first quarter of 2013 are summarized in Table 15.

Table 15
Gain on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended March 31	
	2013	2012
Gain on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ (7.2)**	$ (82.0)
Gain on the ineffective portion of cash flow hedges	**(0.2)**	–
Gain on the fair value of derivative component of convertible debentures	**(0.3)**	–
Loss on the ineffective portion of fair value hedges	**–**	0.1
	$ (7.7)	$ (81.9)

A $25.9 million loss was recorded under Other comprehensive income in the first quarter of 2013 in relation to cash flow hedging relationships ($18.9 million gain in the first quarter of 2012).

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

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

The fair value of early settlement options recognized as embedded derivatives and the derivative component of convertible debentures is determined by option pricing models using market inputs, including volatility and discount factors.

Changes in accounting policies

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

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

(ii) IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interest in joint ventures. The new standard requires that such interests be recognized using the equity method. The following table summarizes the adjustments that were recorded in the consolidated statement of income for the prior period comparative figures:

Increase (decrease)	Three months ended March 31, 2012
Revenues	$ (2.4)
Purchase of goods and services	(1.4)
Financial expenses	(1.0)
Net income	$ –

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

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

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

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

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

Consolidated statement of income

Increase (decrease)	Three months ended March 31, 2012
Employee costs	$ 0.9
Financial expenses	3.2
Deferred income tax expense	(1.1)
Net income	$ (3.0)
Net income attributable to:	
Shareholders	$ (1.5)
Non-controlling interests	(1.5)

Consolidated balance sheets

Increase (decrease)	December 31, 2012	December 31, 2011
Other liabilities	$ 2.1	$ 3.7
Deferred income tax liability	(0.6)	(1.0)
Retained earnings	75.4	48.4
Accumulated other comprehensive income	(77.2)	(49.6)
Non-controlling interests	0.3	(1.5)

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.

No changes to internal controls over financial reporting have come to the attention of the Corporation's management during the three months ended March 31, 2013 that have materially adversely affected, or are reasonably likely to materially adversely 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, and on the Web 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 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. 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 developing its network and related mobile services;
- general economic, financial or market conditions and variations in the businesses of Quebecor Media's local, regional or national newspapers and broadcasting advertisers;
- 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 its network or to address 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;
- Quebecor Media's ability to successfully restructure its newspapers' operations to optimize their efficiency in the context of the changing newspaper industry;
- disruptions to the network through which Quebecor Media provides its digital cable television, Internet access and telephony services, and its ability to protect such services from piracy;
- labour disputes or strikes;
- 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 licenses or markets or in an increase in competition, compliance costs or capital expenditures;
- 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 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, 2012.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation’s expectations as of May 8, 2013, and are subject to change after this 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

May 8, 2013

QUEBECOR INC. AND ITS SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA

(in millions of Canadian dollars, except per share data)

	2013				2012			2011
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Operations								
Revenues	**$ 1,052.1**	$ 1,142.3	$ 1,059.1	$ 1,084.6	$ 1,061.6	$ 1,145.3	$ 1,012.6	$ 1,051.1
Operating income	**320.4**	369.8	351.9	356.1	320.3	367.9	318.7	357.6
Contribution to net income attributable to shareholders:								
Continuing operations	**33.1**	53.9	50.6	47.2	37.8	54.5	38.9	58.8
Gain (loss) on valuation and translation of financial instruments	**3.1**	(22.3)	47.5	16.1	34.1	34.0	(16.3)	(2.3)
Unusual items	**(0.6)**	(24.5)	(81.0)	2.2	(0.5)	(4.2)	2.4	(2.5)
Net income attributable to shareholders	**35.6**	7.1	17.1	65.5	71.4	84.3	25.0	54.0
Basic per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.53**	$ 0.86	$ 0.80	$ 0.74	$ 0.60	$ 0.85	$ 0.61	$ 0.91
Gain (loss) on valuation and translation of financial instruments	**0.05**	(0.35)	0.75	0.25	0.54	0.53	(0.26)	(0.03)
Unusual items	**(0.01)**	(0.39)	(1.28)	0.03	(0.01)	(0.06)	0.04	(0.04)
Net income attributable to shareholders	**0.57**	0.12	0.27	1.05	1.13	1.32	0.39	0.84
Weighted average number of shares outstanding (in millions)	**62.3**	62.7	63.1	63.5	63.5	63.5	63.9	64.3
Diluted per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.46**	$ 0.75	$ 0.80	$ 0.74	$ 0.59	$ 0.85	$ 0.60	$ 0.90
Gain (loss) on valuation and translation of financial instruments	**0.04**	(0.30)	0.75	0.25	0.54	0.53	(0.26)	(0.03)
Unusual items	**(0.01)**	(0.33)	(1.28)	0.03	(0.01)	(0.06)	0.04	(0.04)
Net income attributable to shareholders	**0.49**	0.12	0.27	1.03	1.12	1.32	0.38	0.83
Weighted average number of diluted shares outstanding (in millions)	**75.3**	74.3	63.2	63.6	63.7	63.8	64.5	65.0