QUEBECOR

MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

CORPORATE PROFILE 2

HIGHLIGHTS SINCE END OF 2011 2

NON-IFRS FINANCIAL MEASURES 3

ANALYSIS OF CONSOLIDATED RESULTS OF QUEBECOR 7

SEGMENTED ANALYSIS 10

CASH FLOWS AND FINANCIAL POSITION 16

ADDITIONAL INFORMATION 19

SELECTED QUARTERLY FINANCIAL DATA 23

CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. (“Quebecor” or the “Corporation”) in the first quarter of 2012 and the major changes from the previous financial year.

All amounts are stated in Canadian 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, 2011.

Quebecor is a holding company with a 54.7% 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 2011

- Quebecor’s sales increased by $73.5 million (7.4%) to $1.06 billion in the first quarter of 2012, mainly because of 10.7% revenue growth in the Telecommunications segment.
- Quebecor’s operating income increased by $27.9 million (9.5%) to $322.2 million, reflecting the performance of the Telecommunications segment, which realized a $48.5 million (19.1%) increase in operating income.

Telecommunications

- In the first quarter of 2012, Videotron Ltd. (“Videotron”) recorded revenue increases from Internet access services ($23.0 million or 13.7%), cable television service ($22.4 million or 9.1%), mobile telephony service ($16.9 million or 81.6%), and cable telephony service ($4.4 million or 4.1%).
- Net increase of 29,900 revenue-generating units[1] in the first quarter of 2012, compared with an increase of 52,600 units in the same quarter of 2011.
- On March 27, 2012, illico TV new generation was launched, offering subscribers to Videotron’s digital service an entirely new interface for accessing video on demand, managing recordings, customizing the program guide, and using online services. illico TV new generation features innovative functions that meet consumers’ needs, with entirely redesigned ergonomics that deliver a smoother and more intuitive navigation experience. The service has been available in the Québec City, Saguenay—Lac-St-Jean and Rivière-du-Loup areas since April 4, 2012, and will be gradually rolled out to other regions between now and the end of summer 2012.

News Media

- In the first quarter of 2012, Quebecor MediaPages™ launched the *videotron.smartfind.ca* and *videotron.trouvetout.ca* search engines, a new platform that supports consumer searches for local merchants. Only a few months after launch, a large number of Québec businesses have already registered for the search engine.
- On April 19, 2012, Quebecor Media Network Inc. (“Quebecor Media Network”) announced an exclusive agreement to distribute the Sears Canada Inc. (“Sears Canada”) national flyer in the Le Sac Plus door-knob bag. Under the agreement, Quebecor Media Network will distribute more than 100 million pieces of promotional literature across Québec per year for Sears Canada. The flyers will be supported by a multiplatform media campaign developed by Quebecor Media and carried by all its media properties, another example of the News Media segment’s complementary multiproduct offerings.
- On March 14, 2012, Sun Media Corporation announced the launch of four new community weeklies in Ottawa, Windsor, Kitchener-Waterloo and Guelph. The new publications will reach more than 400,000 Ontario households.
- According to the NADbank 2011 survey of the readership of major Canadian dailies, *Le Journal de Montréal* has a weekly readership of 1,163,800, which is 343,700 more than its closest competitor**.** *Le Journal de Québec* reaches 369,000 readers per week, an increase of 33,100 (9.9%) compared with 2010. The free daily *24 heures* increased its readership by 82,400 or 14.9% compared with the previous year (source: NADbank 2010 and 2011, Montréal CMA).

---

[1] Revenue-generating units are the sum of cable television, Internet access and cable telephony service subscriptions, plus subscriber connections to the mobile telephony service

Other highlights

- The 2012 edition of *Star Académie* was another resounding television and commercial success that had positive ripple effects across Quebecor Media's properties and provided new opportunities for sharing value-added content. The weekly gala and the daily show broadcast on TVA Network were seen by an average of 2.2 million and 1.4 million viewers respectively. The *Star Académie 2012* CD, released on March 6, 2012, sold more than 125,000 copies and was number one on the Canadian French-language charts and the Québec charts (source: Nielsen SoundScan).
- On March 25, 2012, Quebecor Media and Québec City announced the finalization of the functional and technical program for the multipurpose arena to be built in Québec City.
- On April 4, 2012, Archambault Group Inc. ("Archambault Group") launched ZIK, a music streaming service that offers unlimited interactive access to more than 12 million tracks, including the largest selection of French-language music with 1.2 million titles.
- A number of financial transactions have been concluded since the end of 2011:
  - In March 2012, Videotron issued US$800.0 million principal amount of 5% Senior Notes maturing in 2022;
  - In March 2012, Videotron redeemed all of its 6 7/8% Senior Notes maturing in January 2014 in the aggregate principal amount of US$395.0 million;
  - In March and April 2012, Quebecor Media redeemed $260.0 million aggregate principal amount of its 7 3/4% Senior Notes maturing in March 2016 and settled the hedging contracts;
  - Quebecor Media and TVA Group Inc. ("TVA Group") amended their bank credit facilities to extend the maturity dates to 2016 and 2017 respectively and added a new $200.0 million revolving credit facility "C" for Quebecor Media, maturing in 2016;
  - Finally, Sun Media Corporation repaid the $37.6 million balance on its term loan credit facility and cancelled all its credit facilities.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures 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 International Financial Reporting Standard ("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, 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. Management believes that operating income is a meaningful measure of performance.

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 depreciation 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 operations. 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 the Corporation'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	
	2012	2011
Operating income (loss):		
Telecommunications	**$ 303.0**	$ 254.5
News Media	**16.6**	28.3
Broadcasting	**(5.8)**	4.6
Leisure and Entertainment	**0.3**	1.2
Interactive Technologies and Communications	**3.0**	0.9
Head Office	**5.1**	4.8
	322.2	294.3
Amortization	**(142.0)**	(121.5)
Financial expenses	**(83.2)**	(81.4)
Gain on valuation and translation of financial instruments	**81.9**	10.5
Restructuring of operations, impairment of assets and other special items	**(1.1)**	(9.5)
Impairment of goodwill	**(14.5)**	–
Loss on debt refinancing	**(7.3)**	(9.3)
Income taxes	**(39.8)**	(19.8)
Net income	**$ 116.2**	$ 63.3

Adjusted Income from Continuing Operations

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 (loss) on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, impairment of goodwill and loss on debt refinancing, net of income tax and net income attributable to non-controlling interests. 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	
	2012	2011
Adjusted income from continuing operations	**$ 39.3**	$ 35.9
Gain on valuation and translation of financial instruments	**81.9**	10.5
Restructuring of operations, impairment of assets and other special items	**(1.1)**	(9.5)
Impairment of goodwill	**(14.5)**	–
Loss on debt refinancing	**(7.3)**	(9.3)
Income taxes related to adjustments[1]	**(13.3)**	4.4
Net income attributable to non-controlling interest related to adjustments	**(12.1)**	2.3
Net income attributable to shareholders	**$ 72.9**	$ 34.3

[1] Includes the impact of fluctuations in tax rates 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 acquisitions of intangible assets (excluding disbursements for licence 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 consists of cash flows from segment operations (*see* "Cash Flows from Segment Operations" above), minus cash interest payments and cash charges for restructuring of operations, impairment of assets and other special items, plus or minus current income tax expenses, other receipts (disbursements), and the net change in non-cash balances related to operations. 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 3 provides a reconciliation of free cash flows from continuing operating activities of Quebecor Media to cash flows provided by its operating activities.

Table 3

Reconciliation of free cash flows from continuing operating activities to cash flows provided by continuing operating activities of the Quebecor Media subsidiary

(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Free cash flows from continuing operating activities (Table 4)	**$ 38.6**	$ (34.1)
Additions to property, plant and equipment	**193.2**	193.8
Additions of intangible assets	**22.5**	21.0
Proceeds from disposal of assets	**(1.2)**	(1.0)
Cash flows provided by operating activities	**$ 253.1**	$ 179.7

Average Monthly Revenue per User

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

2012/2011 first quarter comparison

Revenues: $1.06 billion, an increase of $73.5 million (7.4%).

- Revenues increased in Telecommunications ($62.6 million or 10.7% of segment revenues), Broadcasting ($10.7 million or 10.0%), Interactive Technologies and Communications ($9.8 million or 36.6%), and Leisure and Entertainment ($5.7 million or 9.3%).
- Revenues decreased in News Media ($7.0 million or -2.9%).

Operating income: $322.2 million, an increase of $27.9 million (9.5%).

- Operating income increased in Telecommunications ($48.5 million or 19.1% of segment operating income) and Interactive Technologies and Communications ($2.1 million or 233.3%).
- Operating income decreased in News Media ($11.7 million or -41.3%), Broadcasting ($10.4 million) and Leisure and Entertainment ($0.9 million or -75.0%).
- The change in the fair value of Quebecor Media stock options resulted in a $4.7 million unfavourable variance in the stock-based compensation charge in the first quarter of 2012 compared with the same period of 2011. The change in the fair value of Quebecor stock options resulted in a $6.5 million unfavourable variance in the Corporation's stock-based compensation charge in the first quarter of 2012.
- Excluding the impact of the consolidated stock-based compensation charge, the increase in operating income in the first quarter of 2012 would have been 13.5%, compared with a 5.9% decrease in the same period of 2011.

Net income attributable to shareholders: $72.9 million ($1.15 per basic share) compared with $34.3 million ($0.53 per basic share) in the first quarter of 2011, an increase of $38.6 million ($0.62 per basic share).

- The increase was due mainly to:
    - $71.4 million favourable variance in gain on valuation and translation of financial instruments;
    - $27.9 million increase in operating income;
    - $8.4 million favourable variance in the charge for restructuring of operations, impairment of assets, and other special items.

  Offset by:

    - $20.5 million increase in amortization charge;
    - $14.5 million goodwill impairment charge recognized in the first quarter of 2012.

Adjusted income from continuing operations: $39.3 million in the first quarter of 2012 ($0.62 per basic share) compared with $35.9 million ($0.56 per basic share) in the first quarter of 2011, an increase of $3.4 million ($0.06 per basic share).

Amortization charge: $142.0 million compared with $121.5 million in the same quarter of 2011, a $20.5 million increase, essentially due to the impact of significant capital expenditures since 2010 in the Telecommunications segment, including amortization of 4G network equipment and impact of emphasis on equipment leasing in the promotional strategy.

Financial expenses: $83.2 million, an increase of $1.8 million.

- The increase was due mainly to:
    - $3.0 million unfavourable variance related to translation of short-term monetary items;
    - impact of rebalancing fixed- and floating-rate debt on average interest rate on the debt.

  Offset by:

    - impact of lower interest rates on exchangeable debentures.

Gain on valuation and translation of financial instruments: $81.9 million in the first quarter of 2012 compared with $10.5 million in the same quarter of 2011, a favourable variance of $71.4 million. The variance was mainly due to a favourable change in 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: $1.1 million in the first quarter of 2012, compared with $9.5 million in the same period of 2011, a favourable variance of $8.4 million.

- In connection with the startup of its 4G network, the Telecommunications segment recorded a $0.2 million charge for migration costs in the first quarter of 2012, compared with $8.6 million in the first quarter of 2011.
- A $0.5 million net charge for restructuring of operations and a $0.4 million charge for other special items were recorded in other segments in the first quarter of 2012.
- A $0.9 million charge for impairment of intangible assets was recorded in the News Media segment in the first quarter of 2011.

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

- As a result of new tarification adopted in 2012 with respect to business contributions for costs related to waste recovery services provided by Quebec municipalities, the costs of the magazine publishing activities will be adversely affected. Quebecor Media therefore reviewed its business plan for the sector and determined that goodwill was no longer fully recoverable. Accordingly, a $14.5 million goodwill impairment charge was recorded in the first quarter of 2012.

Loss on debt refinancing: $7.3 million in the first quarter of 2012 compared with $9.3 million in the same period of 2011.

- In March 2012, Videotron redeemed all of its 6 7/8% 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 3/4% 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: $39.8 million (effective tax rate of 25.5%) in the first quarter of 2012 compared with $19.8 million (effective tax rate of 23.8%) in the first quarter of 2011.

- The $20.0 million unfavourable variance was due primarily to the increase in income before income taxes.

Free cash flows from continuing operating activities of Quebecor Media: $38.6 million in the first quarter of 2012 compared with negative $34.1 million in the same period of 2011 (Table 4).

- The $72.7 million increase was mainly due to:
  - $38.5 million favourable variance in use of funds for non-cash balances related to operations, mainly because of reduction in income tax liabilities and deferred revenues in the first quarter of 2011. The variance in deferred revenues was related to a different customer billing cycle in the Telecommunications segment;
  - $33.2 million increase in operating income;
  - $7.9 million decrease in cash portion of charge for restructuring of operations, impairment of assets, and other special items.

  Partially offset by:
  - $5.1 million increase in current income taxes;
  - $4.2 million increase in cash interest expense.

Table 4
Free cash flows from continuing operating activities of Quebecor Media
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Cash flows from segment operations:		
Telecommunications	**$ 101.8**	$ 61.4
News Media	**11.9**	20.3
Broadcasting	**(11.7)**	(5.1)
Leisure and Entertainment	**(1.3)**	(0.4)
Interactive Technologies and Communications	**1.9**	(0.1)
Head Office and other	**7.1**	1.1
	109.7	77.2
Cash interest expense[1]	**(77.9)**	(73.7)
Cash portion of charge for restructuring of operations, impairment of assets, and other special items	**(0.7)**	(8.6)
Current income taxes	**(5.5)**	(0.4)
Other	**2.5**	(0.6)
Net change in non-cash balances related to operations	**10.5**	(28.0)
Free cash flows from continuing operating activities	**$ 38.6**	$ (34.1)

[1] Interest on long-term debt, foreign currency translation on short-term monetary items and other interest expenses

Table 5
Reconciliation of cash flows from segment operations of Quebecor Media to its operating income
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Operating income	**$ 324.2**	$ 291.0
Additions to property, plant and equipment	**(193.2)**	(193.8)
Acquisitions of intangible assets	**(22.5)**	(21.0)
Proceeds from disposal of assets	**1.2**	1.0
Cash flows from segment operations	**$ 109.7**	$ 77.2

SEGMENTED ANALYSIS

Telecommunications

First quarter 2012 operating results

Revenues: $645.8 million, an increase of $62.6 million (10.7%).

- Combined revenues from all cable television services increased $22.4 million (9.1%) to $268.0 million, due primarily to customer base growth and to higher ARPU resulting from increases in some rates, the success of high definition packages, and increased pay-TV orders.
- Revenues from Internet access services increased $23.0 million (13.7%) to $191.4 million. The improvement was mainly due to customer growth and increases in some rates.
- Revenues from cable telephony service increased $4.4 million (4.1%) to $111.7 million, primarily as a result of customer base growth and more lines per customer.
- Revenues from mobile telephony service increased $16.9 million (81.6%) to $37.6 million, essentially due to customer growth.
- Revenues of Videotron Business Solutions increased $1.8 million (11.9%) to $16.9 million, mainly because of higher revenues from network solutions and long distance.
- Revenues from customer equipment sales decreased $4.7 million (-36.2%) to $8.3 million, mainly because of campaigns promoting television equipment leasing, partially offset by increased sales of mobile telephony equipment.
- Revenues of Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") decreased $0.4 million (-7.5%) to $4.9 million, mainly as a result of store closures, partially offset by an increase in miscellaneous revenues.
- Other revenues decreased $0.6 million (-7.7%) to $7.2 million.

ARPU: $109.18 in the first quarter of 2012 compared with $99.78 in the same period of 2011, an increase of $9.40 (9.4%).

Customer statistics

Revenue generating units – As of March 31, 2012, the total number of revenue generating units stood at 4,719,800, an increase of 29,900 (0.6%) from the end of 2011, compared with an increase of 52,600 in the first quarter of 2011 (Table 6). In the 12-month period ended March 31, 2012, the number of revenue generating units increased by 353,100 (8.1%). Revenue generating units are the sum of cable television, 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 7,500 (-0.4%) in the first quarter of 2012 (compared with a decrease of 3,000 in the same quarter of 2011) and increased by 45,400 during the 12-month period ended March 31, 2012 (Table 6). At the end of the first quarter of 2012, Videotron had 1,854,000 customers for its cable television services. The household penetration rate (number of subscribers as a proportion of total homes passed by Videotron's network, i.e., 2,666,700 homes as of the end of March 2012, compared with 2,623,200 at the end of the first quarter of 2011) was 69.5% versus 68.9% a year earlier.

- As of March 31, 2012, the number of subscribers to the Digital TV service stood at 1,417,500, a quarterly increase of 16,700 or 1.2% (compared with a 24,100-subscriber increase in the first quarter of 2011) and a 12-month increase of 173,800 (14.0%). As of March 31, 2012, illico Digital TV had a household penetration rate of 53.2% versus 47.4% a year earlier.
- The customer base for analog cable television services decreased by 24,200 (-5.3%) in the first quarter of 2012 (compared with a decrease of 27,100 customers in the same quarter of 2011) and by 128,400 (-22.7%) 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 1,340,500 at March 31, 2012, a quarterly increase of 8,000 (0.6%) (compared with an increase of 11,500 in the first quarter of 2011) and a 12-month increase of 76,900 (6.1%) (Table 6). At March 31, 2012, Videotron's cable Internet access services had a household penetration rate of 50.3% versus 48.2% a year earlier.

Cable telephony service – The number of subscribers to cable telephony service stood at 1,212,500 as of March 31, 2012, a quarterly increase of 7,200 (0.6%) (compared with a 15,500-customer increase in the first quarter of 2011), and a 12-month increase of 82,700 (7.3%) (Table 6). At March 31, 2012, the cable telephony service had a household penetration rate of 45.5% versus 43.1% a year earlier.

Mobile telephony service – As of March 31, 2012, the number of subscriber connections to the mobile telephony service stood at 312,800, an increase of 22,200 (7.6%) from the end of the previous quarter (compared with an increase of 28,600 connections in the first quarter of 2011), and a 12-month increase of 148,100 (89.9%**).**

Table 6
Telecommunications segment quarter-end customer numbers for the last eight quarters
(in thousands of customers)

	Mar. 2012	Dec. 2011	Sept. 2011	June 2011	Mar. 2011	Dec. 2010	Sept. 2010	June 2010
Cable television:								
Analog	**436.5**	460.7	496.1	530.3	564.9	592.0	619.7	639.5
Digital	**1,417.5**	1,400.8	1,348.1	1,270.4	1,243.7	1,219.6	1,182.3	1,142.0
	1,854.0	1,861.5	1,844.2	1,800.7	1,808.6	1,811.6	1,802.0	1,781.5
Cable Internet	**1,340.5**	1,332.5	1,306.4	1,266.5	1,263.6	1,252.1	1,233.8	1,201.7
Cable telephony	**1,212.5**	1,205.3	1,179.4	1,141.6	1,129.8	1,114.3	1,098.1	1,065.3
Mobile telephony[1]	**312.8**	290.6	258.1	210.6	164.7	136.1	95.4	87.0
Total (revenue generating units)	**4,719.8**	4,689.9	4,588.1	4,419.4	4,366.7	4,314.1	4,229.3	4,135.5

1 In thousands of subscriber connections

Operating income: $303.0 million, an increase of $48.5 million (19.1%).

- The increase in operating income was mainly due to:
  - impact of higher revenues.

  Partially offset by:
  - increases in some operating expenses, related mainly to development of the 4G network.
- Excluding the variance in the stock-based compensation charge, the increase in the segment's operating income in the first quarter of 2012 would have been 19.8%, compared with a 1.5% decrease in the same period of 2011.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 53.1% in the first quarter of 2012 compared with 56.4% in the same period of 2011.

- 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 the increase in operating costs due to roll-out of the 4G network.

Cash flows from segment operations: $101.8 million in the first quarter of 2012, compared with $61.4 million in the same period of 2011, an increase of $40.4 million (Table 7).

- The increase was due to the $48.5 million increase in operating income, partially offset by a $6.3 million increase in additions to property, plant and equipment, mainly reflecting impact of emphasis on equipment leasing in the promotional strategy, and to a $2.0 million increase in acquisitions of intangible assets.

Table 7: Telecommunications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Operating income	**$ 303.0**	$ 254.5
Additions to property, plant and equipment	**(183.5)**	(177.2)
Acquisitions of intangible assets	**(18.9)**	(16.9)
Proceeds from disposal of assets	**1.2**	1.0
Cash flows from segment operations	**$ 101.8**	$ 61.4

News Media

First quarter 2012 operating results

Revenues: $233.1 million, a decrease of $7.0 million (-2.9%).

- Combined revenues from commercial printing and other sources increased 16.7%, mainly because of higher volume in flyer distribution; advertising revenues decreased 4.2%; circulation revenues decreased 2.8%; digital revenues decreased 20.2%.
- Revenues decreased 5.0% at the urban dailies and 2.2% at the community newspapers.
- Revenues decreased 41.7% at the general-interest portals, primarily because of the transfer of intercompany website development activities to the Nurun Inc. subsidiary and a decrease in digital revenues. Excluding the impact of the transfer of intercompany activities, revenues would have decreased 27.9% at the general-interest portals.

Operating income: $16.6 million, a decrease of $11.7 million (-41.3%).

- The decrease was due primarily to:
  - impact of the revenue decrease;
  - unfavourable variance related to investments in Quebecor Media Network;
  - $4.1 million unfavourable variance in multimedia employment tax credits.

  Partially offset by:
  - $4.4 million favourable impact related to restructuring initiatives announced in November 2011.
- Excluding the impact of the stock-based compensation charge and investments in Quebecor Media Network and Quebecor MediaPages™, operating income would have decreased by 20.8% in the first quarter of 2012, compared with a 13.0% decrease in the same period of 2011.

Cost/revenue ratio: Operating costs for all News Media segment operations, expressed as a percentage of revenues, were 92.9% in the first quarter of 2012, compared with 88.2% in the same period of 2011. The increase was due to the unfavourable impact of investments in Quebecor Media Network, multimedia tax credits, and the fixed component of operating costs, which does not fluctuate in proportion to revenue decreases.

Cash flows from segment operations: $11.9 million in the first quarter of 2012 compared with $20.3 million in the same quarter of 2011 (Table 8).

- The $8.4 million decrease was due primarily to an $11.7 million decrease in operating income and a $0.7 million increase in acquisitions of intangible assets, partially offset by a $4.0 million decrease in additions to property, plant and equipment.

Table 8: News Media
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Operating income	**$ 16.6**	$ 28.3
Additions to property, plant and equipment	**(1.9)**	(5.9)
Acquisitions of intangible assets	**(2.8)**	(2.1)
Cash flows from segment operations	**$ 11.9**	$ 20.3

Broadcasting

First quarter 2012 operating results

Revenues: $117.8 million, an increase of $10.7 million (10.0%).

- Revenues from television operations increased $11.6 million, mainly due to:
    - increased advertising and subscription revenues at the specialty services, partly because of the new TVA Sports and Mlle channels;
    - increased advertising revenues at the TVA Network, partly because of the popular program *Star Académie*;
    - higher revenues at TVA Accès.
- Total publishing revenues decreased $1.0 million, mainly because of lower advertising and newsstand revenues.

Operating loss: $5.8 million compared with operating income of $4.6 million in the first quarter of 2011, an unfavourable variance of $10.4 million.

- Operating income from television operations decreased $6.6 million, mainly due to:
    - operating losses at TVA Sports, SUN News and Mlle;
    - higher content costs at the TVA Network and specialty channels as a result of the programming strategy.
- Operating income from publishing operations decreased by $3.7 million, mainly because of the impact of recognition of a $3.4 million charge related to the adoption of new rates for business contributions in 2010, 2011 and 2012 to cover costs related to waste-recovery services provided by Québec municipalities, of which $2.9 million is attributable to 2010 and 2011.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations, expressed as a percentage of revenues, were 104.9% in the first quarter of 2012 compared with 95.7% in the same period of 2011. The increase in costs as a proportion of revenues was mainly due to higher operating expenses related to the specialty services launches and recognition of costs related to waste-recovery services.

Cash flows from segment operations: Negative $11.7 million in the first quarter of 2012 compared with negative $5.1 million in the same period of 2011 (Table 9). The $6.6 million decrease was mainly due to the $10.4 million unfavourable variance in operating income, partially offset by a $3.8 million decrease in additions to property, plant and equipment and in acquisitions of intangible assets.

Table 9: Broadcasting
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
(Loss) operating income	**$ (5.8)**	$ 4.6
Additions to property, plant and equipment	**(5.3)**	(8.9)
Acquisitions of intangible assets	**(0.6)**	(0.8)
Cash flows from segment operations	**$ (11.7)**	$ (5.1)

Leisure and Entertainment

First quarter 2012 operating results

Revenues: $67.1 million, an increase of $5.7 million (9.3%) compared with the first quarter of 2011.

- Archambault Group's revenues increased 11.8%, primarily because of:
  - 61.9% increase in distribution revenues due mainly to new intercompany DVD and Blu-ray distribution activities that began in June 2011 and a 12.9% increase in the revenues of Distribution Select, mainly reflecting the success of the Adele and *Star Académie* albums.

  Partially offset by:
  - 5.6% decrease in retail sales due to lower sales of videos, music, video games and books than in the first quarter of 2011, which included the week of Boxing Day sales.
- The Book Division's revenues decreased by 1.5%, mainly because of lower sales of textbooks in the academic segment following completion of the education reform in Québec, partially offset by higher distribution revenues.

Operating income: $0.3 million compared with $1.2 million in the first quarter of 2011. The $0.9 million unfavourable variance was due primarily to the impact of lower revenues and to decreases in some gross margins in the Book Division.

Cash flows from segment operations: Negative $1.3 million in the first quarter of 2012 compared with negative $0.4 million in the same period of 2011 (Table 10).

- The $0.9 million unfavourable variance was caused by the decrease in operating income.

Table 10: Leisure and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Operating income	**$ 0.3**	$ 1.2
Additions to property, plant and equipment	**(0.9)**	(0.4)
Acquisitions of intangible assets	**(0.7)**	(1.2)
Cash flows from segment operations	**$ (1.3)**	$ (0.4)

Interactive Technologies and Communications

First quarter 2012 operating results

Revenues: $36.6 million, an increase of $9.8 million (36.6%).

- The increase was due mainly to:
  - higher volume from customers in Canada (generated by, among other things, the transfer of intercompany technological activities from the News Media segment);
  - impact of acquisition of a digital communications agency in the United States in the third quarter of 2011;
  - higher volumes in Europe and from government customers.

Operating income: $3.0 million compared with $0.9 million in the first quarter of 2011. The $2.1 million increase was mainly due to the impact of the revenue increase.

Cash flows from segment operations: $1.9 million in the first quarter of 2012 compared with negative cash flows of $0.1 million in the same period of 2011 (Table 11).

- The $2.0 million improvement was due primarily to the increase in operating income.

Table 11: Interactive Technologies and Communications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Operating income	**$ 3.0**	$ 0.9
Additions to property, plant and equipment	**(1.1)**	(1.0)
Cash flows from segment operations	**$ 1.9**	$ (0.1)

CASH FLOWS AND FINANCIAL POSITION

Operating activities

Cash flows provided by operating activities: $237.3 million in the first quarter of 2012 compared with $170.7 million in the same period of 2011.

- The $66.6 million increase was mainly due to:
  - $33.9 million favourable variance in use of funds for non-cash balances related to operations, mainly because of reduction in income tax liabilities and deferred revenues in the first quarter of 2011. The variance in deferred revenues was related to a different customer billing cycle in the Telecommunications segment;
  - $27.9 million increase in operating income;
  - $7.9 million decrease in cash portion of charge for restructuring of operations, impairment of assets, and other special items.

  Partially offset by:

  - $5.1 million increase in current income taxes.

Working capital: Negative $136.5 million at March 31, 2012 compared with negative $133.3 million at December 31, 2011. The difference mainly reflects the recognition under current liabilities of Quebecor Media Senior Notes paid down in April 2012 and Quebecor Media credit facilities maturing in January 2013, partially offset by impact of increase in cash and cash equivalents.

Investing activities

Additions to property, plant and equipment: $193.2 million in the first quarter of 2012 compared with $193.8 million in the same period of 2011.

Acquisitions of intangible assets: $22.5 million in the first quarter of 2012 compared with $21.0 million in the same period of 2011.

Business acquisitions: $45.1 million in the first quarter of 2011, mainly reflecting the acquisition of community newspapers in the News Media segment.

Financing activities

Consolidated debt (long-term debt plus bank borrowings): $139.0 million increase in the first three months of 2012; $1.2 million unfavourable net variance in assets and liabilities related to derivative financial instruments.

- Debt increased in the first quarter of 2012 for the following reason:
  - issuance by Videotron on March 14, 2012 of US$800.0 million aggregate principal amount of Senior Notes for net proceeds of $787.6 million, net of financing fees of $11.9 million. The Notes bear 5.0% interest and mature on July 15, 2022.
- Summary of debt reductions during the same period:
  - repayment by Videotron in March 2012 of all of its 6 7/8% Senior Notes, maturing in January 2014, in the aggregate principal amount of US$395.0 million;
  - repayment by Quebecor Media in March 2012 of US$78.5 million principal amount of its 7 3/4% Senior Notes maturing in March 2016;
  - $79.4 million decrease in debt due to favourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations;
  - estimated $56.8 million favourable impact of exchange rate fluctuations. Any decrease in this item is offset by an increase in the liability (or decrease in the asset) related to cross-currency swap agreements entered under “Derivative financial instruments”;
  - repayment of the $37.6 million balance on Sun Media Corporation’s term credit facility at February 3, 2012 and cancellation of the facility;
  - current payments totalling $6.3 million on Quebecor Media’s credit facilities and other debt.

- Assets and liabilities related to derivative financial instruments totalled a net liability of $281.7 million at March 31, 2012, compared with a net liability of $280.5 million at December 31, 2011, an unfavourable net variance of $1.2 million due to:
  - o unfavourable impact of exchange rate fluctuations.

  Offset by:
  - o settlement of hedges by Quebecor Media following repayment of the 7 3/4% Senior Notes maturing in 2016;
  - o favourable impact of interest rate trends in Canada compared with the United States.
- In April 2012, Quebecor Media repaid and withdrew US$181.5 million principal amount of its 7 3/4% Senior Notes, maturing in March 2016, for a total cash consideration of $179.7 million.
- On February 24, 2012, TVA Group amended its bank credit facilities to extend the maturity of its $100.0 million revolving credit facility from December 2012 to February 2017.
- On January 25, 2012, Quebecor Media amended its bank credit facilities to extend the maturity of its $100.0 million revolving credit facility from January 2013 to January 2016, and added a new $200.0 million revolving credit facility "C," also maturing in January 2016.

Financial Position at March 31, 2012

Net available liquidity: $1.26 billion for Quebecor Media and its wholly owned subsidiaries, consisting of $383.0 million in cash and $875.0 million in available unused lines of credit.

Net available liquidity: $79.9 million for Quebecor at the corporate level, consisting of a $1.3 million bank overdraft and $81.2 million in available unused lines of credit.

Consolidated debt: $3.95 billion at March 31, 2012, an increase of $139.0 million; $1.2 million unfavourable net variance in assets and liabilities related to derivative financial instruments (*see* "Financing Activities" above).

- Consolidated debt essentially consisted of: Videotron's $2.15 billion debt ($1.86 billion at December 31, 2011); TVA Group's $97.4 million debt ($96.4 million at December 31, 2011); Quebecor Media's $1.59 billion debt ($1.71 billion at December 31, 2011); and Quebecor's $104.1 million debt ($105.2 million at December 31, 2011). Sun Media Corporation's debt was redeemed in full during the first quarter of 2012 ($37.4 million at December 31, 2011).

As at March 31, 2012, minimum principal payments on long-term debt in the coming years are as follows:

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

2013	$ 395.0
2014	21.3
2015	165.1
2016	1,128.5
2017	33.7
2018 and thereafter	2,444.6
Total	**$ 4,188.2**

The weighted average term of Quebecor's consolidated debt was approximately 6.0 years as of March 31, 2012 (5.1 years as of December 31, 2011). The debt consists of approximately 81.7% fixed-rate debt (82.6% at December 31, 2011) and 18.3% floating-rate debt (17.4% at December 31, 2011).

Management of the Corporation believes that cash flows from continuing operating activities and available sources of financing should be sufficient to cover planned cash requirements for capital investments, working capital, interest payments, debt repayments, disbursements related to foreign exchange hedges, pension plan contributions, share repurchases, and dividends. 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, 2012, the Corporation and its subsidiaries were in compliance with all required financial ratios and restrictive covenants in their financing agreements.

Dividends declared

- On May 8, 2012, 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 19, 2012 to shareholders of record at the close of business on May 25, 2012.

Analysis of consolidated balance sheet as at March 31, 2012

Table 13
Consolidated balance sheet of Quebecor
Analysis of main variances between March 31, 2012 and December 31, 2011
(in millions of Canadian dollars)

	Mar. 31, 2012	Dec. 31, 2011	Difference	Main reason for difference
Assets				
Cash and cash equivalents	**$ 388.8**	$ 146.4	$ 242.4	Impact of issuance of debt by Videotron
Accounts receivable	**562.2**	603.7	(41.5)	Impact of current variances in activity
Property, plant and equipment	**3,235.1**	3,211.1	24.0	Additions to property, plant and equipment (*see* "Investing activities" above), less amortization for the period
Goodwill	**3,528.8**	3,543.8	(15.0)	Partial write-down of goodwill in TVA Group's publishing sector
Liabilities				
Accounts payable and accrued charges	**694.2**	776.5	(82.3)	Impact of current variances in activity
Long-term debt, including short-term portion and bank indebtedness	**3,946.0**	3,807.0	139.0	*See* "Financing activities" above
Derivative financial instruments[1]	**281.7**	280.5	1.2	*See* "Financing activities" above
Net future tax liabilities[2]	**605.2**	571.9	33.3	Use of tax benefits and capital cost allowance in excess of book amortization

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

2 Long-term liabilities less long-term assets

ADDITIONAL INFORMATION

Contractual Obligations

At March 31, 2012, material contractual obligations of operating activities included capital and interest payments on long-term debt, 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 14 below shows a summary of these contractual obligations.

Table 14
Contractual obligations of Quebecor as of March 31, 2012
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 4,188.2**	$ 395.0	$ 186.4	$ 1,162.2	$ 2,444.6
Interest payments[2]	**1,921.5**	217.5	581.0	496.6	626.4
Operating leases	**323.2**	63.5	79.0	48.9	131.8
Additions to property, plant and equipment and other commitments	**142.2**	62.1	41.2	38.9	–
Derivative financial instruments[3]	**311.3**	26.0	119.8	75.6	89.9
Total contractual obligations	**$ 6,886.4**	**$ 764.1**	**$ 1,007.4**	**$ 1,822.2**	**$ 3,292.7**

1 Carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest risk, embedded derivatives and financing fees.

2 Estimated interest payable on long-term debt, based on interest rates; hedged interest rates and hedged foreign exchange rates as of March 31, 2012.

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

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 liabilities, long-term debt, and derivative financial instruments.

As at March 31, 2012, Quebecor Media was using derivative financial instruments to manage its exchange rate and interest rate exposure. It has entered into foreign exchange forward contracts and cross-currency interest rate swap agreements to hedge the foreign currency risk exposure on the entirety of its U.S.-dollar-denominated long-term debt. Quebecor Media also uses interest rate swaps in order to manage the impact of interest rate fluctuations on its long-term debt.

Quebecor Media has also entered into currency forward contracts in order to hedge, among other things, the planned purchase, in U.S. dollars, of digital set-top boxes, modems, mobile handsets and other equipment in the Telecommunications segment, including equipment for the 4G network. As well, Quebecor Media has entered into currency forward contracts in order to hedge future contractual instalments payable in euros.

Quebecor Media does not hold or use any derivative financial instruments for trading purposes.

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

The fair value of long-term debt and derivative financial instruments at March 31, 2012 is shown in Table 15.

Table 15
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

	March 31, 2012		December 31, 2011	
	Carrying value	**Fair value asset (liability)**	Carrying value	Fair value asset (liability)
Long-term debt[1]	**$ (4,188.2)**	**$ (4,378.5)**	$ (3,953.0)	$ (4,107.4)
Derivative financial instruments				
Early settlement options	**202.1**	**202.1**	138.0	138.0
Interest rate swaps	**(0.7)**	**(0.7)**	(0.9)	(0.9)
Foreign exchange forward contracts	**0.6**	**0.6**	3.2	3.2
Cross-currency interest rate swaps	**(281.6)**	**(281.6)**	(282.8)	(282.8)

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

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

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

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

Losses (gains) on valuation and translation of financial instruments for the first quarter of 2012 are summarized in Table 16.

Table 16
Loss (gain) on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended March 31	
	2012	2011
Gain on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ (82.0)**	$ (10.1)
Loss (gain) on ineffective portion of fair value hedges	**0.1**	(0.4)
	$ (81.9)	$ (10.5)

An $18.9 million gain was recorded under “Other comprehensive income” in the first quarter of 2012 in relation to cash flow hedging relationships ($0.8 million in the first quarter of 2011).

Related Party Transactions

In the first quarter of 2012, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated companies in the amount of $2.2 million ($0.6 million in the same period of 2011), which is included in cost of sales and selling and administrative expenses. The Corporation and its subsidiaries made sales to affiliated companies in the amount of $0.9 million ($0.9 million in the first quarter of 2011). These transactions were concluded and accounted for at the exchange amount.

Capital Stock

In accordance with Canadian financial reporting standards, Table 17 below presents information on the Corporation's capital stock as at April 30, 2012. In addition, 671,869 share options were outstanding as of April 30, 2012.

Table 17
Capital stock
(in shares and millions of Canadian dollars)

	April 30, 2012	
	Issued and outstanding	Book value
Class A shares (Multiple Voting Shares)	19,701,751	$ 8.8
Class B shares (Subordinate Voting Shares)	43,791,331	$ 334.1

On August 10, 2011, the Corporation filed a normal course issuer bid for a maximum of 985,233 Class A shares representing approximately 5% of the issued and outstanding Class A shares, and a maximum of 4,453,304 Class B shares, representing approximately 10% of the public float for the Class B shares as of August 2, 2011. Purchases may be made from August 12, 2011 to August 10, 2012, 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.

During the first quarter of 2012, the Corporation purchased and cancelled 10,000 Class B shares for a total cash consideration of $0.4 million. The excess of $0.3 million in the purchase price over the carrying value of Class B shares repurchased was recorded as a reduction in retained earnings.

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, 2012 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 facilities-based mobile offerings;
- 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, including competition from other communications and advertising media and platforms;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's products;
- unanticipated higher capital spending required for developing its network or to continue the 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 News Media operations to optimize their efficiency in the context of the changing newspaper industry;
- disruptions to the network through which Quebecor Media provides its 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 interpretation, 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'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 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, 2011.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of May 9, 2012, 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 9, 2012

QUEBECOR INC. AND ITS SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA

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

	2012				2011			2010
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Operations								
Revenues	**$ 1,064.0**	$ 1,147.9	$ 1,014.8	$ 1,053.4	$ 990.5	$ 1,088.1	$ 969.9	$ 994.0
Net income before amortization, financial expenses, gain (loss) on valuation and translation of financial instruments, restructuring of operations, impairment of assets and other special items, impairment of goodwill, loss on debt refinancing and income taxes	**322.2**	369.2	319.7	358.5	294.3	359.1	332.0	351.9
Contribution to net income attributable to shareholders:								
Continuing operations	**39.3**	55.6	40.0	60.0	35.9	58.2	56.1	62.9
Gain (loss) on valuation and translation of financial instruments	**34.1**	34.0	(16.3)	(2.3)	5.2	(10.0)	32.1	(1.5)
Unusual items	**(0.5)**	(4.2)	2.4	(2.5)	(6.8)	(1.6)	(5.2)	(0.6)
Net income attributable to shareholders	**72.9**	85.4	26.1	55.2	34.3	46.6	83.0	60.8
Basic per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.62**	$ 0.87	$ 0.63	$ 0.93	$ 0.56	$ 0.90	$ 0.87	$ 0.98
Gain (loss) on valuation and translation of financial instruments	**0.54**	0.53	(0.26)	(0.03)	0.08	(0.16)	0.50	(0.02)
Unusual items	**(0.01)**	(0.06)	0.04	(0.04)	(0.11)	(0.02)	(0.08)	(0.01)
Net income attributable to shareholders	**1.15**	1.34	0.41	0.86	0.53	0.72	1.29	0.95
Weighted average number of shares outstanding (in millions)	**63.5**	63.5	63.9	64.3	64.3	64.3	64.3	64.3
Diluted per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.61**	$ 0.87	$ 0.62	$ 0.92	$ 0.55	$ 0.88	$ 0.86	$ 0.96
Gain (loss) on valuation and translation of financial instruments	**0.54**	0.53	(0.26)	(0.03)	0.08	(0.16)	0.50	(0.02)
Unusual items	**(0.01)**	(0.06)	0.04	(0.04)	(0.11)	(0.02)	(0.08)	(0.01)
Net income attributable to shareholders	**1.14**	1.34	0.40	0.85	0.52	0.70	1.28	0.93
Weighted average number of diluted shares outstanding (in millions)	**63.7**	63.8	64.5	65.0	65.0	65.0	65.0	64.9