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 third 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 an interest in Quebecor Media Inc. (“Quebecor Media”), one of Canada’s largest media groups. On October 11, 2012, the Corporation and Quebecor Media purchased part of the 45.3% interest in Quebecor Media held by CDP Capital d’Amérique Investissement inc. (“CDP Capital”), a subsidiary of the Caisse de dépôt et placement du Québec. Upon completion of the transactions, the Corporation’s interest in Quebecor Media increased from 54.7% to 75.4%. 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 SECOND QUARTER 2012

- Quebecor’s sales increased by $44.3 million (4.4%) to $1.06 billion in the third quarter of 2012, mainly because of the 7.8% revenue growth in the Telecommunications segment.
- The Corporation increased its interest in Quebecor Media further to the closing of the following transactions on October 11, 2012:
    - Quebecor Media repurchased 20,351,307 of its common shares held by CDP Capital for an aggregate purchase price of $1.0 billion, paid in cash.
    - Quebecor purchased 10,175,653 common shares of Quebecor Media held by CDP Capital, in consideration of the issuance by Quebecor to CDP Capital of $500.0 million aggregate principal amount of subordinated debentures, bearing interest at 4 1/8% and maturing in 2018, which are convertible into Class B Subordinate Voting Shares (“Class B Shares”) of Quebecor.

  Following completion of these transactions, Quebecor’s interest in Quebecor Media increased from 54.7% to 75.4% and CDP Capital’s interest decreased from 45.3% to 24.6%.
- To carry out the purchase of 20,351,307 of its common shares for an aggregate purchase price of $1.0 billion, Quebecor Media was able to take advantage of favourable conditions on the debt markets. The following financial operations were carried out by Quebecor Media as part of this major transaction:
    - Issuance, on October 11, 2012, of US$850.0 million aggregate principal amount of Senior Notes bearing interest at 5 3/4% and maturing in 2023, and $500.0 million aggregate principal amount of Senior Notes bearing interest at 6 5/8% and maturing in 2023, the latter being one of the largest single-tranche high-yield offerings ever completed in Canada;
    - Quebecor Media increased the size of the offering as a result of oversubscription and favourable financing terms, which provided an opportunity to extend the maturities of its credit instruments by redeeming US$320.0 million in aggregate principal amount of its 7 3/4% Senior Notes issued in 2007 and maturing in 2016. This transaction generated a loss on debt refinancing of approximately $60.0 million (before income tax) to be recorded in the fourth quarter of 2012.
- In October 2012, the Corporation completed its annual review of its three-year strategic plan. In view of the continuous weak economic and market conditions in the newspaper and music industries, the Corporation recorded a total non-cash charge of $187.0 million for impairment of goodwill, mastheads and customer relationships.

Telecommunications

- Videotron Ltd. (“Videotron”) reported revenue growth for all of its major services in the third quarter of 2012: Internet access ($18.5 million or 10.5%), cable television ($16.3 million or 6.4%), mobile telephony ($13.3 million or 41.8%), and cable telephony ($4.1 million or 3.7%).

- Videotron recorded a net increase of 101,100 revenue generating units[1] in the third quarter of 2012, compared with 169,900 in the same quarter of 2011. In the 12-month period ended September 30, 2012, the number of revenue generating units increased by 264,600 (5.8%).

News Media

- On September 27, 2012, Sun Media Corporation announced the appointment of Eric Morrison as Senior Vice President of Editorial with a mandate to lead the reorganization of Sun Media Corporation's news operations. At the same time, Sun Media Corporation announced the reorganization of its editorial, advertising and industrial operations across Canada, outside Québec, to focus on customers and on business opportunities at the local and national levels. On November 13, 2012, Sun Media Corporation also announced new restructuring initiatives designed to streamline its organizational structure to support better execution of business processes, while improving cost effectiveness. All these initiatives are expected to yield total annual savings of more than $45.0 million.
- According to the NADbank 2011/12 survey of the readership rates of major Canadian dailies, *Le Journal de Montréal* has a weekly readership of 1,136,500, which is 283,000 more than its closest competitor. The same survey found that *24 heures* had increased its readership by 73,700 per week or 12.3% over a one-year period, the strongest growth registered by any Montréal daily, paid or free. (Source: NADbank 2011 and 2012, Montréal CMA.)
- To offer its customers a better reading experience and its advertisers a more attractive product, Sun Media Corporation introduced a new look for its *24 Hours* and *24 heures* free dailies,now delivered in a more colourful and lively package, and enriched their content. *24 Hours* and *24 heures* dailies are distributed free of charge to more than 1.1 million readers per day in Canada's six largest urban markets. (Source: NADbank 2011, all markets.)
- On August 30, 2012, Sun Media Corporation launched *ViaProprio.ca*, a website for individuals who want to sell their property themselves, and reviewed the positioning of its *Micasa.ca* site, which is now focused on serving real estate professionals: developers, builders, real estate brokers and property managers. Micasa.ca is one of the most popular real estate sites in Québec with more than 150,000 unique visitors per month.

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 (loss) on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, impairment of goodwill and intangible assets, gain (loss) on debt refinancing, and income taxes. 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 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 continuing operating activities. In addition, measures like

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

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 to 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income (loss):				
Telecommunications	**$ 309.9**	$ 275.4	**$ 914.6**	$ 804.1
News Media	**23.5**	29.1	**76.5**	103.1
Broadcasting	**7.0**	3.0	**20.9**	29.9
Leisure and Entertainment	**8.9**	11.5	**8.1**	19.0
Interactive Technologies and Communications	**0.4**	3.2	**6.4**	5.4
Head Office	**3.1**	(2.5)	**6.3**	11.0
	352.8	319.7	**1,032.8**	972.5
Amortization	**(146.7)**	(131.0)	**(432.9)**	(374.0)
Financial expenses	**(76.9)**	(83.4)	**(239.2)**	(245.2)
Gain (loss) on valuation and translation of financial instruments	**117.7**	(34.4)	**241.5**	(27.9)
Restructuring of operations, impairment of assets and other special items	**(39.7)**	(2.9)	**(28.8)**	(19.0)
Impairment of goodwill and intangible assets	**(187.0)**	–	**(201.5)**	–
Gain (loss) on debt refinancing	**–**	2.7	**(7.3)**	(6.6)
Income taxes	**(14.6)**	(21.4)	**(106.4)**	(81.2)
Net income	**$ 5.6**	$ 49.3	**$ 258.2**	$ 218.6

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 intangible assets, and loss (gain) on debt refinancing, net of income tax and net income (loss) attributable to non-controlling interest. 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Adjusted income from continuing operations	**$ 52.1**	$ 40.0	**$ 140.1**	$ 135.9
Gain (loss) on valuation and translation of financial instruments	**117.7**	(34.4)	**241.5**	(27.9)
Restructuring of operations, impairment of assets and other special items	**(39.7)**	(2.9)	**(28.8)**	(19.0)
Impairment of goodwill and intangible assets	**(187.0)**	–	**(201.5)**	–
Gain (loss) on debt refinancing	**–**	2.7	**(7.3)**	(6.6)
Income taxes related to adjustments[1]	**19.7**	7.6	**(6.8)**	13.7
Net income attributable to non-controlling interest related to adjustments	**55.8**	13.1	**21.3**	19.5
Net income attributable to shareholders	**$ 18.6**	$ 26.1	**$ 158.5**	$ 115.6

[1] Includes 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Free cash flows from continuing operating activities (Table 4)	**$ 182.8**	$ 152.5	**$ 257.8**	$ 75.1
Additions to property, plant and equipment	**185.7**	207.1	**551.5**	573.8
Acquisitions of intangible assets	**16.0**	23.0	**58.9**	64.7
Proceeds from disposal of assets	**(3.7)**	(2.5)	**(6.1)**	(7.5)
Cash flows provided by operating activities	**$ 380.8**	$ 380.1	**$ 862.1**	$ 706.1

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

2012/2011 third quarter comparison

Revenues: $1.06 billion, an increase of $44.3 million (4.4%).

- Revenues increased in Telecommunications ($47.6 million or 7.8% of segment revenues), Broadcasting ($9.7 million or 10.9%), and Interactive Technologies and Communications ($3.8 million or 12.7%).
- Revenues decreased in News Media ($7.6 million or -3.2%) and Leisure and Entertainment ($0.8 million or -1.1%).

Operating income: $352.8 million, an increase of $33.1 million (10.4%).

- Operating income increased in Telecommunications ($34.5 million or 12.5% of segment operating income), Broadcasting ($4.0 million or 133.3%), and Head Office ($5.6 million). The increase at Head Office was caused mainly by the favourable variance in the fair value of stock options.
- Operating income decreased in News Media ($5.6 million or -19.2%), Interactive Technologies and Communications ($2.8 million or -87.5%), and Leisure and Entertainment ($2.6 million or -22.6%).
- The change in the fair value of Quebecor Media stock options resulted in a $2.4 million favourable variance in the stock-based compensation charge in the third quarter of 2012 compared with the same period of 2011. The change in the fair value of Quebecor stock options resulted in a $6.7 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2012.

Net income attributable to shareholders: $18.6 million ($0.30 per basic share) compared with $26.1 million ($0.41 per basic share) in the third quarter of 2011, a decrease of $7.5 million ($0.11 per basic share).

- The unfavourable variance was due primarily to:
  - recognition of a $187.0 million charge for impairment of goodwill and intangible assets in the third quarter of 2012;
  - $36.8 million increase in charge for restructuring of operations, impairment of assets and other special items;
  - $15.7 million increase in amortization charge.

  Partially offset by:
  - $152.1 million favourable variance in gain on valuation and translation of financial instruments;
  - $33.1 million increase in operating income;
  - recognition of a $34.8 million favourable adjustment to deferred income taxes;
  - $6.5 million decrease in financial expenses.

Adjusted income from continuing operations: $52.1 million in the third quarter of 2012 ($0.83 per basic share) compared with $40.0 million ($0.63 per basic share) in the same quarter of 2011, an increase of $12.1 million ($0.20 per basic share).

Amortization charge: $146.7 million compared with $131.0 million in the same quarter of 2011. The $15.7 million increase was essentially due to the impact of significant capital expenditures in the Telecommunications segment since 2010, including amortization of 4G network equipment and the impact of emphasis on equipment leasing in the promotional strategy.

Financial expenses: $76.9 million, a decrease of $6.5 million.

- The decrease was mainly due to:
  - $3.7 million favourable variance in the exchange rate on operating items;
  - impact of lower interest rates on long-term debt, given the refinancing at lower rates in March and April 2012.

Gain on valuation and translation of financial instruments: $117.7 million in the third quarter of 2012 compared with a $34.4 million loss in the same quarter of 2011. The positive variance of $152.1 million was mainly due to a favourable change in the fair value of early settlement options as a result of interest rate and credit premium fluctuations.

Charge for restructuring of operations, impairment of assets and other special items: $39.7 million in the third quarter of 2012 compared with $2.9 million in the same period of 2011, a $36.8 million unfavourable variance.

- In recent years, the News Media segment has implemented various restructuring initiatives to reduce operating costs. In particular, during the third quarter of 2012, the News Media segment announced the reorganization of its editorial, advertising and industrial operations in Canada. As a result of these initiatives, restructuring costs of $31.8 million were recorded in the News Media segment in the third quarter of 2012 compared with a $2.0 million net charge in the third quarter of 2011. Also, as part of these restructuring initiatives, a $7.5 million charge for impairment of certain assets was recorded in the third quarter of 2012.
- In the third quarter of 2011, the Telecommunications segment recorded a $0.3 million charge for migration costs in connection with the startup of its 4G network.
- A $0.3 million charge for impairment of intangible assets was recorded in the Broadcasting segment in the third quarter of 2011.
- A $0.4 million net charge for restructuring of operations was recorded in other segments in the third quarter of 2012, compared with the $0.3 million charge for other special items that was recorded in other segments in the third quarter of 2011.

Charge for impairment of goodwill and intangible assets: $187.0 million in the third quarter of 2012 compared with nil in the same period of 2011.

- In October 2012, the Corporation completed its annual review of its three-year strategic plan. Continuous weak economic and market conditions in the newspaper and music industries led the Corporation to perform goodwill impairment tests on the News Media and Music cash generating units ("CGUs"). Quebecor Media concluded that the recoverable amount based on value in use was less than the carrying value of both CGUs. Accordingly, a non-cash goodwill impairment charge of $145.0 million (without any tax consequences) and a non-cash impairment charge of $30.0 million on mastheads and customer relationships were recorded in the News Media segment and a goodwill impairment charge of $12.0 million (without any tax consequences) was recorded in the Leisure and Entertainment segment.

Income tax expense: $14.6 million (effective tax rate of 8.2%, considering only taxable and deductible items) in the third quarter of 2012 compared with $21.4 million (effective tax rate of 30.3%) in the third quarter of 2011.

- The decrease in income tax expense and in the effective tax rate were due to the following factor:
  - in the third quarter of 2012, after reviewing the recognition of deferred income tax assets in light of jurisprudence and tax developments, the Corporation consequently reduced its deferred income tax expense by $34.8 million.

  Offset by:
  - impact of increase in taxable income for tax purposes.

2012/2011 year-to-date comparison

Revenues: $3.21 billion, an increase of $150.8 million (4.9%).

- Revenues increased in Telecommunications ($160.9 million or 9.0% of segment revenues), Interactive Technologies and Communications ($24.8 million or 29.2%), and Broadcasting ($18.3 million or 5.8%).
- Revenues decreased in News Media ($27.3 million or -3.7%) and Leisure and Entertainment ($3.7 million or -1.8%).

Operating income: $1.03 billion, an increase of $60.3 million (6.2%).

- Operating income increased in Telecommunications ($110.5 million or 13.7% of segment operating income) and Interactive Technologies and Communications ($1.0 million or 18.5%).
- Operating income decreased in News Media ($26.6 million or -25.8%), Leisure and Entertainment ($10.9 million or -57.4%), Broadcasting ($9.0 million or -30.1%), and Head Office ($4.7 million). The decrease at Head Office mainly reflects the unfavourable variance in the fair value of stock options.

- The change in the fair value of Quebecor Media stock options resulted in a $7.3 million unfavourable variance in the stock-based compensation charge in the first nine months of 2012 compared with the same period of 2011. The change in the fair value of Quebecor stock options resulted in a $7.6 million unfavourable variance in the Corporation's stock-based compensation charge in the first nine months of 2012.

Net income attributable to shareholders: $158.5 million ($2.50 per basic share) compared with $115.6 million ($1.80 per basic share) in the first nine months of 2011, an increase of $42.9 million ($0.70 per basic share).

- The increase was due mainly to:
  - $269.4 million favourable variance in gain on valuation and translation of financial instruments;
  - $60.3 million increase in operating income.

  Partially offset by:
  - $201.5 million charge for impairment of goodwill and intangible assets recorded in the first nine months of 2012;
  - $58.9 million increase in amortization charge;
  - $9.8 million increase in charge for restructuring of operations, impairment of assets and other special items.

Adjusted income from continuing operations: $140.1 million in the first nine months of 2012 ($2.22 per basic share) compared with $135.9 million ($2.12 per basic share) in the same period of 2011, an increase of $4.2 million ($0.10 per basic share).

Amortization charge: $432.9 million, an increase of $58.9 million due essentially to the factor noted above in the 2012/2011 third quarter comparison.

Financial expenses: $239.2 million, a decrease of $6.0 million.

- The decrease was mainly due to:
  - impact of lower interest rates on exchangeable debentures;
  - impact of lower interest rates on long-term debt, given the refinancing at lower rates in 2012.

Gain on valuation and translation of financial instruments: $241.5 million in the first nine months of 2012 compared with a $27.9 million loss in the same period of 2011. The positive variance of $269.4 million was mainly due to a favourable change in the fair value of early settlement options as a result of interest rate and credit premium fluctuations.

Charge for restructuring of operations, impairment of assets and other special items: $28.8 million compared with a $19.0 million charge in the same period of 2011, a $9.8 million unfavourable variance.

- A $12.9 million gain on disposal of businesses was recorded in the first nine months of 2012 in the Broadcasting segment as a result of the sale of TVA Group Inc.'s ("TVA Group") interest in the specialty channels mysteryTV and The Cave. A $0.1 million restructuring charge was also recorded in the Broadcasting segment during the same period, compared with a $0.6 million charge for impairment of intangible assets in the same period of 2011.
- In the first nine months of 2012, a $32.1 million charge for restructuring of operations was recorded in the News Media segment, mainly in connection with initiatives implemented in the third quarter of 2012, compared with a $2.0 million net charge in the first nine months of 2011. A $7.5 million charge for impairment of certain assets was recorded in the first nine months of 2012, compared with a $0.9 million charge for impairment of intangible assets in the first nine months of 2011.
- In connection with the startup of its 4G network, the Telecommunications segment recorded a $0.5 million charge for migration costs in the first nine months of 2012, compared with $14.8 million in the same period of 2011.
- In the first nine months of 2012, $1.5 million in other special items was recorded in other segments, compared with $0.7 million in the same period of 2011.

Charge for impairment of goodwill and intangible assets: $201.5 million in the first nine months of 2012.

- A non-cash goodwill impairment charge totalling $157.0 million (without any tax consequences) was recorded in the third quarter of 2012 in the News Media and Leisure and Entertainment segments. A $30.0 million non-cash charge for impairment of mastheads and customer relationships was also recognized during the period in the News Media segment. These charges are explained in greater detail in the discussion of the third quarter 2012 consolidated results.

- The costs of magazine publishing activities have been adversely affected 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. Accordingly, the Corporation reviewed its business plan for the segment and determined that goodwill was no longer fully recoverable. A $14.5 million non-cash goodwill impairment charge (without any tax consequences) was therefore recorded in the first quarter of 2012.

Loss on debt refinancing: $7.3 million in the first nine months of 2012 compared with $6.6 million in the same period of 2011, a $0.7 million unfavourable variance.

- In the first quarter of 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$260.0 million principal amount of its 7 3/4% Senior Notes maturing in March 2016 and settled related hedging contracts. The transactions generated a total $7.3 million loss on debt refinancing.
- On July 18, 2011, Videotron redeemed and withdrew US$255.0 million principal amount of its issued and outstanding 6 7/8% Senior Notes maturing in 2014 and settled related hedges. The transaction generated a $2.7 million gain on debt refinancing.
- On February 15, 2011, Sun Media Corporation redeemed and withdrew the entirety of its 7 5/8% Senior Notes in the aggregate principal amount of US$205.0 million and settled related hedges. The transaction generated a $9.3 million loss on debt refinancing.

Income tax expense: $106.4 million (effective tax rate of 19.8%, considering only taxable and deductible items) in the first nine months of 2012 compared with $81.2 million (effective tax rate of 27.1%) in the same period of 2011.

- The $25.2 million unfavourable variance was due primarily to the increase in taxable income for tax purposes, partially offset by the $34.8 million reduction in deferred income tax expense recorded in the third quarter of 2012.

Free cash flows from continuing operating activities of Quebecor Media subsidiary

Free cash flows from continuing operating activities of Quebecor Media: $182.8 million in the third quarter of 2012 compared with $152.5 million in the same period of 2011 (Table 4).

- The $30.3 million favourable variance was mainly due to:
  - $28.5 million increase in operating income;
  - $28.4 million decrease in additions to property, plant and equipment and in acquisitions of intangible assets, due primarily to lower investments by the Telecommunications segment in its 4G network;
  - $7.9 million favourable variance in net change in non-cash balances related to operations;
  - $6.7 million decrease in cash interest expense.

  Partially offset by:
  - $28.6 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items;
  - $10.2 million increase in current income taxes.

Free cash flows from continuing operating activities of Quebecor Media: $257.8 million in the first nine months of 2012 compared with $75.1 million in the same period of 2011 (Table 4).

- The $182.7 million favourable variance was mainly due to:
  - $144.9 million favourable variance in net change in non-cash balances related to operations, mainly because of favourable variances in inventory and income tax liabilities;
  - $66.1 million increase in operating income;
  - $28.1 million decrease in additions to property, plant and equipment and in acquisitions of intangible assets, mainly due to lower investments by the Telecommunications segment in its 4G network.

Partially offset by:

- o $41.1 million unfavourable variance in current income taxes;
- o $15.0 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items.

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

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Cash flows from segment operations:				
Telecommunications	**$ 126.0**	$ 64.1	**$ 354.4**	$ 226.1
News Media	**19.6**	25.4	**63.0**	88.0
Broadcasting	**0.3**	(5.5)	**0.8**	4.0
Leisure and Entertainment	**6.6**	7.9	**1.2**	11.2
Interactive Technologies and Communications	**(0.4)**	2.7	**3.4**	1.7
Head Office and other	**0.5**	(0.1)	**3.6**	2.6
	152.6	94.5	**426.4**	333.6
Cash interest expense[1]	**(71.9)**	(78.6)	**(223.8)**	(226.3)
Cash portion of charge for restructuring of operations, impairment of assets and other special items	**(31.8)**	(3.2)	**(33.1)**	(18.1)
Current income taxes	**(10.4)**	(0.2)	**(36.2)**	4.9
Other	**(0.7)**	2.9	**0.1**	1.5
Net change in non-cash balances related to operations	**145.0**	137.1	**124.4**	(20.5)
Free cash flows from continuing operating activities	**$ 182.8**	$ 152.5	**$ 257.8**	$ 75.1

[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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 350.6**	$ 322.1	**$ 1,030.7**	$ 964.6
Additions to property, plant and equipment	**(185.7)**	(207.1)	**(551.5)**	(573.8)
Acquisitions of intangible assets	**(16.0)**	(23.0)	**(58.9)**	(64.7)
Proceeds from disposal of assets	**3.7**	2.5	**6.1**	7.5
Cash flows from segment operations	**$ 152.6**	$ 94.5	**$ 426.4**	$ 333.6

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2012 operating results

Revenues: $659.2 million, an increase of $47.6 million (7.8%).

- Combined revenues from all cable television services increased $16.3 million (6.4%) to $269.1 million, due primarily to customer base growth and to higher ARPU resulting from increases in some rates, leasing of digital set-top boxes, and an increase in subscriptions to high definition broadcasting packages.
- Revenues from Internet access services increased $18.5 million (10.5%) to $194.1 million. The favourable variance was mainly due to customer growth and increases in some rates.
- Revenues from cable telephony service increased $4.1 million (3.7%) to $113.8 million, primarily as a result of customer base growth and more lines per customer.
- Revenues from mobile telephony service increased $13.3 million (41.8%) to $45.1 million, essentially due to customer growth.
- Revenues of Videotron Business Solutions increased $0.9 million (5.9%) to $16.2 million.
- Revenues from customer equipment sales decreased $4.7 million (-33.8%) to $9.2 million, mainly because of campaigns promoting cable television equipment leasing.
- Revenues of Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") decreased $0.6 million (-11.5%) to $4.6 million, mainly as a result of store closures.
- Other revenues decreased $0.2 million (-2.7%) to $7.1 million.

ARPU: $112.32 in the third quarter of 2012 compared with $104.33 in the same period of 2011, an increase of $7.99 (7.7%).

Customer statistics

Revenue generating units – As of September 30, 2012, the total number of revenue generating units stood at 4,857,900, an increase of 101,100 (2.1%) from the end of the previous quarter, compared with an increase of 169,900 in the third quarter of 2011 (Table 6). It should be noted that the third quarter of 2011 was affected by the introduction of a new marketing approach and the end of over-the-air transmission of analog television signals. In the 12-month period ended September 30, 2012, the number of revenue generating units increased by 264,600 (5.8%). 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 increased by 15,000 (0.8%) in the third quarter of 2012, compared with 43,500 in the same quarter of 2011, and by 8,700 (0.5%) during the 12-month period ended September 30, 2012 (Table 6). At the end of the third quarter of 2012, Videotron had 1,852,900 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., 2,690,600 homes as of the end of September 2012 compared with 2,647,700 one year earlier) was 68.9% versus 69.7% a year earlier.

- As of September 30, 2012, the number of subscribers to the illico Digital TV service stood at 1,457,800, a quarterly increase of 32,800 or 2.3%, compared with a 77,700-subscriber increase in the third quarter of 2011, and a 12-month increase of 109,700 (8.1%). As of September 30, 2012, illico Digital TV had a household penetration rate of 54.2% versus 50.9% a year earlier.
- The customer base for analog cable television services decreased by 17,800 (-4.3%) in the third quarter of 2012, compared with a decrease of 34,200 customers in the same quarter of 2011, and by 101,000 (-20.4%) over a 12-month period, partly as a result of customer migration to illico Digital TV.

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,369,600 at September 30, 2012, a quarterly increase of 28,500 (2.1%), compared with an increase of 39,900 in the third quarter of 2011, and a 12-month increase of 63,200 (4.8%) (Table 6). At September 30, 2012, Videotron's cable Internet access services had a household penetration rate of 50.9% versus 49.3% a year earlier.

Cable telephony service – The number of subscribers to the cable telephony service stood at 1,249,700 as of September 30, 2012, a quarterly increase of 26,300 (2.1%), compared with a 37,800-customer increase in the third quarter of 2011, and a 12-month increase of 70,300 (6.0%) (Table 6). At September 30, 2012, the cable telephony service had a household penetration rate of 46.4% versus 44.5% a year earlier.

Mobile telephony service – As of September 30, 2012, the number of subscriber connections to the mobile telephony service stood at 378,300, an increase of 30,700 (8.8%) from the end of the previous quarter, compared with an increase of 47,500 connections in the third quarter of 2011, and a 12-month increase of 120,200 (46.6%).

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

	Sept. 2012	June 2012	Mar. 2012	Dec. 2011	Sept. 2011	June 2011	Mar. 2011	Dec. 2010
Cable television :								
Analog	**395.1**	412.9	436.5	460.7	496.1	530.3	564.9	592.0
Digital	**1,457.8**	1,425.0	1,417.5	1,400.8	1,348.1	1,270.4	1,243.7	1,219.6
	1,852.9	1,837.9	1,854.0	1,861.5	1,844.2	1,800.7	1,808.6	1,811.6
Cable Internet	**1,369.6**	1,341.1	1,340.5	1,332.5	1,306.4	1,266.5	1,263.6	1,252.1
Cable telephony	**1,249.7**	1,223.4	1,212.5	1,205.3	1,179.4	1,141.6	1,129.8	1,114.3
Mobile telephony[1]	**378.3**	347.6	312.8	290.6	258.1	210.6	164.7	136.1
Internet over wireless[2]	**7.4**	6.8	5.9	5.6	5.2	4.0	3.6	2.3
Total (revenue generating units)	**4,857.9**	4,756.8	4,725.7	4,695.5	4,593.3	4,423.4	4,370.3	4,316.4

[1] In thousands of subscriber connections

[2] Internet over wireless subscriptions have been added to revenue generating units because of recent growth.

Operating income: $309.9 million, an increase of $34.5 million (12.5%).

- The increase in operating income was mainly due to:
  - Impact of revenue increase.

  Partially offset by:
  - increases in some operating expenses, including marketing expenses and 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 53.0% in the third quarter of 2012, compared with 55.0% in the same period of 2011.

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

Year-to-date operating results

Revenues: $1.96 billion, an increase of $160.9 million (9.0%), essentially due to the same factors as those noted above in the discussion of third quarter 2012 results.

- Combined revenues from all cable television services increased $54.1 million (7.2%) to $805.0 million.
- Revenues from Internet access services increased $61.9 million (12.0%) to $576.9 million.
- Revenues from cable telephone service increased $13.4 million (4.1%) to $338.6 million.
- Revenues from mobile telephone service increased $45.0 million (57.3%) to $123.5 million.
- Revenues of Videotron Business Solutions increased $2.3 million (4.9%) to $48.8 million.
- Revenues from customer equipment sales decreased $13.8 million (-32.7%) to $28.4 million.

- Revenues of Le SuperClub Vidéotron decreased $1.4 million (-9.0%) to $14.1 million.
- Other revenues decreased $0.4 million (-1.8%) to $21.8 million.

ARPU: $110.76 in the first nine months of 2012 compared with $102.32 in the same period of 2011, an increase of $8.44 (8.2%).

Customer statistics

Revenue generating units – 162,400-unit increase (3.5%) in the first nine months of 2012, compared with a 276,900-unit increase in the same period of 2011.

Cable television – 8,600 (-0.5%) decrease in the combined customer base for all of Videotron's cable television services in the first nine months of 2012, compared with a 32,600-customer increase in the same period of 2011.

- Subscriptions to illico Digital TV service increased by 57,000 (4.1%) in the first nine months of 2012 compared with an increase of 128,500 in the same period of 2011.
- Subscriptions to analog cable television services decreased by 65,600 (-14.2%) compared with a decrease of 95,900 in the first nine months of 2011.

Cable Internet access – 37,100-customer increase (2.8%) in the first nine months of 2012, compared with 54,300 in the same period of 2011.

Cable telephony service – 44,400-customer increase (3.7%) in the first nine months of 2012, compared with 65,100 in the same period of 2011.

Mobile telephony service – 87,700 (30.2%) increase in subscriber connections in the first nine months of 2012 compared with 122,000 in the same period of 2011**.**

Operating income: $914.6 million, an increase of $110.5 million (13.7%).

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

  Partially offset by:

  - increases in some operating expenses, related mainly to maintenance of the 4G network, customer service costs and marketing expenses;
  - $6.2 million increase in stock-based compensation charge.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 53.3% in the first nine months of 2012, compared with 55.2% in the same period of 2011. The decrease was due to the same factors as those noted above in the discussion of third quarter 2012 operating results.

<u>Cash flows from operations</u>

Quarterly cash flows from segment operations: $126.0 million compared with $64.1 million in the third quarter of 2011 (Table 7).

- The $61.9 million increase was due to the $34.5 million increase in operating income and the $19.7 million decrease in additions to property, plant and equipment, mainly reflecting lower investment in the 4G network and in network modernization, as well as the $5.8 million decrease in acquisitions of intangible assets.

Year-to-date cash flows from segment operations: $354.4 million compared with $226.1 million in the same period of 2011 (Table 7).

- The $128.3 million increase was due primarily to the $110.5 million increase in operating income and the $12.3 million decrease in additions to property, plant and equipment.

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

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 309.9**	$ 275.4	**$ 914.6**	$ 804.1
Additions to property, plant and equipment	**(174.5)**	(194.2)	**(519.5)**	(531.8)
Acquisitions of intangible assets	**(11.9)**	(17.7)	**(45.6)**	(49.4)
Proceeds from disposal of assets	**2.5**	0.6	**4.9**	3.2
Cash flows from segment operations	**$ 126.0**	$ 64.1	**$ 354.4**	$ 226.1

News Media

Third quarter 2012 operating results

Revenues: $227.6 million, a decrease of $7.6 million (-3.2%).

- Advertising revenues decreased 6.9%; circulation revenues decreased 1.1%; combined revenues from commercial printing and other sources increased 13.2% because of higher distribution volumes from new customers; digital revenues increased 10.6%.
- Revenues decreased 3.3% at the urban dailies and 5.9% at the community newspapers.
- Portal revenues decreased 13.0% because of lower advertising revenues at the special-interest portals.

Operating income: $23.5 million, a decrease of $5.6 million (-19.2%).

- The decrease was due primarily to:
  - impact of revenue decrease;
  - unfavourable impact on the third quarter 2012 comparative analysis of the recognition in the third quarter of 2011 of non-recurring gains on rationalization of postretirement benefits in the amount of $5.8 million;
  - unfavourable variance related to investments in Quebecor Media Network Inc. ("Quebecor Media Network").

  Partially offset by:
  - $5.1 million favourable impact related to restructuring initiatives announced in November 2011 and other reductions in operating expenses.

Cost/revenue ratio: Operating costs for all News Media segment operations, expressed as a percentage of revenues, were 89.7% in the third quarter of 2012, compared with 87.6% in the same period of 2011. The increase was due to the unfavourable impact of investments in Quebecor Media Network, the fixed component of operating costs, which does not fluctuate in proportion to revenue decreases, and the unfavourable impact on the third quarter 2012 comparative analysis of the recognition in the third quarter of 2011 of gains on rationalization of postretirement benefits, partially offset by the favourable impact of lower operating expenses in the third quarter of 2012.

Year-to-date operating results

Revenues: $715.5 million, a decrease of $27.3 million (-3.7%).

- Advertising revenues decreased 6.3%; circulation revenues decreased 2.0%; digital revenues decreased 0.4%; combined revenues from commercial printing and other sources increased 11.1%, mainly because of higher volume in flyer distribution.
- Revenues decreased 4.3% at the urban dailies and 5.2% at the community newspapers.

- Portal revenues decreased 20.8% due, among other things, to the transfer of intercompany website development activities to the Nurun Inc. subsidiary and to lower advertising revenues. Revenues unrelated to website development decreased 15.7%.

Operating income: $76.5 million, a decrease of $26.6 million (-25.8%).

- The decrease was due primarily to:
  - impact of revenue decrease;
  - unfavourable variance related to investments in Quebecor Media Network;
  - $6.1 million unfavourable variance in multimedia employment tax credits;
  - unfavourable impact on the third quarter 2012 comparative analysis of the recognition in the third quarter of 2011 of non-recurring gains on rationalization of postretirement benefits in the amount of $5.8 million;
  - $3.2 million increase in stock-based compensation charge.

  Partially offset by:
  - $14.4 million favourable impact related to restructuring initiatives announced in November 2011 and other reductions in operating expenses.

Cost/revenue ratio: Operating costs for all News Media segment operations, expressed as a percentage of revenues, were 89.3% in the first nine months of 2012 compared with 86.1% in the same period of 2011. The increase was mainly due to the same factors as those noted above in the discussion of third quarter 2012 operating results.

Cash flows from operations

Quarterly cash flows from segment operations: $19.6 million compared with $25.4 million in the third quarter of 2011 (Table 8).

- The $5.8 million decrease was due primarily to the $5.6 million decrease in operating income.

Year-to-date cash flows from segment operations: $63.0 million compared with $88.0 million in the same period of 2011 (Table 8).

- The $25.0 million decrease was due primarily to the $26.6 million decrease in operating income and a $3.1 million unfavourable variance in proceeds from disposal of assets, partially offset by a $5.8 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 23.5**	$ 29.1	**$ 76.5**	$ 103.1
Additions to property, plant and equipment	**(2.0)**	(2.9)	**(5.5)**	(11.3)
Acquisitions of intangible assets	**(3.1)**	(2.7)	**(9.2)**	(8.1)
Proceeds from disposal of assets	**1.2**	1.9	**1.2**	4.3
Cash flows from segment operations	**$ 19.6**	$ 25.4	**$ 63.0**	$ 88.0

Broadcasting

Third quarter 2012 operating results

Revenues: $99.0 million, an increase of $9.7 million (10.9%).

- Revenues from television operations increased $11.0 million, mainly due to:
  - increased advertising and subscription revenues at the specialty channels, attributable to the TVA Sports, SUN News, LCN and Mlle channels;
  - higher advertising, production and video on demand revenues at TVA Network.
- Total publishing revenues decreased $0.8 million, mainly because of lower newsstand and advertising revenues.

Operating income: $7.0 million compared with $3.0 million in the third quarter of 2011, an increase of $4.0 million (133.3%).

- Operating income from television operations increased $5.0 million, mainly due to:
  - impact of increase in TVA Network's revenues;
  - lower operating loss at SUN News.

  Partially offset by:
  - operating loss at TVA Sports.
- Operating income from publishing operations decreased by $0.9 million, mainly as a result of the impact of the revenue decrease.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations, expressed as a percentage of revenues, were 92.9% in the third quarter of 2012, compared with 96.6% in the same period of 2011. The decrease was mainly due to the increase in revenues at TVA Network, since the fixed component of operating costs does not fluctuate in proportion to revenues.

Year-to-date operating results

Revenues: $332.2 million, an increase of $18.3 million (5.8%).

- Revenues from television operations increased $21.0 million, mainly due to:
  - increased advertising and subscription revenues at the specialty channels, attributable to the TVA Sports, LCN, Mlle and SUN News channels;
  - higher advertising revenues at TVA Network.
- Total publishing revenues decreased $2.4 million due to the same factors as those noted above in the discussion of third quarter 2012 results.

Operating income: $20.9 million, a decrease of $9.0 million (-30.1%).

- Operating income from television operations decreased $3.8 million, mainly due to:
  - operating loss at TVA Sports;
  - $1.3 million increase in stock-based compensation charge.

  Partially offset by:
  - impact of increased advertising and subscription revenues at the specialty channels and increased advertising revenues at TVA Network.
- Operating income from publishing operations decreased by $5.1 million, mainly as a result of:
  - impact of recognition of a $3.1 million charge related to the adoption of new tariffs for 2010, 2011 and 2012 with respect to business contributions for costs related to waste recovery services provided by Québec municipalities, of which $2.3 million is attributable to 2010 and 2011;
  - impact of revenue decrease.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations, expressed as a percentage of revenues, were 93.7% in the first nine months of 2012 compared with 90.5% in the same period of 2011. The increase in costs as a proportion of revenues was mainly due to the operating loss at TVA Sports, higher operating expenses at some other specialty channels, and recognition of costs related to waste recovery services.

Cash flows from operations

Quarterly cash flows from segment operations: $0.3 million, compared with negative $5.5 million in the same period of 2011 (Table 9). The $5.8 million favourable variance was due to the $4.0 million increase in operating income and a $1.8 million decrease in additions to property, plant and equipment and in acquisitions of intangible assets.

Year-to-date cash flows from segment operations: $0.8 million compared with $4.0 million in the same period of 2011 (Table 9). The $3.2 million decrease was due to the $9.0 million decline in operating income, partially offset by a $5.8 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 7.0**	$ 3.0	**$ 20.9**	$ 29.9
Additions to property, plant and equipment	**(5.8)**	(7.1)	**(17.9)**	(22.5)
Acquisitions of intangible assets	**(0.9)**	(1.4)	**(2.2)**	(3.4)
Cash flows from segment operations	**$ 0.3**	$ (5.5)	**$ 0.8**	$ 4.0

Leisure and Entertainment

Third quarter 2012 operating results

Revenues: $73.0 million, a decrease of $0.8 million (-1.1%) compared with the third quarter of 2011.

- The Book Division's revenues decreased by 2.4%, mainly because of lower sales of textbooks in the academic segment following completion of the education reform in Québec.
- 0.6% decrease in revenues at Archambault Group Inc. ("Archambault Group").

Operating income: $8.9 million, a decrease of $2.6 million (-22.6%) compared with the third quarter of 2011, due primarily to the impact of the decrease in revenues and to increases in some operating expenses.

Year-to-date operating results

Revenues: $203.0 million, a decrease of $3.7 million (-1.8%).

- Archambault Group's revenues increased 3.0%, primarily because of:
  - 15.3% increase in distribution revenues, primarily because of intercompany DVD and Blu-Ray distribution activities;
  - 13.7% increase in production revenues due to concert production, including additional dates for "*Le retour de nos idoles*."

  Partially offset by:
  - 3.2% decrease in revenues from retail sales.
- The Book Division's revenues decreased by 10.1%, mainly because of lower sales of textbooks in the academic segment following completion of the education reform in Québec.

Operating income: $8.1 million for the first nine months of 2012, a decrease of $10.9 million (-57.4%) compared with the same period of 2011. The unfavourable variance was due to the same factors as those noted above in the discussion of third quarter 2012 results.

Cash flows from operations

Quarterly cash flows from segment operations: $6.6 million compared with $7.9 million in the third quarter of 2011 (Table 10).

- The $1.3 million decrease was due to the $2.6 million decrease in operating income, partially offset by a $1.3 million decrease in additions to property, plant and equipment and in acquisitions of intangible assets.

Year-to-date cash flows from segment operations: $1.2 million compared with $11.2 million in the same period of 2011 (Table 10).

- The $10.0 million decrease was mainly due to the $10.9 million decline in operating income.

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

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 8.9**	$ 11.5	**$ 8.1**	$ 19.0
Additions to property, plant and equipment	**(1.8)**	(2.4)	**(3.6)**	(4.0)
Acquisitions of intangible assets	**(0.5)**	(1.2)	**(3.3)**	(3.8)
Cash flows from segment operations	**$ 6.6**	$ 7.9	**$ 1.2**	$ 11.2

Interactive Technologies and Communications

Third quarter 2012 operating results

Revenues: $33.7 million, an increase of $3.8 million (12.7%).

- The increase was due mainly to:
  - higher volume from customers in North America, generated by new contracts, among other things,;
  - higher volume from government customers;
  - impact of acquisition of an interactive advertising agency in the third quarter of 2011.

  Offset by:
  - lower volumes in Europe.

Operating income: $0.4 million compared with $3.2 million in the third quarter of 2011. The $2.8 million unfavourable variance was mainly explained by higher labour costs due to a cumulative adjustment of the charge related to strategic personnel retention programs, partially offset by the impact of the revenue increase.

Year-to-date operating results

Revenues: $109.7 million, an increase of $24.8 million (29.2%) due essentially to the same growth factors as those noted above in the discussion of third quarter 2012 results, as well as the transfer of intercompany technological activities from the News Media segment, along with increased volume in Europe during the first nine months of 2012.

Operating income: $6.4 million, an increase of $1.0 million (18.5%). The favourable variance was mainly due to the impact of the revenue increase, partially offset by higher labour costs related to strategic personnel retention programs.

Cash flows from operations

Quarterly cash flows from segment operations: Negative $0.4 million compared with $2.7 million in the same period of 2011 (Table 11).

- The $3.1 million unfavourable variance was mainly due to the $2.8 million decline in operating income.

Year-to-date cash flows from segment operations: $3.4 million compared with $1.7 million in the same period of 2011 (Table 11).

- The $1.7 million increase was due to the $1.0 million increase in operating income and the $0.7 million decrease in additions to property, plant and equipment.

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

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating income	**$ 0.4**	$ 3.2	**$ 6.4**	$ 5.4
Additions to property, plant and equipment	**(0.8)**	(0.5)	**(3.0)**	(3.7)
Cash flows from segment operations	**$ (0.4)**	$ 2.7	**$ 3.4**	$ 1.7

CASH FLOWS AND FINANCIAL POSITION

Operating activities

Third quarter of 2012

Cash flows provided by operating activities: $378.6 million in the third quarter of 2012 compared with $380.2 million in the same period of 2011.

- Positive factors:
  - $33.1 million increase in operating income;
  - $6.8 million decrease in cash interest expense.
- Negative factors:
  - $28.6 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items;
  - $10.2 million increase in current income taxes.

Year to date

Cash flows provided by operating activities: $844.0 million in the first nine months of 2012 compared with $692.4 million in the same period of 2011.

- The $151.6 million favourable variance was mainly due to:
  - $141.2 million favourable variance in net change in non-cash balances related to operations, mainly because of favourable variances in inventory and income tax liabilities;
  - $60.3 million increase in operating income.

  Partially offset by:
  - $41.1 million unfavourable variance in current income taxes;
  - $15.0 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items.

Working capital: Negative $64.6 million at September 30, 2012, compared with negative $133.3 million at December 31, 2011. The difference mainly reflects the increase in cash and cash equivalents, offset primarily by recognition under current liabilities of Quebecor Media credit facilities maturing in January 2013.

Investing activities

Third quarter of 2012

Additions to property, plant and equipment: $185.8 million in the third quarter of 2012 compared with $207.2 million in the same period of 2011. The variance was mainly due to lower investments by the Telecommunications segment in the 4G network and network modernization.

Acquisitions of intangible assets: $16.0 million in the third quarter of 2012 compared with $23.0 million in the same period of 2011, mainly reflecting the decrease in the Telecommunications segment.

Business acquisitions: $5.6 million in the third quarter of 2011, due primarily to the impact of the acquisition of a U.S. digital agency in the Interactive Technologies and Communications segment.

Disposal of businesses: $0.8 million in the third quarter of 2012 in the Broadcasting segment.

Year to date

Additions to property, plant and equipment: $551.6 million in the first nine months of 2012 compared with $574.1 million in the same period of 2011. The variance was due to the same factors as those noted above in the discussion of third quarter 2012 results.

Acquisitions of intangible assets: $58.9 million in the first nine months of 2012, compared with $64.7 million in the same period of 2011.

Business acquisitions: $0.8 million in the first nine months of 2012, compared with $55.7 million in the same period of 2011. The $54.9 million decrease mainly reflects the impact of the acquisition of community newspapers in the News Media segment and a U.S. digital agency in the Interactive Technologies and Communications segment in the first nine months of 2011.

Disposal of businesses: $18.7 million in the first nine months of 2012, reflecting the sale of the Broadcasting segment's interest in the specialty channels mysteryTV and The Cave.

Financing activities

Consolidated debt (long-term debt plus bank borrowings): $259.9 million reduction in the first nine months of 2012; $29.4 million unfavourable net variance in assets and liabilities related to derivative financial instruments.

- Debt reductions during the first nine months of 2012:
  - 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 and April 2012 of US$260.0 million aggregate principal amount of its 7 3/4% Senior Notes, maturing in March 2016;
  - $239.3 million decrease in debt due to the favourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations;
  - estimated $94.3 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 on February 3, 2012 and cancellation of the facility;
  - current payments, totalling $40.8 million, on the credit facilities and other debt of TVA Group, Quebecor Media and Videotron.
- Summary of debt increases during the same period:
  - 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 interest at 5.0% and mature on July 15, 2022.
- Assets and liabilities related to derivative financial instruments totalled a net liability of $309.9 million at September 30, 2012, compared with a net liability of $280.5 million at December 31, 2011. The unfavourable net variance of $29.4 million was due to:
  - unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments.

  Partially offset by:
  - settlement of hedges by Quebecor Media following repayment of its 7 3/4% Senior Notes maturing in 2016;
  - favourable impact of interest rate trends in Canada compared with the United States.
- 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.
- 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 June 4, 2012, Videotron made a public exchange offer for the exchange of all of its outstanding 5% Senior Notes, maturing on July 15, 2022, for an equivalent principal amount of Notes registered pursuant to the *Securities Act of 1933.* The exchange of virtually all (99.9%) of the Notes had been completed as of July 20, 2012.

- On October 10, 2012, the Corporation amended its $150.0 million revolving credit facility to extend the maturity from November 2014 to November 2015, and modify certain terms and conditions of the facility.

Partial purchase of CDP Capital's interest in Quebecor Media

- The Corporation increased its interest in Quebecor Media further to the closing of the following transactions on October 11, 2012:
  - Quebecor Media repurchased 20,351,307 of its common shares held by CDP Capital for an aggregate purchase price of $1.0 billion, paid in cash. All the repurchased shares were cancelled;
  - Quebecor purchased 10,175,653 common shares of Quebecor Media held by CDP Capital, in consideration of the issuance by Quebecor to CDP Capital of $500.0 million aggregate principal amount of subordinated debentures, which are convertible into Class B Shares of Quebecor (the "Convertible Debentures").

  Following completion of these transactions, Quebecor's interest in Quebecor Media increased from 54.7% to 75.4% and CDP Capital's interest decreased from 45.3% to 24.6%. The parties' intention in entering into the agreement was to enable the immediate monetization by CDP Capital of a significant portion of its interest in Quebecor Media, while achieving certain fundamental financial objectives of Quebecor and Quebecor Media, such as ensuring that Quebecor and Quebecor Media continue to maintain a sufficient level of operational and financial flexibility, as well as maintaining a debt level favourable to the ongoing refinancing of debt maturities. CDP Capital will also have the ability to sell its remaining shares in Quebecor Media on or after January 1, 2019 through, among other things, an initial public offering, therefore completing the monetization of its investment in Quebecor Media.

- To carry out the purchase of 20,351,307 of its common shares, Quebecor Media was able to take advantage of favourable conditions on the debt markets. The following financial operations were carried out by Quebecor Media as part of this major transaction:
  - Issuance, on October 11, 2012, of US$850.0 million aggregate principal amount of Senior Notes bearing interest at 5 3/4% and maturing in 2023, and $500.0 million aggregate principal amount of Senior Notes bearing interest at 6 5/8% and maturing in 2023, the latter being one of the largest single-tranche high-yield offerings ever completed in Canada;
  - Quebecor Media increased the size of the offering as a result of oversubscription and favourable financing terms, which provided an opportunity to extend the maturities of its credit instruments by redeeming US$320.0 million in aggregate principal amount of its 7 3/4% Senior Notes issued in 2007 and maturing in 2016. This transaction generated a loss on debt refinancing of approximately $60.0 million (before income tax) to be recorded in the fourth quarter of 2012.

- The Convertible Debentures issued on October 11, 2012 bear interest at an annual rate of 4 1/8% and will mature in October 2018. The main conditions of the debentures are as follows:
  - Interest is payable semi-annually in cash, in Quebecor Class B Shares, or with the proceeds from the sale of Quebecor Class B shares.
  - At maturity, the Convertible Debentures will be payable in cash by Quebecor at the outstanding principal amount, plus accrued and unpaid interest, subject to redemption, conversion, purchase or repayment.
  - One day prior to maturity ("Redemption Date"), Quebecor may redeem the outstanding Convertible Debentures by issuing that number of Quebecor Class B shares obtained by dividing the outstanding principal amount by the then current market price of a Quebecor Class B share, subject to a floor price of $38.50 per share (that is, a maximum number of 12,987,013 Quebecor Class B shares corresponding to a ratio of $500.0 million to the floor price) and a ceiling price of $48.125 per share (that is, a minimum number of 10,389,610 Quebecor Class B shares corresponding to a ratio of $500.0 million to the ceiling price).
  - At any time prior to the Redemption Date, Quebecor may redeem or convert, in whole or in part, the outstanding Convertible Debentures, subject to the terms of the trust indenture.

- The Convertible Debentures will be convertible, at all times prior to the maturity date, into Quebecor Class B shares by the holder in accordance with the terms of the trust indenture.
- In all cases, Quebecor has the option to pay an amount in cash equal to the market value of the shares that would otherwise have been issued, being the product of (a) the number of Quebecor Class B shares and (b) the then current market price of a Quebecor Class B share.
- A registration rights agreement granting demand registration rights and piggy-back registration rights to CDP Capital in respect of the Convertible Debentures and the underlying Quebecor Class B Shares was also entered into at the closing.

Financial Position at September 30, 2012

Net available liquidity: $1.22 billion for Quebecor Media and its wholly owned subsidiaries, consisting of $344.4 million in cash and $874.9 million in available unused lines of credit.

Net available liquidity: $70.6 million for Quebecor at the corporate level, consisting of a $1.7 million bank overdraft and $72.3 million in available unused lines of credit.

Consolidated debt: $3.55 billion at September 30, 2012, a $259.9 million decrease; $29.4 million unfavourable net variance in assets and liabilities related to derivative financial instruments (*see* “Financing Activities” above).

- Consolidated debt essentially consisted of Videotron’s $2.09 billion debt ($1.86 billion at December 31, 2011), TVA Group’s $74.6 million debt ($96.4 million at December 31, 2011), Quebecor Media’s $1.26 billion debt ($1.71 billion at December 31, 2011), and Quebecor’s $114.2 million debt ($105.2 million at December 31, 2011). Sun Media Corporation’s debt was redeemed in full in the first quarter of 2012 ($37.4 million at December 31, 2011).

At September 30, 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
(excluding the impact of the issuance on October 11, 2012, of the Senior Notes)
12 months ending September 30
(in millions of Canadian dollars)

2013	$ 176.2
2014	22.9
2015	175.0
2016	1,110.9
2017	42.1
2018 and thereafter	2,418.1
Total	**$ 3,945.2**

The weighted average term of Quebecor’s consolidated debt was approximately 5.8 years as of September 30, 2012 (5.1 years as of December 31, 2011). The debt consists of approximately 83.0% fixed-rate debt (82.6% at December 31, 2011) and 17.0% 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 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 September 30, 2012, the Corporation and its subsidiaries were in compliance with all required financial ratios and restrictive covenants in their financing agreements.

Dividends declared

- On November 12, 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 Shares, payable on December 24, 2012 to shareholders of record at the close of business on November 29, 2012.

Analysis of consolidated balance sheet at September 30, 2012

Table 13
Consolidated balance sheet of Quebecor
Analysis of main variances between September 30, 2012 and December 31, 2011
(in millions of Canadian dollars)

	Sept. 30, 2012	Dec. 31, 2011	Difference	Main reason for difference
Assets				
Cash and cash equivalents	**$ 354.6**	$ 146.4	$ 208.2	Cash flows in excess of investing and financing activities
Accounts receivable	**547.9**	603.7	(55.8)	Impact of current variances in activity
Property, plant and equipment	**3,352.8**	3,211.1	141.7	Additions to property, plant and equipment (*see* “Investing activities” above), less amortization for the period
Goodwill	**3,370.0**	3,543.8	(173.8)	Partial write-down of goodwill in the News Media segment, the Leisure and Entertainment segment’s Music division, and TVA Group’s publishing segment
Liabilities				
Accounts payable and accrued charges	**710.5**	776.5	(66.0)	Impact of current variances in activity
Long-term debt, including short-term portion and bank indebtedness	**3,547.1**	3,807.0	(259.9)	*See* “Financing activities” above
Derivative financial instruments[1]	**309.9**	280.5	29.4	*See* “Financing activities” above
Net future tax liabilities[2]	**642.0**	571.9	70.1	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 September 30, 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 September 30, 2012
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 3,945.2**	$ 176.2	$ 197.9	$ 1,153.0	$ 2,418.1
Interest payments[2]	**1,774.3**	213.4	579.9	450.4	530.6
Operating leases	**320.0**	57.5	80.6	53.5	128.4
Additions to property, plant and equipment and other commitments	**174.4**	78.8	54.5	41.1	–
Derivative financial instruments[3]	**351.7**	27.7	120.5	91.9	111.6
Total contractual obligations	**$ 6,565.6**	**$ 553.6**	**$ 1,033.4**	**$ 1,789.9**	**$ 3,188.7**

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 September 30, 2012.

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

On October, 30, 2012, Quebecor Media signed an agreement to install, maintain and advertise on the Société de transport de Montréal bus shelters for the next 20 years. The agreement includes, among other terms, a commitment from Quebecor Media to pay total royalties of $120.0 million over the 20-year period. This commitment could increase based on future advertising revenues generated by the agreement.

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.

At September 30, 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 foreign exchange risk on future settlement of hedging contracts and 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 September 30, 2012 is shown in Table 15.

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

	September 30, 2012		December 31, 2011	
	Carrying value	**Fair value asset (liability)**	Carrying value	Fair value asset (liability)
Long-term debt[1]	**$ (3,945.2)**	**$ (4,173.8)**	$ (3,953.0)	$ (4,107.4)
Derivative financial instruments:				
Early settlement options	**361.0**	**361.0**	138.0	138.0
Interest rate swaps	**(0.2)**	**(0.2)**	(0.9)	(0.9)
Foreign exchange forward contracts	**4.1**	**4.1**	3.2	3.2
Cross-currency interest rate swaps	**(313.8)**	**(313.8)**	(282.8)	(282.8)

[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.

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 third quarter and first nine months of 2012 are summarized in Table 16.

Table 16
(Gain) loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
(Gain) loss on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ (117.7)**	$ 33.6	**$ (241.5)**	$ 26.0
Loss on ineffective portion of fair value hedges	**–**	0.8	**–**	1.9
	$ (117.7)	$ 34.4	**$ (241.5)**	$ 27.9

Gains of $5.8 million and $31.2 million on cash flow hedges were recorded under Other comprehensive income in the third quarter and first nine months of 2012 respectively ($19.4 million and $13.4 million in the third quarter and first nine months of 2011 respectively).

Related party transactions

In the third quarter of 2012, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated corporations in the amount of $0.7 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 corporations in the amount of $0.7 million ($0.6 million in the third quarter of 2011). These transactions were concluded and accounted for at the exchange amount.

In the first nine months of 2012, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated corporations in the amount of $3.8 million ($1.8 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 corporations in the amount of $2.7 million ($2.2 million in the first nine months 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 at October 31, 2012. In addition, 671,869 share options were outstanding as of October 31, 2012.

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

	October 31, 2012	
	Issued and outstanding	Book value
Class A shares	19,591,986	$ 8.7
Class B shares	43,205,896	$ 328.9

On August 9, 2012, the Corporation filed a normal course issuer bid to purchase for cancellation a maximum of 980,357 Class A shares, representing approximately 5% of the issued and outstanding Class A shares, and a maximum of 4,351,276 Class B shares, representing approximately 10% of the public float for Class B shares as of July 31, 2012. Purchases can 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.

During the third quarter of 2012, the Corporation purchased and cancelled 585,100 Class B shares for a total cash consideration of $20.5 million. The excess of $16.1 million in the purchase price over the carrying value of the repurchased Class B shares was recorded as a reduction in retained earnings.

During the first nine months of 2012, the Corporation purchased and cancelled 728,500 Class B shares for a total cash consideration of $25.8 million. The excess of $20.3 million in the purchase price over the carrying value of the repurchased Class B shares 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 September 30, 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 related 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;
- 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 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 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 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, 2011.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of November 13, 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

November 13, 2012

QUEBECOR INC. AND ITS SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA

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

			2012				2011	2010
	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Operations								
Revenues	**$ 1,059.1**	$ 1,086.4	$ 1,064.0	$ 1,147.9	$ 1,014.8	$ 1,053.4	$ 990.5	$ 1,088.1
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 and intangible assets, (loss) gain on debt refinancing and income taxes	**352.8**	357.8	322.2	369.2	319.7	358.5	294.3	359.1
Contribution to net income attributable to shareholders:								
Continuing operations	**52.1**	48.7	39.3	55.6	40.0	60.0	35.9	58.2
Gain (loss) on valuation and translation of financial instruments	**47.5**	16.1	34.1	34.0	(16.3)	(2.3)	5.2	(10.0)
Unusual items	**(81.0)**	2.2	(0.5)	(4.2)	2.4	(2.5)	(6.8)	(1.6)
Net income attributable to shareholders	**18.6**	67.0	72.9	85.4	26.1	55.2	34.3	46.6
Basic per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**0.83 $**	0.77 $	0.62 $	0.87 $	0.63 $	0.93 $	0.56 $	0.90 $
Gain (loss) on valuation and translation of financial instruments	**0.75**	0.25	0.54	0.53	(0.26)	(0.03)	0.08	(0.16)
Unusual items	**(1.28)**	0.03	(0.01)	(0.06)	0.04	(0.04)	(0.11)	(0.02)
Net income attributable to shareholders	**0.30**	1.05	1.15	1.34	0.41	0.86	0.53	0.72
Weighted average number of shares outstanding (in millions)	**63.1**	63.5	63.5	63.5	63.9	64.3	64.3	64.3
Diluted per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**0.83 $**	0.77 $	0.61 $	0.87 $	0.62 $	0.92 $	0.55 $	0.88 $
Gain (loss) on valuation and translation of financial instruments	**0.75**	0.25	0.54	0.53	(0.26)	(0.03)	0.08	(0.16)
Unusual items	**(1.28)**	0.03	(0.01)	(0.06)	0.04	(0.04)	(0.11)	(0.02)
Net income attributable to shareholders	**0.30**	1.05	1.14	1.34	0.40	0.85	0.52	0.70
Weighted average number of diluted shares outstanding (in millions)	**63.2**	63.6	63.7	63.8	64.5	65.0	65.0	65.0