FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF NOVEMBER 2017

QUEBECOR MEDIA INC.

(Name of Registrant)

612 St-Jacques Street, Montreal, Canada, H3C 4M8
(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.]

Form 20-F __X__ Form 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.]

Yes ______ No __X__

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): 82-______.]

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Quebecor Media Inc., a subsidiary of Quebecor Inc. (“Quebecor”), is governed by the Business Corporations Act (Québec) and is one of Canada’s largest telecommunications and media corporations. Unless the context otherwise requires, “Quebecor Media” or the “Corporation” refer to Quebecor Media Inc. and its subsidiaries. Quebecor Media operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content to the benefit of multiple distribution platforms.

The following Management Discussion and Analysis covers the Corporation’s main activities in the third quarter of 2017 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 Corporation’s Annual Report for the financial year ended December 31, 2016 (Form 20-F), which is available on the website of the U.S. Securities and Exchange Commission at <www.sec.gov>.

In this Management Discussion and Analysis, only continuing operating activities of Quebecor Media are included in the analysis of segmented operating results.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2017

- Quebecor Media’s revenues totalled $1.03 billion in the third quarter of 2017, a $36.4 million (3.6%) increase from the same period of 2016.

- On October 13, 2017, Quebecor announced major corporate management changes:

  - Julie Tremblay resigned as President and CEO of TVA Group Inc. (“TVA Group”) and President and Chief Executive Officer of Quebecor’s Media Group, to retire. In her career with the Corporation, Julie Tremblay tackled major challenges with determination, drawing on her motivational abilities. The Corporation’s management is deeply grateful for her immense contribution over the past 25 years.

  - France Lauzière was named President and Chief Executive Officer of TVA Group. She also retains her responsibilities as Chief Content Officer of Quebecor Content. France Lauzière has been with TVA Group since 2001. She was previously Vice President, Programming of TVA Group.

  - Music, newspapers, book publishing, out of home and printing operations will now report to Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor and Quebecor Media.

<u>Telecommunications</u>

- The Telecommunications segment grew its revenues by $30.0 million (3.8%) in the third quarter of 2017. Its adjusted operating income increased by $15.7 million (4.3%) despite a $5.6 million unfavourable variance related to one-time items.

- In the third quarter of 2017, Videotron Ltd. (“Videotron”) significantly increased its revenues from mobile telephony ($21.4 million or 16.0%), Internet access ($15.0 million or 6.1%), business solutions ($2.5 million or 8.8%) and the *club illico* over-the-top video service (“*club illico*”) ($2.3 million or 29.5%).

- Videotron’s average monthly revenue per user (“ARPU”) increased by $9.88 (6.7%) from $146.58 in the third quarter of 2016 to $156.46 in the third quarter of 2017.

- There was a net increase of 50,400 revenue-generating units[1] (0.9%) in the third quarter of 2017, including 37,000 connections to the mobile telephony service, 26,900 subscriptions to the cable Internet access service and 9,800 memberships in *club illico*.

- On August 29, 2017, Videotron announced an agreement with Comcast Corporation, a multinational telecommunications, media and technology company. The strategic partnership is aimed at developing an innovative IPTV solution based on Comcast Corporation's XFINITY X1 platform to provide Videotron customers with a superior television experience. They will be able to navigate a diverse selection of on-demand television shows, movies and concerts, as well as Web videos, apps and other content, more simply, quickly and intuitively.

- On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw Communications Inc. ("Shaw") for a cash consideration of $430.0 million. The sale included three 700 MHz licences covering southern Ontario and the entirety of the provinces of Alberta and British Columbia, and four 2500 MHz licences covering the major urban centres in those provinces, namely Toronto, Edmonton, Calgary and Vancouver.

Media

- In the third quarter of 2017, the Media segment increased its revenues by $9.9 million (4.5%) and its adjusted operating income by $11.3 million (32.8%). The increase in adjusted operating income was due primarily to higher advertising and subscription revenues at its broadcasting business, lower content costs and the impact of higher revenues from film production and audiovisual services.

- According to the second quarter 2017 Vividata survey, *Le Journal de Montréal*, *Le Journal de Québec* and the free daily *24 heures Montréal* remain Québec's news leaders with more than 4.0 million readers per week across all platforms (print, mobile and Web). TVA Group remains a leading player in the Canadian magazine industry with nearly 10.3 million readers per week across all platforms.

Sports and Entertainment

- On August 11, 2017, Martin Tremblay was named Chief Operating Officer of Quebecor Sports and Entertainment Group. He joined Quebecor in 2010 and had been Vice President, Public Affairs of Quebecor since 2012.

Financial transactions

- On July 6, 2017, Quebecor Media repurchased for cancellation 541,899 of its Common Shares held by CDP Capital d'Amérique Investissement inc. ("CDP Capital") for an aggregate purchase price of $37.7 million, payable in cash. On the same date, Quebecor Media also paid off a security held by CDP Capital for $6.2 million.

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 adjusted operating income, cash flows from segment operations and free cash flows from continuing operating activities, are not calculated in accordance with, or recognized by IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted Operating Income

In its analysis of operating results, the Corporation defines adjusted operating income, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations, litigation and other items, gain on sale of spectrum licences, impairment of goodwill and other assets, loss on debt refinancing, income taxes and income from discontinued operations. Adjusted 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's parent company, Quebecor, uses adjusted 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 its operating segments. This

[1] The sum of subscriptions to the cable television, cable Internet access and *club illico* services, plus subscriber connections to the cable and mobile telephony services.

measure eliminates the significant level of impairment and depreciation/amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of Quebecor Media and its business segments. Adjusted 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 therefore uses other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities. The Corporation's definition of adjusted operating income may not be the same as similarly titled measures reported by other companies.

Table 1 below provides a reconciliation of adjusted operating income to net income as disclosed in the Corporation's condensed consolidated financial statements.

Table 1
Reconciliation of the adjusted 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	
	2017	2016	**2017**	2016
Adjusted operating income (loss):				
Telecommunications	**$ 379.3**	$ 363.6	**$ 1,145.2**	$ 1,084.8
Media	**45.8**	34.5	**58.2**	38.7
Sports and Entertainment	**(1.8)**	(1.3)	**(7.4)**	(6.2)
Head Office	**(1.5)**	(3.5)	**(11.7)**	(6.7)
	421.8	393.3	**1,184.3**	1,110.6
Depreciation and amortization	**(174.6)**	(161.5)	**(516.4)**	(483.7)
Financial expenses	**(69.1)**	(76.7)	**(213.1)**	(225.4)
Loss on valuation and translation of financial instruments	**(0.9)**	(0.7)	**(1.8)**	(0.6)
Restructuring of operations, litigation and other items	**(6.7)**	(1.2)	**(7.3)**	(15.2)
Gain on sale of spectrum licences	**243.1**	–	**330.9**	–
Impairment of goodwill and other assets	**(43.5)**	(40.9)	**(43.8)**	(40.9)
Loss on debt refinancing	**–**	–	**(15.6)**	–
Income taxes	**(65.7)**	(40.2)	**(95.4)**	(103.3)
Income from discontinued operations	**5.9**	–	**14.3**	–
Net income	**$ 310.3**	$ 72.1	**$ 636.1**	$ 241.5

Cash Flows from Segment Operations

Cash flows from segment operations represents adjusted operating income, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets (excluding proceeds from disposal of licences). 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, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. 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. The Corporation's definition of cash flows from segment operations may not be identical to similarly titled measures reported by other companies. When cash flows from segment operations is reported, a reconciliation to adjusted operating income is provided in the same section of the report.

Free Cash Flows from Continuing Operating Activities

Free cash flows from continuing operating activities consists of cash flows provided by continuing operating activities calculated in accordance with IFRS, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets (excluding proceeds from disposal of licences). The Corporation uses free cash flows from continuing operating activities as a measure of total liquidity generated on a consolidated basis. Free cash flows from continuing operating activities represents funds available for business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. 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 6 provides a reconciliation of free cash flows from continuing operating activities of the Corporation to cash flows provided by continuing operating activities reported in the condensed consolidated financial statements.

KEY PERFORMANCE INDICATOR

The Corporation uses ARPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly revenues per average basic customer, from its cable television, Internet access, cable and mobile telephony services and *club illico*. 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 the combined revenues from its cable television, Internet access, cable and mobile telephony services and *club illico* 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 MEDIA

2017/2016 third quarter comparison

Revenues: $1.03 billion, a $36.4 million (3.6%) increase.

- Revenues increased in Telecommunications ($30.0 million or 3.8% of segment revenues), Media ($9.9 million or 4.5%), and Sports and Entertainment ($3.7 million or 47.4%).

Adjusted operating income: $421.8 million, a $28.5 million (7.2%) increase.

- Adjusted operating income increased in Telecommunications ($15.7 million or 4.3% of segment adjusted operating income) despite a $5.6 million unfavourable variance related to one-time items, and in Media ($11.3 million or 32.8%). There was a favourable variance at Head Office ($2.0 million) due in part to a favourable variance in the stock-based compensation charge.

- The adjusted operating loss increased in the Sports and Entertainment segment ($0.5 million or 38.5%).

- The change in the fair value of Quebecor Media stock options resulted in a $0.9 million favourable variance in the stock-based compensation charge in the third quarter of 2017 compared with the same period of 2016. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a $1.7 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2017.

Net income attributable to shareholders: $315.1 million in the third quarter of 2017 compared with $82.3 million in the same period of 2016, a $232.8 million increase.

- The favourable variance was due primarily to:
  - $243.1 million gain on the sale of spectrum licences recognized in the third quarter of 2017, including $121.6 million without any tax consequences;
  - $28.5 million increase in adjusted operating income;
  - $7.6 million decrease in financial expenses;
  - $5.9 million favourable variance in income from discontinued operations.

  Partially offset by:
  - $25.5 million increase in the income tax expense;
  - $13.1 million increase in the depreciation and amortization charge;
  - $5.5 million unfavourable variance in the charge for restructuring of operations, litigation and other items;
  - $5.4 million unfavourable variance in non-controlling interest.

Depreciation and amortization charge: $174.6 million in the third quarter of 2017, a $13.1 million increase due mainly to the impact of capital expenditures in the Telecommunications segment, including depreciation of investments in wired and wireless networks and computer systems**.**

Financial expenses: $69.1 million in the third quarter of 2017, a $7.6 million decrease caused mainly by lower average indebtedness, the impact of lower interest rates on long-term debt due to debt refinancing at lower rates, a favourable variance in gains and losses on foreign currency translation of short-term monetary items, and higher interest revenues generated by increased liquidity.

Loss on valuation and translation of financial instruments: $0.9 million in the third quarter of 2017 compared with $0.7 million in the same period of 2016.

Charge for restructuring of operations, litigation and other items: $6.7 million in the third quarter of 2017 compared with $1.2 million in the same period of 2016, a $5.5 million unfavourable variance.

- A $6.7 million net charge was recognized in the third quarter of 2017 in connection with cost-reduction initiatives in the Corporation's various segments and customer migration from analog to digital service in the Telecommunications segment ($1.2 million in the third quarter of 2016).

Gain on sale of spectrum licences: $243.1 million in the third quarter of 2017.

- On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw for a cash consideration of $430.0 million. The sale included three 700 MHz licences covering southern Ontario and the entirety of the provinces of Alberta and British Columbia, and four 2500 MHz licences covering the major urban centres in those provinces, namely Toronto, Edmonton, Calgary and Vancouver. A $243.1 million gain was recognized on the sale of the licences, including $121.6 million without any tax consequences. It should be noted that the transaction led to recognition in the second quarter of 2017 of tax benefits in the amount of $32.6 million arising from prior year tax losses, thereby reducing the Corporation's tax disbursments.

Charge for impairment of goodwill and other assets: $43.5 million in the third quarter of 2017, compared with $40.9 million in the same period of 2016, a $2.6 million unfavourable variance.

- In the third quarters of 2017 and 2016, Quebecor Media performed impairment tests on its Magazines cash-generating unit ("CGU") in view of the downtrend in the industry's advertising revenues. Quebecor Media concluded that the recoverable amount of its Magazines CGU was less than its carrying amount. Accordingly, a $30.0 million non-cash goodwill impairment charge, including $1.5 million without any tax consequences, was recorded in the third quarter of 2017 ($40.1 million without any tax consequences in the third quarter of 2016). As well, a charge for impairment of intangible assets totalling $12.4 million, including $3.1 million without any tax consequences, was recognized in the third quarter of 2017 (nil in the third quarter of 2016).
- In the third quarter of 2017, an additional $1.1 million charge for impairment of intangible assets was recognized in the Corporation's other segments ($0.8 million in the third quarter of 2016).

Income tax expense: $65.7 million in the third quarter of 2017 (effective tax rate of 25.9%), compared with $40.2 million in the same period of 2016 (effective tax rate of 26.4%), a $25.5 million unfavourable variance caused essentially by the impact of the increase in taxable income.

2017/2016 year-to-date comparison

Revenues: $3.06 billion, a $97.0 million (3.3%) increase.

- Revenues increased in Telecommunications ($97.1 million or 4.1% of segment revenues), Sports and Entertainment ($2.1 million or 8.5%) and Media ($1.4 million or 0.2%).

Adjusted operating income: $1.18 billion, a $73.7 million (6.6%) increase.

- Adjusted operating income increased in Telecommunications ($60.4 million or 5.6% of segment adjusted operating income) and in Media ($19.5 million or 50.4%).
- There were unfavourable variances in Sports and Entertainment ($1.2 million or -19.4%) and at Head Office ($5.0 million). The change at Head Office was mainly due to higher philanthropic costs.
- The change in the fair value of Quebecor Media stock options resulted in a $1.4 million unfavourable variance in the stock-based compensation charge in the first nine months of 2017 compared with the same period of 2016. The change in the fair value of Quebecor stock options and the value of Quebecor stock-price-based share units resulted in a $1.2 million favourable variance in the Corporation's stock-based compensation charge in the first nine months of 2017.

Net income attributable to shareholders: $644.0 million in the first nine months of 2017, compared with $255.9 million in the same period of 2016, a $388.1 million increase.

- The favourable variance was due primarily to:
  - $330.9 million gain on the sale of spectrum licences recognized in the first nine months of 2017, including $165.5 million without any tax consequences;
  - $73.7 million increase in adjusted operating income;
  - $14.3 million favourable variance in income from discontinued operations;
  - $12.3 million decrease in financial expenses;
  - $7.9 million favourable variance in the charge for restructuring of operations, litigation and other items;
  - $7.9 million decrease in the income tax expense.

  Partially offset by:
  - $32.7 million increase in the depreciation and amortization charge;
  - $15.6 million unfavourable variance in the loss on debt refinancing;
  - $6.5 million unfavourable variance in non-controlling interest.

Depreciation and amortization charge: $516.4 million, a $32.7 million increase due essentially to the same factors as those noted above in the 2017/2016 third quarter comparison.

Financial expenses: $213.1 million, a $12.3 million decrease due mainly to the same factors as those noted above in the 2017/2016 third quarter comparison.

Loss on valuation and translation of financial instruments: $1.8 million in the first nine months of 2017 compared with $0.6 million loss in the same period of 2016. The $1.2 million unfavourable variance was caused mainly by the ineffective portion of fair value hedges.

Charge for restructuring of operations, litigation and other items: $7.3 million in the first nine months of 2017, compared with $15.2 million in the same period of 2016, a $7.9 million favourable variance.

- A $7.3 million net charge was recognized in the first nine months of 2017 in connection with cost-reduction initiatives in the Corporation's various segments, customer migration from analog to digital service in the Telecommunications segment, and developments in legal disputes ($15.2 million in the first nine months of 2016).

Gain on the sale of spectrum licences: $330.9 million in the first nine months of 2017.

- On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw for a cash consideration of $430.0 million. A $243.1 million gain was recognized on the sale of the licences, including $121.6 million without any tax consequences.
- On June 20, 2017, Videotron sold its AWS-1 spectrum licence in the Metropolitan Toronto area to Rogers Communication Inc. ("Rogers") for a cash consideration of $184.2 million, pursuant to the transfer option held by Videotron since 2013. An $87.8 million gain was recognized on the sale of the licence, including $43.9 million without any tax consequences.
- It should be noted that these transactions led to recognition in the second quarter of 2017 of tax benefits in the amount of $44.4 million arising from prior year tax losses, thereby reducing the Corporation's tax expense.

Charge for impairment of goodwill and other assets: $43.8 million in the first nine months of 2017, compared with $40.9 million in the same period of 2016, a $2.9 million unfavourable variance as explained in the 2017/2016 third quarter comparison above.

Loss on debt refinancing: $15.6 million in the first nine months of 2017.

- On May 1, 2017, Videotron redeemed $125.0 million aggregate principal amount of its outstanding 6.875% Senior Notes issued on July 5, 2011 and maturing on July 15, 2021 at a redemption price of 103.438% of their principal amount. A $5.2 million loss was recorded in the consolidated statement of income in the first nine months of 2017 in connection with this redemption.

- On May 1, 2017, Quebecor Media redeemed the entirety of its outstanding 7.375% Senior Notes issued on January 5, 2011 and maturing on January 15, 2021, in the aggregate principal amount of $325.0 million, at a redemption price of 102.458% of their principal amount. A $10.4 million loss was recorded in the consolidated statement of income in the first nine months of 2017 in connection with this redemption.

Income tax expense: $95.4 million in the first nine months of 2017 (effective tax rate of 17.7%), compared with $103.3 million in the same period of 2016 (effective tax rate of 26.8%), a $7.9 million favourable variance caused mainly by recognition of benefits arising from prior year tax losses, partially offset by the impact of the increase in taxable income.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2017 operating results

Revenues: $823.7 million in the third quarter of 2017, a $30.0 million (3.8%) increase.

- Revenues from the mobile telephony service increased $21.4 million (16.0%) to $155.5 million, essentially due to an increase in the number of subscriber connections and higher net revenue per connection.
- Revenues from Internet access services increased $15.0 million (6.1%) to $260.7 million, mainly as a result of higher per-subscriber revenues, reflecting, among other things, the favourable impact of the product mix and increases in some rates, and as a result of customer growth, partially offset by increased discounts and a decrease in overage charges.
- Combined revenues from all cable television services decreased $0.7 million (-0.3%) to $252.0 million, due primarily to the impact of the net decrease in the customer base, partially offset by increased revenues from the leasing of digital set-top boxes.
- Revenues from the cable telephony service decreased $7.7 million (-7.3%) to $98.2 million, mainly because of the impact of the net decrease in subscriber connections and lower long-distance revenues, partially offset by higher per-connection revenues and lower discounts.
- Revenues from *club illico* increased $2.3 million (29.5%) to $10.1 million, essentially because of subscriber growth.
- Revenues of Videotron Business Solutions increased $2.5 million (8.8%) to $30.9 million, due primarily to the impact of higher revenues at 4Degrees Colocation Inc. ("4Degrees Colocation") and Fibrenoire inc. ("Fibrenoire").
- Revenues from customer equipment sales decreased $2.8 million (-18.4%) to $12.4 million, mainly because of lower revenues per mobile device and decreased sales of digital set-top boxes.
- Revenues of the Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") retail chain decreased $0.4 million (-22.2%) to $1.4 million, mainly because of store closings.
- Other revenues increased $0.5 million (23.8%) to $2.6 million.

ARPU: $156.46 in the third quarter of 2017 compared with $146.58 in the same period of 2016, a $9.88 (6.7%) increase.

Customer statistics

Revenue generating units – As of September 30, 2017, the total number of revenue-generating units stood at 5,846,200, an increase of 50,400 (0.9%) in the third quarter of 2017 (compared with an increase of 54,700 in the third quarter of 2016) and a 12-month increase of 143,100 (2.5%) (Table 2). Revenue-generating units are the sum of subscriptions to the cable television, cable Internet access and *club illico* services, plus subscriber connections to the cable and mobile telephony services.

Mobile telephony service – As of September 30, 2017, the number of subscriber connections to the mobile telephony service stood at 990,300, an increase of 37,000 (3.9%) in the third quarter of 2017 (compared with an increase of 38,800 in the third quarter of 2016) and a 12-month increase of 122,600 (14.1%) (Table 2).

Cable Internet access – As of September 30, 2017, the number of subscribers to cable Internet access services stood at 1,654,100, an increase of 26,900 (1.7%) in the third quarter of 2017 (compared with an increase of 24,400 in the same period of 2016) and a 12-month increase of 58,000 (3.6%) (Table 2). As of September 30, 2017, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,867,400 homes and businesses passed by Videotron's network as of September 30, 2017, up from 2,833,000 one year earlier) of 57.7% compared with 56.3% a year earlier.

Cable television – The combined customer base for all of Videotron's cable television services decreased by 7,700 (-0.5%) in the third quarter of 2017 (compared with a decrease of 1,800 in the same period of 2016) and by 46,700 (-2.8%) in the 12-month period ended September 30, 2017 (Table 2). At the end of the third quarter of 2017, Videotron had 1,649,000 subscribers to its cable television services. The household and business penetration rate was 57.5% versus 59.9% a year earlier.

- As of September 30, 2017, the number of subscribers to the illico Digital TV service stood at 1,603,900, an increase of 7,100 (0.4%) in the third quarter of 2017 (compared with an increase of 11,000 in the same period of 2016) and a 12-month increase of 33,100 (2.1%). As of September 30, 2017, illico Digital TV had a household and business penetration rate of 55.9% versus 55.4% a year earlier.

- The customer base for analog cable television services decreased by 14,800 (-24.7%) in the third quarter of 2017 (compared with a decrease of 12,800 in the same period of 2016) and by 79,800 over a 12-month period. The steeper decline was caused by the program to promote accelerated customer migration from analog to digital service with the aim of completing the transition by the end of 2017.

Cable telephony service – As of September 30, 2017, the number of subscriber connections to the cable telephony service stood at 1,205,400, a decrease of 15,600 (-1.3%) in the third quarter of 2017 (compared with a decrease of 18,900 in the same period of 2016) and a 12-month decrease of 59,700 (-4.7%) (Table 2). At September 30, 2017, the cable telephony service had a household and business penetration rate of 42.0% versus 44.7% a year earlier.

club illico – As of September 30, 2017, the number of subscribers to *club illico* stood at 347,400, an increase of 9,800 (2.9%) in the third quarter of 2017 (compared with an increase of 12,200 in the same period of 2016) and a 12-month increase of 68,900 (24.7%) (Table 2).

Table 2
Telecommunications segment quarter-end customer numbers for the last eight quarters
(in thousands of customers)

	Sept. 2017	June 2017	March 2017	Dec. 2016	Sept. 2016	June 2016	March 2016	Dec. 2015
Mobile telephony[1]	**990.3**	953.3	920.9	893.9	867.7	828.9	795.7	768.6
Cable Internet	**1,654.1**	1,627.2	1,628.1	1,612.8	1,596.1	1,571.7	1,578.1	1,568.2
Cable television:								
Analog	**45.1**	59.9	85.5	103.8	124.9	137.7	153.1	166.3
Digital	**1,603.9**	1,596.8	1,595.1	1,587.1	1,570.8	1,559.8	1,568.9	1,570.6
	1,649.0	1,656.7	1,680.6	1,690.9	1,695.7	1,697.5	1,722.0	1,736.9
Cable telephony[1]	**1,205.4**	1,221.0	1,241.3	1,253.1	1,265.1	1,284.0	1,304.3	1,316.3
club illico	**347.4**	337.6	324.5	314.7	278.5	266.3	265.2	257.5
Total (revenue-generating units)	**5,846.2**	5,795.8	5,795.4	5,765.4	5,703.1	5,648.4	5,665.3	5,647.5

[1] In thousands of connections

Adjusted operating income: $379.3 million, a $15.7 million (4.3%) increase due primarily to:

- impact of the revenue increase.

Partially offset by:

- increases in some operating expenses, including engineering costs;
- impact of recognition of one-time items in the third quarters of 2016 and 2017, a net unfavourable variance of $5.6 million.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 54.0% in the third quarter of 2017 compared with 54.2% in the same period of 2016, due mainly to the fixed component of costs, which does not fluctuate in proportion to revenue growth.

Year-to-date operating results

Revenues: $2.44 billion, a $97.1 million (4.1%) increase due mainly to the same factors as those noted above in the discussion of third quarter 2017 results.

- Revenues from mobile telephony service increased $74.6 million (20.0%) to $447.9 million.
- Revenues from Internet access service increased $37.6 million (5.1%) to $767.8 million.
- Combined revenues from all cable television services decreased $12.0 million (-1.6%) to $756.1 million.
- Revenues from cable telephony service decreased $19.0 million (-5.9%) to $301.0 million.
- Revenues from *club illico* increased $6.1 million (26.8%) to $28.9 million.
- Revenues of Videotron Business Solutions increased $12.8 million (15.8%) to $93.8 million.
- Revenues from customer equipment sales decreased $2.4 million (-6.2%) to $36.1 million.
- Revenues of the Le SuperClub Vidéotron retail chain decreased $0.6 million (-11.3%) to $4.7 million.
- Other revenues were stable at $7.4 million.

ARPU: $153.05 in the first nine months of 2017, compared with $143.64 in the same period of 2016, a $9.41 (6.6%) increase.

Customer statistics

Revenue-generating units – 80,800 (1.4%) unit increase in the first nine months of 2017 compared with an increase of 55,600 in the same period of 2016.

Mobile telephony service – 96,400 (10.8%) subscriber-connection increase in the first nine months of 2017 compared with an increase of 99,100 in the same period of 2016.

Cable Internet access – 41,300 (2.6%) customer increase in the first nine months of 2017 compared with an increase of 27,900 in the same period of 2016.

Cable television – 41,900 (-2.5%) decrease in the combined customer base for all of Videotron's cable television services in the first nine months of 2017 compared with a decrease of 41,200 in the same period of 2016.

- Subscriptions to illico Digital TV service increased by 16,800 (1.1%) in the first nine months of 2017 compared with an increase of 200 in the same period of 2016.
- Subscriptions to analog cable television services decreased by 58,700 (-56.6%) in the first nine months of 2017 compared with a decrease of 41,400 in the same period of 2016. The steeper decline was caused by accelerated customer migration from analog to digital service.

Cable telephony service – 47,700 (-3.8%) subscriber-connection decrease in the first nine months of 2017 compared with a decrease of 51,200 in the same period of 2016.

club illico – 32,700 (10.4%) subscriber increase in the first nine months of 2017 compared with an increase of 21,000 in the same period of 2016.

Adjusted operating income: $1.15 billion, a $60.4 million (5.6%) increase caused primarily by:

- impact of the revenue increase.

Partially offset by:

- impact of the increased loss incurred on mobile device sales, partially offset by the favourable impact of "bring your own device" plans;
- increases in some operating expenses, including engineering and IT costs.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 53.1% in the first nine months of 2017 compared with 53.8% in the same period of 2016, due mainly to the fixed component of costs, which does not fluctuate in proportion to revenue growth.

Cash flows from operations

Quarterly cash flows from segment operations: $220.4 million compared with $184.1 million in the third quarter of 2016 (Table 3).

- The $36.3 million increase was due primarily to a $19.1 million decrease in additions to property, plant and equipment, reflecting in part decreased investment in 4Degrees Colocation and in the LTE network, and to the $15.7 million increase in adjusted operating income.

Year-to-date cash flows from segment operations: $620.0 million compared with $485.8 million in the first nine months of 2016 (Table 3).

- The $134.2 million increase was due primarily to a $72.3 million decrease in additions to property, plant and equipment and to intangible assets, reflecting in part decreased investment in 4Degrees Colocation and in the LTE network, and to the $60.4 million increase in adjusted operating income.

Table 3: Telecommunications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2017	2016	**2017**	2016
Adjusted operating income	**$ 379.3**	$ 363.6	**$ 1,145.2**	$ 1,084.8
Additions to property, plant and equipment	**(132.9)**	(152.0)	**(441.9)**	(507.9)
Additions to intangible assets	**(28.6)**	(28.7)	**(87.0)**	(93.3)
Proceeds from disposal of assets (excluding proceeds from disposal of spectrum licences)	**2.6**	1.2	**3.7**	2.2
Cash flows from segment operations	**$ 220.4**	$ 184.1	**$ 620.0**	$ 485.8

Media

Third quarter 2017 operating results

Revenues: $231.6 million in the third quarter of 2017, a $9.9 million (4.5%) increase.

- Broadcasting revenues increased $5.7 million (6.4%), mainly due to:
  - higher advertising revenues at TVA Network;
  - higher subscription revenues at TVA Sports.

  Partially offset by:
  - decreased revenues from commercial production.
- Film production and audiovisual service revenues increased by $8.6 million (53.8%), mainly because of higher revenues from soundstage and equipment leasing due to a larger number of productions in the third quarter of 2017 than in the same period of 2016.
- Newspaper publishing revenues decreased $2.0 million (-4.2%).
  - Advertising revenues decreased 5.5%; circulation revenues decreased 6.7%; digital revenues increased 9.7%; combined revenues from commercial printing and other sources decreased 3.4%.
- Magazine publishing revenues decreased by $4.8 million (-16.0%), due primarily to:
  - lower advertising revenues;
  - lower subscription and newsstand revenues;
  - impact of discontinuation of some titles;

- decreased custom publishing revenues.

- Revenues of Quebecor Media Out of Home increased by $0.7 million (16.7%), mainly because of higher advertising revenues.
- Book distribution and publishing revenues increased by $3.0 million (9.0%), primarily as a result of higher volume in mass market and bookstore distribution, partially offset by lower revenues from educational publishing.
- Music distribution and production revenues decreased by $1.1 million (-11.2%), primarily as a result of lower distribution revenues.

Adjusted operating income: $45.8 million in the third quarter of 2017, an $11.3 million (32.8%) increase.

- Adjusted operating income from broadcasting operations increased by $8.7 million (77.7%) because of the impact of the revenue increase, combined with lower content costs at TVA Sports.
- Adjusted operating income from film production and audiovisual services increased by $6.1 million (164.9%), mainly because of the impact of the revenue increase.

  Adjusted operating income from newspaper publishing decreased by $1.9 million (-43.2%) due to the impact of the revenue decrease and the recognition of favourable one-time items in the third quarter of 2016.
- Adjusted operating income from magazine publishing decreased by $2.5 million (-43.9%). The impact of the decrease in revenues was partially offset by lower operating expenses, including printing and production costs, as well as cost reductions related to restructuring initiatives.
- The adjusted operating income of Quebecor Media Out of Home increased by $0.7 million (140.0%), mainly because of the impact of the revenue increase.
- Adjusted operating income from book distribution and publishing increased by $0.4 million (4.0%), due primarily to the impact of the revenue increase and higher margins in distribution and general literature, partially offset by the impact of decreased revenues from educational publishing.
- There was a $0.4 million unfavourable variance in the adjusted operating loss of the music distribution and production business due primarily to the impact of the revenue decrease.

Cost/revenue ratio: Employee costs and purchases of goods and services in the Media segment's operations, expressed as a percentage of revenues, were 80.2% in the third quarter of 2017 compared with 84.4% in the same period of 2016. The decrease was mainly due to the large fixed component of operating costs, which does not fluctuate in proportion to the increase in revenues, particularly in broadcasting and in film production and audiovisual services, as well as the impact of restructuring and cost-reduction initiatives.

Year-to-date operating results

Revenues: $673.4 million in the first nine months of 2017, a $1.4 million (0.2%) increase.

- Broadcasting revenues increased $22.7 million (7.6%), essentially due to:
  - higher advertising revenues at TVA Network and TVA Sports;
  - higher subscription revenues at TVA Sports.

  Partially offset by:
  - decreased revenues from commercial production.
- Film production and audiovisual service revenues increased by $6.3 million (14.3%), mainly because of higher revenues from soundstage and equipment leasing, as well as in increase in visual effects revenues.
- Newspaper publishing revenues decreased $11.0 million (-7.4%).
  - Advertising revenues decreased 12.6%; circulation revenues decreased 6.6%; digital revenues were flat; combined revenues from commercial printing and other sources increased 0.9%.
- Magazine publishing revenues decreased by $16.3 million (-18.8%) in the first nine months of 2017, due to essentially the same factors as those noted above in the discussion of third quarter 2017 operating results.

- Revenues of Quebecor Media Out of Home increased by $1.2 million (11.1%), mainly because of higher advertising revenues.

- Book distribution and publishing revenues increased by $2.3 million (3.0%), primarily as a result of higher revenues from educational publishing and higher volume in mass market and bookstore distribution.

- Music distribution and production revenues decreased by $4.2 million (-14.0%), primarily as a result of lower distribution revenues.

Adjusted operating income: $58.2 million for the first nine months of 2017, a $19.5 million (50.4%) increase.

- There was a $20.7 million favourable variance in adjusted operating income from broadcasting operations, essentially due to the impact of the revenue increase.

- Adjusted operating income from film production and audiovisual services increased by $3.4 million (50.0%), mainly because of the impact of the revenue increase.

- Adjusted operating income from newspaper publishing decreased by $4.3 million (-52.4%) due to the impact of the revenue decrease, partially offset by the favourable impact on adjusted operating income of reduced operating expenses, resulting from, among other things, the impact of restructuring initiatives and decreased distribution costs.

- Adjusted operating income from magazine publishing decreased by $4.2 million (-35.9%), mainly because of the impact of the decrease in revenues, partially offset by lower operating expenses, including printing, editorial and selling expenses, as well as cost reductions related to restructuring initiatives.

- There was a $1.1 million favourable variance in the adjusted operating income of Quebecor Media Out of Home due to the impact of the revenue increase.

- Adjusted operating income from book distribution and publishing increased by $2.3 million (23.7%), due primarily to the impact of the revenue increase and higher margins in educational publishing, as well as lower operating expenses in general literature.

- There was a $0.8 million unfavourable variance in the adjusted operating loss of the music distribution and production business, due primarily to the impact of the revenue decrease.

Cost/revenue ratio: Employee costs and purchases of goods and services in the Media segment's operations, expressed as a percentage of revenues, were 91.4% in the first nine months of 2017 compared with 94.2% in the same period of 2016. The decrease was mainly due to the large fixed component of operating costs, which does not fluctuate in proportion to the increase in revenues, particularly in broadcasting and in film production and audiovisual services, as well as the impact of restructuring and cost-reduction initiatives.

Cash flows from operations

Quarterly cash flows from segment operations: $35.0 million compared with $22.1 million in the third quarter of 2016 (Table 4). The $12.9 million favourable variance was due to the $11.3 million increase in adjusted operating income and a $1.7 million decrease in additions to property, plant and equipment and to intangible assets.

Year-to-date cash flows from segment operations: $30.9 million compared with $2.3 million in the first nine months of 2016 (Table 4). The $28.6 million favourable variance was due to the $19.5 million increase in adjusted operating income, combined with a $9.2 million decrease in additions to property, plant and equipment and to intangible assets.

Table 4: Media

Cash flows from operations
(in millions of Canadian dollars)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2017	2016	**2017**	2016
Adjusted operating income	**$ 45.8**	$ 34.5	**$ 58.2**	$ 38.7
Additions to property, plant and equipment	**(9.4)**	(10.1)	**(22.2)**	(28.9)
Additions to intangible assets	**(1.4)**	(2.4)	**(5.1)**	(7.6)
Proceeds from disposal of assets	**–**	0.1	**–**	0.1
Cash flows from segment operations	**$ 35.0**	$ 22.1	**$ 30.9**	$ 2.3

Sports and Entertainment

Third quarter 2017 operating results

Revenues: $11.5 million in the third quarter of 2017, a $3.7 million (47.4%) increase due primarily to:

- higher revenues from concerts and distribution, essentially due to the success of the *Saturday Night Fever* show at the Capitole de Québec;
- higher activation revenues at Event Management Gestev inc. ("Gestev").

Partially offset by:

- decreased revenues from Gestev sporting events.

Adjusted operating loss: $1.8 million in the third quarter of 2017 compared with $1.3 million in the same period of 2016. The $0.5 million unfavourable variance was due mainly to the impact of the startup of new activities, partially offset by the impact of the revenue increase.

Year-to-date operating results

Revenues: $26.9 million, a $2.1 million (8.5%) increase from the same period of 2016 due primarily to:

- net increase in revenues from concerts and distribution;
- higher activation revenues at Gestev.

Partially offset by:

- lower revenues from hockey.

Adjusted operating loss: $7.4 million in the first nine months of 2017 compared with $6.2 million in the same period of 2016. The $1.2 million unfavourable variance was due mainly to the impact of the startup of new activities, partially offset by the impact of the revenue increase.

Cash flows from operations

Quarterly cash flows from segment operations: Negative $2.0 million compared with negative $2.8 million in the third quarter of 2016 (Table 5). The $0.8 million favourable variance was due to the $1.3 million decrease in additions to property, plant and equipment and to intangible assets, partially offset by the $0.5 million increase in the adjusted operating loss.

Year-to-date cash flows from segment operations: Negative $8.1 million compared with negative $9.2 million in the first nine months of 2016 (Table 5), a $1.1 million favourable variance. A $2.3 million decrease in additions to property, plant and equipment and to intangible assets was partially offset by the $1.2 million increase in the adjusted operating loss.

Table 5: Sports and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2017	2016	**2017**	2016
Adjusted operating loss	**$ (1.8)**	$ (1.3)	**$ (7.4)**	$ (6.2)
Additions to property, plant and equipment	**(0.2)**	(0.7)	**(0.7)**	(1.9)
Additions to intangible assets	**–**	(0.8)	**–**	(1.1)
Cash flows from segment operations	**$ (2.0)**	$ (2.8)	**$ (8.1)**	$ (9.2)

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

Third quarter 2017

Cash flows provided by continuing operating activities: $383.8 million in the third quarter of 2017 compared with $341.9 million in the same period of 2016.

- The $41.9 million increase was primarily due to:
  - $48.8 million decrease in current income taxes;
  - $15.7 million and $11.3 million increases in adjusted operating income in the Telecommunications and Media segments respectively;
  - $7.5 million decrease in the cash portion of financial expenses.

  Partially offset by:
  - $37.4 million unfavourable change in non-cash operating assets and liabilities, including the unfavourable variance in income tax payable;
  - $5.5 million unfavourable variance in the cash portion of restructuring of operations, litigation and other items.

Year to date

Cash flows provided by continuing operating activities: $882.9 million in the first nine months of 2017 compared with $814.2 million in the same period of 2016.

- The $68.7 million increase was primarily due to:
  - $116.0 million decrease in current income taxes due primarily to recognition of tax benefits;
  - $60.4 million and $19.5 million increases in adjusted operating income in the Telecommunications and Media segments respectively;
  - $12.2 million decrease in the cash portion of financial expenses;
  - $7.9 million favourable variance in the cash portion of restructuring of operations, litigation and other items.

  Partially offset by:
  - $141.3 million unfavourable change in non-cash operating assets and liabilities, due primarily to unfavourable variances in income tax payable, provisions and inventory in the Telecommunications segment.

Increased profitability in the Telecommunications and Media segments, as well as recognition of tax benefits and reduced financial expenses, had a favourable impact on cash flows provided by continuing operating activities in the first nine months of 2017, while variances in inventory and a decrease in provisions in the Telecommunications segment had an unfavourable impact.

Working capital: $483.2 million at September 30, 2017 compared with negative $386.8 million at December 31, 2016. The $870.0 million favourable variance was mainly due to the impact of receipt of the proceeds from disposal of spectrum licences in the total amount of $614.2 million, as well as an increase in cash and cash equivalents and a decrease in accounts payable, accrued charges, provisions and income tax payable, from cash flows provided by continuing operating activities.

Investing activities

Third quarter 2017

Additions to property, plant and equipment: $142.3 million in the third quarter of 2017 compared with $163.8 million in the same period of 2016. The $21.5 million decrease was due to reduced investment in 4Degrees Colocation and in the LTE network.

Additions to intangible assets: $30.5 million in the third quarter of 2017 compared with $32.4 million in the same period of 2016, a $1.9 million decrease.

Proceeds from disposal of assets: $432.7 million in the third quarter of 2017 compared with $1.3 million in the same period of 2016.

- In the third quarter of 2017, Videotron sold its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw for a cash consideration of $430.0 million.

Year to date

Additions to property, plant and equipment: $465.0 million in the first nine months of 2017 compared with $541.1 million in the same period of 2016. The $76.1 million decrease was due to the same factors as those noted above in the discussion of third quarter 2017 results.

Additions to intangible assets: $93.6 million in the first nine months of 2017 compared with $104.2 million in the same period of 2016. The Telecommunications segment accounted for the largest part of the $10.6 million decrease.

Proceeds from disposal of assets: $618.0 million in the first nine months of 2017 compared with $2.3 million in the same period of 2016.

- In the first nine months of 2017, Videotron sold its AWS-1 spectrum licence in the Metropolitan Toronto area to Rogers for a cash consideration of $184.2 million, and its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw for a cash consideration of $430.0 million.

Business acquisitions: $5.8 million in the first nine months of 2017 compared with $119.1 million in the same period of 2016.

- In the first nine months of 2017, business acquisitions consisted mainly of payment of the $5.6 million balance payable on the acquisition of Fibrenoire by the Telecommunications segment.
- In the first nine months of 2016, business acquisitions essentially consisted of the acquisition of Fibrenoire by the Telecommunications segment.

Business disposals: $3.0 million in the first nine months of 2016 consisting of the balance of the selling price of Archambault Group Inc.'s retail operations.

Free cash flows from continuing operating activities

Third quarter 2017

Free cash flows from continuing operating activities: $213.7 million in the third quarter of 2017 compared with $147.0 million in the same period of 2016 (Table 6).

- The $66.7 million favourable variance was mainly due to:
  - $41.9 million increase in cash flows provided by continuing operating activities;
  - $23.4 million decrease in additions to property, plant and equipment and to intangible assets.

Year to date

Free cash flows from continuing operating activities: $328.1 million in the first nine months of 2017 compared with $171.2 million in the same period of 2016 (Table 6).

- The $156.9 million favourable variance was mainly due to:
  - $86.7 million decrease in additions to property, plant and equipment and to intangible assets;
  - $68.7 million increase in cash flows provided by continuing operating activities.

Table 6
Cash flows provided by continuing operating activities reported in the condensed consolidated financial statements and free cash flows from continuing operating activities
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Adjusted operating income (loss):				
Telecommunications	**$ 379.3**	$ 363.6	**$ 1,145.2**	$ 1,084.8
Media	**45.8**	34.5	**58.2**	38.7
Sports and Entertainment	**(1.8)**	(1.3)	**(7.4)**	(6.2)
Head Office	**(1.5)**	(3.5)	**(11.7)**	(6.7)
	421.8	393.3	**1,184.3**	1,110.6
Cash interest expense[1]	**(67.4)**	(74.9)	**(208.0)**	(220.2)
Cash portion related to restructuring of operations, litigation and other items[2]	**(6.7)**	(1.2)	**(7.3)**	(15.2)
Current income taxes	**(2.4)**	(51.2)	**(14.5)**	(130.5)
Other	**(0.4)**	(0.4)	**2.5**	2.3
Net change in non-cash balances related to operating activities	**38.9**	76.3	**(74.1)**	67.2
Cash flows provided by continuing operating activities	**383.8**	341.9	**882.9**	814.2
Additions to property, plant and equipment and to intangible assets, less proceeds from disposal of assets (excluding proceeds from disposal of licences):				
Telecommunications	**(158.9)**	(179.5)	**(525.2)**	(599.0)
Media	**(10.8)**	(12.4)	**(27.3)**	(36.4)
Sports and Entertainment	**(0.2)**	(1.5)	**(0.7)**	(3.0)
Head Office	**(0.2)**	(1.5)	**(1.6)**	(4.6)
	(170.1)	(194.9)	**(554.8)**	(643.0)
Free cash flows from continuing operating activities	**$ 213.7**	$ 147.0	**$ 328.1**	$ 171.2

1 Interest on long-term debt, interest on net defined benefit liability, impact of foreign currency translation on short-term monetary items and other financial expenses (*see* Note 4 to the condensed consolidated financial statements).

2 Restructuring of operations, litigation and other items (*see* Note 6 to the condensed consolidated financial statements).

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $367.6 million decrease in the first nine months of 2017. $239.8 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Debt was reduced in the first nine months of 2017 primarily for the following reasons:
  - Redemption by Quebecor Media on May 1, 2017 of the entirety of its outstanding 7.375% Senior Notes issued on January 5, 2011 and maturing on January 15, 2021, in the aggregate principal amount of $325.0 million, at a redemption price of 102.458% of their principal amount;
  - Redemption by Videotron on January 5, 2017 and May 1, 2017 of $300.0 million aggregate principal amount of its outstanding 6.875% Senior Notes issued on July 5, 2011 and maturing on July 15, 2021 at a redemption price of 103.438% of their principal amount;
  - $209.3 million reduction in Videotron's drawings on its secured revolving credit facility;
  - $303.9 million favourable impact of exchange rate fluctuations. The consolidated debt reduction attributable to this item was offset by a decrease in the asset (or increase in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments";
  - Total $18.9 million reduction in bank indebtedness of Videotron and Quebecor Media;
  - Current payments totalling $12.3 million on the term loan facilities of Videotron, TVA Group and Quebecor Media.
- Additions to debt during the same period essentially consisted of:
  - Issuance by Videotron on April 13, 2017 of US$600.0 million aggregate principal amount of 5.125% Senior Notes maturing on April 15, 2027, for net proceeds of $794.5 million, net of financing fees of $9.9 million.
- Assets and liabilities related to derivative financial instruments totalled a net asset of $568.9 million at September 30, 2017 compared with $808.7 million at December 31, 2016. The $239.8 million net unfavourable variance was mainly due to:
  - unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments.

  Partially offset by:
  - favourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On July 6, 2017, Quebecor Media repurchased for cancellation 541,899 of its Common Shares held by CDP Capital for an aggregate purchase price of $37.7 million, payable in cash. On the same date, Quebecor Media also paid off a security held by CDP Capital for $6.2 million. The $23.3 million excess of the purchase price of the common shares and the security over their carrying value was recorded as an increase in the deficit.
- On May 4, 2017, Videotron transferred all then-existing commitments under its unsecured revolving credit facility to its secured revolving credit facility, thereby increasing its secured facility from $630.0 million to $965.0 million and terminating its unsecured facility.

Financial Position

Net available liquidity: $1.98 billion at September 30, 2017 for Quebecor Media and its wholly owned subsidiaries, consisting of $712.6 million in cash and cash equivalents and $1.27 billion in available unused revolving credit facilities.

Consolidated debt (long-term debt plus bank indebtedness): $5.29 billion at September 30, 2017, a $367.6 million decrease compared with December 31, 2016; $239.8 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see “Financing activities” above).

- Consolidated debt essentially consisted of Videotron’s $3.26 billion debt ($3.17 billion at December 31, 2016); TVA Group’s $65.0 million debt ($69.1 million at December 31, 2016); and Quebecor Media’s $1.97 billion debt ($2.41 billion at December 31, 2016).

As of September 30, 2017, minimum principal payments on long-term debt in the coming years were as follows:

Table 7
Minimum principal payments on Quebecor Media’s long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2018	$ 24.0
2019	14.9
2020	455.6
2021	–
2022	997.8
2023 and thereafter	3,831.7
Total	**$ 5,324.0**

From time to time, Quebecor Media may (but is under no obligation to) seek to retire or purchase its outstanding Senior Notes in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on its liquidity position and requirements, prevailing market conditions, contractual restrictions and other factors. The amounts involved may be material.

The weighted average term of Quebecor Media’s consolidated debt was approximately 6.4 years as of September 30, 2017 (6.1 years as of December 31, 2016). As at September 30, 2017, after taking into account the hedging instruments, the debt consisted of approximately 88.1 % fixed-rate debt (83.7 % as of December 31, 2016) and 11.9 % floating-rate debt (16.3 % as of December 31, 2016).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions and dividend payments (or distribution of capital). The Corporation has access to cash flows generated by its subsidiaries through dividends (or distributions) and cash advances paid by its wholly owned subsidiaries. The Corporation believes it will be able to meet future debt maturities, which are staggered over the coming years.

Pursuant to its financing agreements, the Corporation is required to maintain certain financial ratios. The key indicators listed in those financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted operating income). At September 30, 2017, the Corporation was in compliance with all required financial ratios.

Dividend

- On August 9, 2017, the Board of Directors of Quebecor Media declared a $25.0 million dividend which was paid to shareholders on August 10, 2017.
- On November 8, 2017, the Board of Directors of Quebecor Media declared a $25.0 million dividend which was paid to shareholders on November 9, 2017.

Board of Directors

On August 7, 2017, the Board of Directors received the resignation of Geneviève Marcon, a Director of Quebecor Media since 2013 and a member of the Human Resources and Corporate Governance Committee.

On September 28, 2017, Andrea C. Martin was named a Director of Quebecor Media, and a member of the Corporation’s Human Resources and Corporate Governance Committee.

Analysis of consolidated balance sheet at September 30, 2017

Table 8
Consolidated balance sheet of Quebecor Media
Analysis of main differences between September 30, 2017 and December 31, 2016
(in millions of Canadian dollars)

	Sept. 30, 2017	Dec. 31, 2016	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	**740.4**	20.7	719.7	Receipt of proceeds from the disposal of spectrum licences and cash flows generated by continuing operating activities
Income taxes[1]	**12.2**	(28.3)	40.5	Recognition of tax benefits
Property, plant and equipment	**3,548.5**	3,562.5	(14.0)	Depreciation for the period net of additions to property, plant and equipment on an accrual basis
Intangible assets	**933.9**	1,224.0	(290.1)	Sale of spectrum licences and impairment of intangible assets
Goodwill	**2,695.8**	2,725.4	(29.6)	Goodwill impairment in the Media segment
Derivative financial instruments[2]	**568.9**	808.7	(239.8)	See “Financing activities”
Liabilities				
Accounts payable and accrued charges	**670.8**	690.9	(20.1)	Impact of current variances in activity
Provisions	**24.1**	69.3	(45.2)	Settlement of disputes
Long-term debt, including short-term portion and bank indebtedness	**5,289.4**	5,657.0	(367.6)	See “Financing activities”
Deferred income tax[3]	**577.7**	524.3	53.4	Net deferred income tax expenses reported under income and other comprehensive income

1 Current assets less current liabilities.
2 Long-term assets less long-term liabilities.
3 Long-term liabilities less long-term assets.

ADDITIONAL INFORMATION

Contractual Obligations

At September 30, 2017, material contractual obligations of operating activities included: capital repayment 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 9 below shows a summary of these contractual obligations.

Table 9
Contractual obligations of Quebecor Media as of September 30, 2017
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 5,324.0**	$ 24.0	$ 470.5	$ 997.8	$ 3,831.7
Interest payments[2]	**1,715.7**	196.1	547.2	513.3	459.1
Operating leases	**260.6**	51.1	69.7	33.6	106.2
Additions to property, plant and equipment and other commitments	**1,394.0**	223.0	307.4	275.7	587.9
Derivative financial instruments[3]	**(541.3)**	(20.0)	(67.9)	(195.1)	(258.3)
Total contractual obligations	**$ 8,153.0**	**$ 474.2**	**$ 1,326.9**	**$ 1,625.3**	**$ 4,726.6**

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 rate risk, embedded derivatives and financing fees.

2 Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of September 30, 2017.

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

Related Party Transactions

The following describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. The Corporation believes that each of the transactions described below was on terms no less favourable to Quebecor Media than could have been obtained from independent third parties.

Operating transactions

During the third quarter of 2017, the Corporation made purchases and incurred rent charges with the parent corporation and affiliated companies in the amount of $2.3 million ($2.3 million in the same period of 2016), which are included in purchase of goods and services. The Corporation made sales to an affiliated corporation in the amount of $1.0 million ($0.5 million in the same period of 2016). These transactions were accounted for at the consideration agreed between the parties.

During the first nine months of 2017, the Corporation made purchases and incurred rent charges with the parent corporation and affiliated companies in the amount of $6.9 million ($6.8 million in the same period of 2016), which are included in purchase of goods and services. The Corporation made sales to an affiliated corporation in the amount of $2.0 million ($2.1 million in the same period of 2016). These transactions were accounted for at the consideration agreed between the parties.

Management arrangements

The parent corporation has entered into management arrangements with the Corporation. Under these management arrangements, the parent corporation and the Corporation provide management services to each other on a cost-reimbursement basis. The expenses subject to reimbursement include the salaries of the Corporation's executive officers, who also serve as executive officers of the parent corporation.

During the third quarter of 2017, the Corporation received an amount of $0.6 million, which is included as a reduction in employee costs ($0.6 million in the same period of 2016), and incurred management fees of $0.7 million ($0.7 million in the same period of 2016) with shareholders.

During the first nine months of 2017, the Corporation received an amount of $1.7 million, which is included as a reduction in employee costs ($1.6 million in the same period of 2016), and incurred management fees of $2.0 million ($2.0 million in the same period of 2016) with shareholders.

Financial Instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities, long-term debt, and derivative financial instruments.

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

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

The carrying value and fair value of long term debt and derivative financial instruments as of September 30, 2017 and December 31, 2016 are as follows:

Table 10
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

	September 30, 2017		December 31, 2016	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1,2]	**$ (5,324.0)**	**$ (5,685.5)**	$ (5,669.9)	$ (5,835.5)
Derivative financial instruments				
Early settlement options	**–**	**–**	0.4	0.4
Foreign exchange forward contracts[3]	**(7.9)**	**(7.9)**	2.5	2.5
Interest rate swaps	**–**	**–**	(0.3)	(0.3)
Cross-currency interest rate swaps[3]	**576.8**	**576.8**	806.5	806.5

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.

2 The fair value of long-term debt does not include the fair value of early settlement options, which is presented separately in the table.

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

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

The fair value of early settlement options recognized as embedded derivatives is determined by option pricing models using market inputs, including volatility, discount factors and the underlying instrument's adjusted implicit interest rate and credit premium.

The losses on valuation and translation of financial instruments for the third quarters and the first nine months of 2017 and 2016 are summarized in Table 11.

Table 11
Loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Loss on the ineffective portion of fair value hedges	**$ 0.9**	$ 0.7	**$ 2.4**	$ 0.6
Loss on the ineffective portion of cash flow hedges	**–**	0.1	**–**	0.2
Gain on embedded derivatives related to long term debt	**–**	(0.1)	**(0.6)**	(0.2)
	$ 0.9	$ 0.7	**$ 1.8**	$ 0.6

Gains on cash flow hedges of $35.8 million and $63.8 million were recorded under "Other comprehensive income" in the third quarter and first nine months of 2017 respectively (loss of $20.7 million and gain of $25.5 million in the third quarter and first nine months of 2016 respectively).

Cautionary Statement regarding Forward-Looking Statements

This report contains forward-looking statements with respect to the Corporation's financial condition, results of operations, business, and certain of its plans and objectives. These forward-looking statements are made pursuant to the "Safe Harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which the Corporation operates, as well as beliefs and assumptions made by its management. Such statements include, in particular, statements about the Corporation's plans, prospects, financial position and business strategies. Words such as "may," "will," "expect," "continue," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "seek," or the negatives of those terms or variations of them or similar terminology, are intended to identify such forward-looking statements. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: the Corporation's anticipated business strategies; anticipated trends in its business; anticipated reorganizations of any of its segments or businesses, and any related restructuring provisions or impairment charges; and its ability to continue to control costs. The Corporation can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor Media's ability to successfully continue developing its network and facilities-based mobile services;
- general economic, financial or market conditions and variations in the Telecommunications, Media and Sports and Entertainment businesses of Quebecor Media;
- the intensity of competitive activity in the industries in which Quebecor Media operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour toward Quebecor Media's product suite;
- unanticipated higher capital spending required to deploy its network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor Media's business;
- Quebecor Media's ability to implement successfully its business and operating strategies and manage its growth and expansion;
- disruptions to the network through which Quebecor Media provides its digital television, Internet access, telephony and *club illico* services, and its ability to protect such services from piracy, unauthorized access or other security breaches;

- 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 Media's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor Media'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 Media's interest payment requirements on long-term debt.

The Corporation cautions investors and others that the above list of cautionary statements is not exhaustive. These and other factors are discussed in further detail in the Annual Report on Form 20-F under "Item 3. Key Information – B. Risk Factors". Each of these forward-looking statements speaks only as of the date of this report. The Corporation disclaims any obligation to update these statements unless applicable securities laws require it to do so. The Corporation advises investors and others to consult any documents it may file with or furnish to the U.S. Securities and Exchange Commission.

QUEBECOR MEDIA INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of Canadian dollars)
(unaudited)

	Note	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Revenues	2	**$ 1,034.7**	$ 998.3	**$ 3,063.2**	$ 2,966.2
Employee costs	3	**169.0**	165.5	**534.3**	528.0
Purchase of goods and services	3	**443.9**	439.5	**1,344.6**	1,327.6
Depreciation and amortization		**174.6**	161.5	**516.4**	483.7
Financial expenses	4	**69.1**	76.7	**213.1**	225.4
Loss on valuation and translation of financial instruments	5	**0.9**	0.7	**1.8**	0.6
Restructuring of operations, litigation and other items	6	**6.7**	1.2	**7.3**	15.2
Gain on sale of spectrum licences	7	**(243.1)**	-	**(330.9)**	-
Impairment of goodwill and other assets	8	**43.5**	40.9	**43.8**	40.9
Loss on debt refinancing	10	**-**	-	**15.6**	-
Income before income taxes		**370.1**	112.3	**717.2**	344.8
Income taxes (recovery):	7				
Current		**2.4**	51.2	**14.5**	130.5
Deferred		**63.3**	(11.0)	**80.9**	(27.2)
		65.7	40.2	**95.4**	103.3
Income from continuing operations		**304.4**	72.1	**621.8**	241.5
Income from discontinued operations		**5.9**	-	**14.3**	-
Net income		**$ 310.3**	$ 72.1	**$ 636.1**	$ 241.5
Income (loss) from continuing operations attributable to					
Shareholders		**$ 309.2**	$ 82.3	**$ 629.7**	$ 255.9
Non-controlling interests		**(4.8)**	(10.2)	**(7.9)**	(14.4)
Net income (loss) attributable to					
Shareholders		**$ 315.1**	$ 82.3	**$ 644.0**	$ 255.9
Non-controlling interests		**(4.8)**	(10.2)	**(7.9)**	(14.4)

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars) (unaudited)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Income from continuing operations	**$ 304.4**	$ 72.1	**$ 621.8**	$ 241.5
Other comprehensive income (loss) from continuing operations:				
Items that may be reclassified to income:				
Cash flow hedges:				
Gain (loss) on valuation of derivative financial instruments	**35.8**	(20.7)	**63.8**	25.5
Deferred income taxes	**0.5**	(1.6)	**25.5**	17.6
Items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain (loss)	**-**	18.0	**-**	(121.0)
Deferred income taxes	**-**	(4.8)	**-**	32.3
	36.3	(9.1)	**89.3**	(45.6)
Comprehensive income from continuing operations	**340.7**	63.0	**711.1**	195.9
Income from discontinued operations	**5.9**	-	**14.3**	-
Comprehensive income	**$ 346.6**	$ 63.0	**$ 725.4**	$ 195.9
Comprehensive income (loss) from continuing operations attributable to				
Shareholders	**$ 345.5**	$ 72.0	**$ 719.0**	$ 214.9
Non-controlling interests	**(4.8)**	(9.0)	**(7.9)**	(19.0)
Comprehensive income (loss) attributable to				
Shareholders	**$ 351.4**	$ 72.0	**$ 733.3**	$ 214.9
Non-controlling interests	**(4.8)**	(9.0)	**(7.9)**	(19.0)

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended September 30, 2017

	Telecommunications	Media	Sports and Entertainment	Head office and Inter-segments	Total
Revenues	**$ 823.7**	**$ 231.6**	**$ 11.5**	**$ (32.1)**	**$1,034.7**
Employee costs	**92.7**	**62.1**	**3.6**	**10.6**	**169.0**
Purchase of goods and services	**351.7**	**123.7**	**9.7**	**(41.2)**	**443.9**
Adjusted operating income[1]	**379.3**	**45.8**	**(1.8)**	**(1.5)**	**421.8**
Depreciation and amortization					**174.6**
Financial expenses					**69.1**
Loss on valuation and translation of financial instruments					**0.9**
Restructuring of operations, litigation and other items					**6.7**
Gain on sale of spectrum licences					**(243.1)**
Impairment of goodwill and other assets					**43.5**
Income before income taxes					**$ 370.1**
Additions to property, plant and equipment	**$ 132.9**	**$ 9.4**	**$ 0.2**	**$ (0.2)**	**$ 142.3**
Additions to intangible assets	**28.6**	**1.4**	**-**	**0.5**	**30.5**

Three months ended September 30, 2016

	Telecommunications	Media	Sports and Entertainment	Head office and Inter-segments	Total
Revenues	$ 793.7	$ 221.7	$ 7.8	$ (24.9)	$ 998.3
Employee costs	88.6	60.6	2.4	13.9	165.5
Purchase of goods and services	341.5	126.6	6.7	(35.3)	439.5
Adjusted operating income[1]	363.6	34.5	(1.3)	(3.5)	393.3
Depreciation and amortization					161.5
Financial expenses					76.7
Loss on valuation and translation of financial instruments					0.7
Restructuring of operations, litigation and other items					1.2
Impairment of goodwill and other assets					40.9
Income before income taxes					$ 112.3
Additions to property, plant and equipment	$ 152.0	$ 10.1	$ 0.7	$ 1.0	$ 163.8
Additions to intangible assets	28.7	2.4	0.8	0.5	32.4

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
SEGMENTED INFORMATION (continued)

(in millions of Canadian dollars)
(unaudited)

	Nine months ended September 30, 2017				
	Telecommunications	**Media**	**Sports and Entertainment**	**Head office and Inter-segments**	**Total**
Revenues	**$ 2,443.7**	**$ 673.4**	**$ 26.9**	**$ (80.8)**	**$3,063.2**
Employee costs	**291.6**	**195.2**	**10.0**	**37.5**	**534.3**
Purchase of goods and services	**1,006.9**	**420.0**	**24.3**	**(106.6)**	**1,344.6**
Adjusted operating income[1]	**1,145.2**	**58.2**	**(7.4)**	**(11.7)**	**1,184.3**
Depreciation and amortization					**516.4**
Financial expenses					**213.1**
Loss on valuation and translation of financial instruments					**1.8**
Restructuring of operations, litigation and other items					**7.3**
Gain on sale of spectrum licences					**(330.9)**
Impairment of goodwill and other assets					**43.8**
Loss on debt refinancing					**15.6**
Income before income taxes					**$ 717.2**
Additions to property, plant and equipment	**$ 441.9**	**$ 22.2**	**$ 0.7**	**$ 0.2**	**$ 465.0**
Additions to intangible assets	**87.0**	**5.1**	**-**	**1.5**	**93.6**

	Nine months ended September 30, 2016				
	Telecommunications	Media	Sports and Entertainment	Head office and Inter-segments	Total
Revenues	$ 2,346.6	$ 672.0	$ 24.8	$ (77.2)	$ 2,966.2
Employee costs	283.7	198.6	8.1	37.6	528.0
Purchase of goods and services	978.1	434.7	22.9	(108.1)	1,327.6
Adjusted operating income[1]	1,084.8	38.7	(6.2)	(6.7)	1,110.6
Depreciation and amortization					483.7
Financial expenses					225.4
Loss on valuation and translation of financial instruments					0.6
Restructuring of operations, litigation and other items					15.2
Impairment of goodwill and other assets					40.9
Income before income taxes					$ 344.8
Additions to property, plant and equipment	$ 507.9	$ 28.9	$ 1.9	$ 2.4	$ 541.1
Additions to intangible assets	93.3	7.6	1.1	2.2	104.2

[1] The Chief Executive Officer uses adjusted operating income as the measure of profit to assess the performance of each segment. Adjusted operating income is referred as a non-IFRS measure and is defined as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations, litigation and other items, gain on sale of spectrum licences, impairment of goodwill and other assets, loss on debt refinancing, income taxes and income from discontinued operations.

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

	Equity attributable to shareholders					
	Capital stock	Contributed surplus	Deficit	Accumulated other comprehensive loss	Equity attributable to non-controlling interests	Total equity
	(note 11)			(note 13)		
Balance as of December 31, 2015	$ 3,801.4	$ 1.3	$ (2,334.8)	$ (136.0)	$ 100.9	$ 1,432.8
Net income (loss)	-	-	255.9	-	(14.4)	241.5
Other comprehensive loss	-	-	-	(41.0)	(4.6)	(45.6)
Dividends	-	-	-	-	(0.1)	(0.1)
Reduction of paid-up capital	(75.0)	-	-	-	-	(75.0)
Balance as of September 30, 2016	3,726.4	1.3	(2,078.9)	(177.0)	81.8	1,553.6
Net income	-	-	96.1	-	1.8	97.9
Other comprehensive income	-	-	-	47.5	7.3	54.8
Dividends	-	-	-	-	(0.1)	(0.1)
Reduction of paid-up capital	(25.0)	-	-	-	-	(25.0)
Balance as of December 31, 2016	3,701.4	1.3	(1,982.8)	(129.5)	90.8	1,681.2
Net income (loss)	-	-	644.0	-	(7.9)	636.1
Other comprehensive income	-	-	-	89.3	-	89.3
Dividends	-	-	(25.0)	-	-	(25.0)
Reduction of paid-up capital	(50.0)	-	-	-	-	(50.0)
Repurchase of shares (note 11)	(20.6)	-	(23.3)	-	-	(43.9)
Balance as of September 30, 2017	**$ 3,630.8**	**$ 1.3**	**$ (1,387.1)**	**$ (40.2)**	**$ 82.9**	**$ 2,287.7**

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	Note	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Cash flows related to operating activities					
Income from continuing operations		**$ 304.4**	$ 72.1	**$ 621.8**	$ 241.5
Adjustments for:					
Depreciation of property, plant and equipment		**147.9**	137.7	**438.6**	411.6
Amortization of intangible assets		**26.7**	23.8	**77.8**	72.1
Loss on valuation and translation of financial instruments	5	**0.9**	0.7	**1.8**	0.6
Gain on sale of spectrum licences	7	**(243.1)**	-	**(330.9)**	-
Impairment of goodwill and other assets	8	**43.5**	40.9	**43.8**	40.9
Loss on debt refinancing	10	**-**	-	**15.6**	-
Amortization of financing costs and long-term debt discount	4	**1.7**	1.8	**5.1**	5.2
Deferred income taxes		**63.3**	(11.0)	**80.9**	(27.2)
Other		**(0.4)**	(0.4)	**2.5**	2.3
		344.9	265.6	**957.0**	747.0
Net change in non-cash balances related to operating activities		**38.9**	76.3	**(74.1)**	67.2
Cash flows provided by continuing operating activities		**383.8**	341.9	**882.9**	814.2
Cash flows related to investing activities					
Business acquisitions	9	**-**	-	**(5.8)**	(119.1)
Business disposals		**-**	-	**-**	3.0
Additions to property, plant and equipment		**(142.3)**	(163.8)	**(465.0)**	(541.1)
Additions to intangible assets		**(30.5)**	(32.4)	**(93.6)**	(104.2)
Proceeds from disposal of assets	7	**432.7**	1.3	**618.0**	2.3
Acquisition of tax deductions from the parent company		**-**	-	**-**	(8.4)
Other		**(4.5)**	13.0	**(4.7)**	13.3
Cash flows provided by (used in) continuing investing activities		**255.4**	(181.9)	**48.9**	(754.2)
Cash flows related to financing activities					
Net change in bank indebtedness		**(7.5)**	(20.4)	**(18.9)**	(1.1)
Net change under revolving credit facilities		**(6.8)**	(99.3)	**(209.3)**	29.6
Issuance of long-term debt, net of financing fees	10	**-**	-	**794.5**	-
Repayment of long-term debt	10	**(2.4)**	(1.9)	**(655.7)**	(11.4)
Settlement of hedging contracts		**-**	-	**(3.2)**	3.6
Repurchase of Common Shares	11	**(43.9)**	-	**(43.9)**	-
Reduction of paid-up capital	11	**-**	(25.0)	**(50.0)**	(75.0)
Dividends		**(25.0)**	-	**(25.0)**	-
Dividends paid to non-controlling interests		**-**	-	**-**	(0.1)
Cash flows used in continuing financing activities		**(85.6)**	(146.6)	**(211.5)**	(54.4)
Net change in cash and cash equivalents from continuing operations		**553.6**	13.4	**720.3**	5.6
Cash flows used in discontinued operations		**(0.3)**	-	**(0.6)**	-
Cash and cash equivalents at beginning of period		**187.1**	10.8	**20.7**	18.6
Cash and cash equivalents at end of period		**$ 740.4**	$ 24.2	**$ 740.4**	$ 24.2
Cash and cash equivalents consist of					
Cash		**$ 738.7**	$ 22.7	**$ 738.7**	$ 22.7
Cash equivalents		**1.7**	1.5	**1.7**	1.5
		$ 740.4	$ 24.2	**$ 740.4**	$ 24.2
Interest and taxes reflected as operating activities					
Cash interest payments		**$ 39.1**	$ 41.7	**$ 171.1**	$ 185.1
Cash income tax payments (net of refunds)		**1.1**	14.0	**57.5**	77.9

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	Note	**September 30 2017**	December 31 2016
Assets			
Current assets			
Cash and cash equivalents		**$ 740.4**	$ 20.7
Accounts receivable		**542.7**	525.0
Income taxes		**25.8**	6.9
Amounts receivable from the parent corporation		**0.7**	-
Inventories		**196.9**	183.3
Prepaid expenses		**64.9**	52.9
		1,571.4	788.8
Non-current assets			
Property, plant and equipment		**3,548.5**	3,562.5
Intangible assets	7	**933.9**	1,224.0
Goodwill		**2,695.8**	2,725.4
Derivative financial instruments		**620.6**	809.0
Deferred income taxes		**36.0**	16.0
Other assets		**91.2**	91.7
		7,926.0	8,428.6
Total assets		**$ 9,497.4**	$ 9,217.4
Liabilities and equity			
Current liabilities			
Bank indebtedness		**$ -**	$ 18.9
Accounts payable and accrued charges		**670.8**	690.9
Provisions		**24.1**	69.3
Deferred revenue		**355.7**	339.7
Income taxes		**13.6**	35.2
Amounts payable to the parent corporation		**-**	0.7
Current portion of long-term debt	10	**24.0**	20.9
		1,088.2	1,175.6
Non-current liabilities			
Long-term debt	10	**5,265.4**	5,617.2
Derivative financial instruments		**51.7**	0.3
Other liabilities		**190.7**	202.8
Deferred income taxes		**613.7**	540.3
		6,121.5	6,360.6
Equity			
Capital stock	11	**3,630.8**	3,701.4
Contributed surplus		**1.3**	1.3
Deficit		**(1,387.1)**	(1,982.8)
Accumulated other comprehensive loss	13	**(40.2)**	(129.5)
Equity attributable to shareholders		**2,204.8**	1,590.4
Non-controlling interests		**82.9**	90.8
		2,287.7	1,681.2
Total liabilities and equity		**$ 9,497.4**	$ 9,217.4

See accompanying notes to condensed consolidated financial statements.

Quebecor Media Inc. (“Quebecor Media” or the “Corporation”) is incorporated under the laws of Québec and is a subsidiary of Quebecor Inc. (“Quebecor” or the “parent corporation”). Unless the context otherwise requires, Quebecor Media or the Corporation refer to Quebecor Media and its subsidiaries. The Corporation’s head office and registered office is located at 612 rue Saint-Jacques, Montréal (Québec), Canada.

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers television distribution, Internet access, business solutions (including data centers), cable and mobile telephony and over-the-top video services in Canada and is engaged in the rental of movies, televisual products and video games through its video-on-demand service and video rental stores. The operations of the Media segment in Québec include the operation of an over-the-air television network and specialty television services, the operation of soundstage and equipment leasing and post-production services for the film and television industries, the printing, publishing and distribution of daily newspapers, the operation of Internet portals and specialized Web sites, the publishing of books and magazines, the distribution of books, magazines and movies, the distribution and production of music, and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass the operation and management of the Videotron Centre in Québec City, show production, sporting and cultural events management, and the operation of two Quebec Major Junior Hockey League teams.

The Media segment experiences significant seasonality due, among other factors, to seasonal advertising patterns and influences on people’s viewing, reading and listening habits. Because the Media segment depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results due to the seasonality of certain operations.

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation’s 2016 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor Media on November 8, 2017.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2017.

(tabular amounts in millions of Canadian dollars, except for option data)

2. REVENUES

The breakdown of revenues between services rendered and product sales is as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Services rendered	**$ 950.4**	$ 896.5	**$ 2,825.6**	$ 2,713.6
Product sales	**84.3**	101.8	**237.6**	252.6
	$ 1,034.7	$ 998.3	**$ 3,063.2**	$ 2,966.2

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components of employee costs and purchase of goods and services are as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Employee costs	**$ 209.8**	$ 208.9	**$ 673.0**	$ 664.3
Less employee costs capitalized to property, plant and equipment and intangible assets	**(40.8)**	(43.4)	**(138.7)**	(136.3)
	169.0	165.5	**534.3**	528.0
Purchase of goods and services:				
Royalties, rights and creation costs	**150.3**	154.3	**506.2**	520.0
Cost of products sold	**97.4**	99.8	**266.0**	248.9
Service contracts	**44.6**	42.9	**129.6**	126.7
Marketing, circulation and distribution expenses	**27.8**	29.5	**79.8**	84.2
Building expenses	**24.9**	20.6	**73.9**	69.0
Other	**98.9**	92.4	**289.1**	278.8
	443.9	439.5	**1,344.6**	1,327.6
	$ 612.9	$ 605.0	**$ 1,878.9**	$ 1,855.6

(tabular amounts in millions of Canadian dollars, except for option data)

4. FINANCIAL EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Interest on long-term debt	**$ 68.3**	$ 71.9	**$ 206.0**	$ 214.9
Amortization of financing costs and long-term debt discount	**1.7**	1.8	**5.1**	5.2
Interest on net defined benefit liability	**1.5**	1.7	**4.4**	5.0
(Gain) loss on foreign currency translation on short-term monetary items	**(1.5)**	0.5	**(2.2)**	(0.5)
Other	**(0.9)**	0.8	**(0.2)**	0.8
	$ 69.1	$ 76.7	**$ 213.1**	$ 225.4

5. LOSS ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Loss on the ineffective portion of fair value hedges	**$ 0.9**	$ 0.7	**$ 2.4**	$ 0.6
Loss on the ineffective portion of cash flow hedges	**–**	0.1	**–**	0.2
Gain on embedded derivatives related to long term debt	**–**	(0.1)	**(0.6)**	(0.2)
	$ 0.9	$ 0.7	**$ 1.8**	$ 0.6

6. RESTRUCTURING OF OPERATIONS, LITIGATION AND OTHER ITEMS

During the respective three-month and nine-month periods ended September 30, 2017, net charges of $6.7 million and $7.3 million were recorded relating to various cost reduction initiatives across the Corporation, the migration of subscribers from analog to digital services in the Telecommunications segment and developments in certain legal disputes (net charges of $1.2 million and $15.2 million in 2016).

7. GAIN ON SALE OF SPECTRUM LICENCES

On June 20, 2017, Videotron Ltd. ("Videotron") sold its AWS spectrum licence in the greater Toronto region to Rogers Communications Canada Inc. for a cash consideration of $184.2 million, pursuant to the transfer option held by Videotron since 2013. The sale resulted in a gain on disposal of $87.8 million.

On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHz wireless spectrum licences outside Québec to Shaw Communications Inc. for a cash consideration of $430.0 million. The sale resulted in a gain on disposal of $243.1 million.

As a result of these transactions, tax benefits of $44.4 million, on previous years' capital losses, were recognized in the consolidated statement of income in the second quarter of 2017.

8. IMPAIRMENT OF GOODWILL AND OTHER ASSETS

During the third quarter of 2017 and 2016, the Corporation performed impairment tests of its Magazines cash generating unit ("CGU") in light of the continuous downtrend in revenues in this industry. The Corporation concluded that the recoverable amount based on a value in use was less than the carrying amount of the Magazines CGU and recorded a goodwill impairment charge of $30.0 million, including $1.5 million without any tax consequence ($40.1 million without any tax consequence in 2016), and an impairment charge of $12.4 million on intangible assets (none in 2016), including $3.1 million without any tax consequence.

During the respective three-month and nine-month periods ended September 30, 2017, impairment charges on intangible assets of $1.1 million and $1.4 million were also recorded ($0.8 million in 2016).

9. BUSINESS ACQUISITIONS

On January 7, 2016, Videotron acquired Fibrenoire inc., a company that provides businesses with fibre-optic connectivity services, for a purchase price of $125.0 million. At closing, Videotron paid an amount of $119.1 million, net of cash acquired of $1.8 million. A post-closing adjustment of $0.2 million was received in the second quarter of 2016. The purchase price balance was paid in February 2017 for an amount of $5.6 million plus interests of $0.3 million.

In the second quarter of 2017, the Corporation acquired a business for a cash consideration of $0.2 million. An amount of $0.2 million was also paid in the first quarter of 2016 relating to a prior business acquisition.

10. LONG TERM DEBT

On January 5, 2017, Videotron redeemed an aggregate principal amount of $175.0 million of its issued and outstanding 6.875% Senior Notes due July 15, 2021, at a redemption price of 103.438% of their principal amount, for a cash consideration of $181.0 million.

On April 13, 2017, Videotron issued US$600.0 million aggregate principal amount of Senior Notes bearing interest at 5.125% and maturing on April 15, 2027, for net proceeds of $794.5 million, net of financing fees of $9.9 million. The Senior Notes are unsecured and contain certain restrictions, including limitations on Videotron's ability to incur additional indebtedness, pay dividends and make other distributions. The Notes are guaranteed by specific subsidiaries of Videotron and are redeemable at the option of Videotron, in whole or in part, at a price based on a make-whole formula during the first five years of the term of the Notes and at a decreasing premium thereafter. Videotron has fully hedged the foreign currency risk associated with the new Senior Notes by using cross-currency swaps.

(tabular amounts in millions of Canadian dollars, except for option data)

10. LONG TERM DEBT (continued)

On May 1, 2017, Videotron redeemed all of its issued and outstanding 6.875% Senior Notes due July 15, 2021, in aggregate principal amount of $125.0 million, at a redemption price of 103.438% of their principal amount, for a cash consideration of $129.3 million. As a result, a loss of $5.2 million was accounted for in the first quarter of 2017.

On May 1, 2017, Quebecor Media redeemed all of its issued and outstanding 7.375% Senior Notes due January 15, 2021, in aggregate principal amount of $325.0 million, at a redemption price of 102.458% of their principal amount, for a cash consideration of $333.0 million. As a result, a loss of $10.4 million was accounted for in the first quarter of 2017.

On May 4, 2017, Videotron transferred all then existing commitments under its unsecured revolving credit facility to its secured revolving credit facility, hence increasing its secured facility from $630.0 million to $965.0 million and terminating its unsecured facility.

Components of long-term debt are as follows:

	September 30, 2017	December 31, 2016
Long-term debt	**$5,324.0**	$5,669.9
Change in fair value related to hedged interest rate risk	**7.9**	8.4
Adjustment related to embedded derivatives	**–**	0.6
Financing fees, net of amortization	**(42.5)**	(40.8)
	5,289.4	5,638.1
Less current portion	**(24.0)**	(20.9)
	$5,265.4	$5,617.2

11. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Common Shares, without par value;

An unlimited number of non-voting Cumulative First Preferred Shares, without par value; the number of preferred shares in each series and the related characteristics, rights and privileges are determined by the Board of Directors prior to each issue:

- An unlimited number of Cumulative First Preferred Shares, Series A ("Preferred A Shares"), carrying a 12.5% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;
- An unlimited number of Cumulative First Preferred Shares, Series B ("Preferred B Shares"), carrying a fixed cumulative preferential dividend, generally equivalent to the Corporation's credit facility interest rate, redeemable at the option of the holder and retractable at the option of the Corporation;
- An unlimited number of Cumulative First Preferred Shares, Series C ("Preferred C Shares"), carrying an 11.25% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

(tabular amounts in millions of Canadian dollars, except for option data)

11. CAPITAL STOCK (continued)

(a) Authorized capital stock (continued)

- An unlimited number of Cumulative First Preferred Shares, Series D ("Preferred D Shares"), carrying an 11.0% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;
- An unlimited number of Cumulative First Preferred Shares, Series F ("Preferred F Shares"), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;
- An unlimited number of Cumulative First Preferred Shares, Series G ("Preferred G Shares"), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of non-voting Preferred Shares, Series E ("Preferred E Shares"), carrying a non-cumulative dividend subsequent to the holders of Cumulative First Preferred Shares, redeemable at the option of the holder and retractable at the option of the Corporation.

(b) Issued and outstanding capital stock

	Common Shares	
	Number	Amount
Balance as of December 31, 2016	95,983,176	$ 3,701.4
Reduction of paid-up capital	–	(50.0)
Redemption	(541,899)	(20.6)
Balance as of September 30, 2017	**95,441,277**	**$ 3,630.8**

In conjunction with the sale of its AWS spectrum licence on June 20, 2017 (note 7), and in accordance with the provisions of the share repurchase agreement dated September 2015 between Quebecor Media and CDP Capital d'Amérique Investissement inc. ("CDP Capital"), Quebecor Media repurchased and cancelled, on July 6, 2017, 541,899 of its Common Shares held by CDP Capital for an amount of $37.7 million. On the same day, Quebecor Media also paid off a security held by CDP Capital for an amount of $6.2 million. The $23.3 million excess of the shares repurchase value and the security payment over the carrying value of Common Shares repurchased was recorded as an increase of the deficit.

During the nine-month period ended September 30, 2017, the Corporation reduced its paid-up capital for a cash consideration of $50.0 million.

(tabular amounts in millions of Canadian dollars, except for option data)

12. STOCK-BASED COMPENSATION PLANS

Stock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participates, for the nine-month period ended September 30, 2017:

	Outstanding options	
	Number	Weighted average exercise price
Quebecor		
As of December 31, 2016	680,000	$ 25.37
Exercised	(315,000)	25.64
Cancelled	(145,000)	25.93
As of September 30, 2017	**220,000**	**$ 24.61**
Vested options as of September 30, 2017	**188,333**	**$ 24.09**
Quebecor Media		
As of December 31, 2016	980,905	$ 61.71
Exercised	(160,378)	60.09
Cancelled	(129,900)	60.93
As of September 30, 2017	**690,627**	**$ 62.23**
Vested options as of September 30, 2017	**282,800**	**$ 58.48**
TVA Group Inc.		
As of December 31, 2016	357,632	$ 12.71
Cancelled	(104,915)	14.00
As of September 30, 2017	**252,717**	**$ 12.18**
Vested options as of September 30, 2017	**204,717**	**$ 13.31**

During the three-month period ended September 30, 2017, 25,000 stock options of Quebecor were exercised for a cash consideration of $0.6 million (none in 2016) and 101,728 stock options of Quebecor Media were exercised for a cash consideration of $2.7 million (167,000 stock options for $2.2 million in 2016). During the nine-month period ended September 30, 2017, 315,000 stock options of Quebecor were exercised for a cash consideration of $4.7 million (none in 2016) and 160,378 stock options of Quebecor Media were exercised for a cash consideration of $4.0 million (246,461 stock options for $3.6 million in 2016).

(tabular amounts in millions of Canadian dollars, except for option data)

12. STOCK-BASED COMPENSATION PLANS (continued)

Mid-term stock-based compensation plan

Under the mid-term stock-based compensation plan, participants are entitled to receive a cash payment at the end of a three-year period based on the appreciation of the Quebecor Class B Share price, and subject to the achievement of certain non-market performance criteria. The following table provides details of changes to outstanding units in the mid-term stock-based compensation plan for the nine-month period ended September 30, 2017:

	Outstanding units	
	Units	Weighted average exercise price
Balance as of December 31, 2016	713,813	$ 28.92
Exercised	(570,471)	28.24
Cancelled	(96,537)	31.62
Balance as of September 30, 2017	**46,805**	**$ 31.62**

During the first quarter of 2017, a cash consideration of $4.9 million was paid upon the exercise of 570,471 units ($0.3 million upon the exercise of 24,361 units in the second quarter of 2016).

Deferred share unit and performance share unit plans

The deferred share unit ("DSU") and performance share unit ("PSU") plans are based either on Quebecor Class B Shares and on TVA Group Inc. Class B Non-Voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be, and the PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. The following table provides details of changes to outstanding units in the DSU and PSU plans for the nine-month period ended September 30, 2017:

	Outstanding units	
	DSU	PSU
Quebecor		
Balance as of December 31, 2016	64,471	81,075
Granted	142	194
Exercised	(1,892)	(3,945)
Cancelled	(9,495)	(11,225)
Balance as of September 30, 2017	**53,226**	**66,099**
TVA Group		
Balance as of December 31, 2016	191,322	212,671
Exercised	(3,074)	–
Cancelled	(12,353)	(7,128)
Balance as of September 30, 2017	**175,895**	**205,543**

(tabular amounts in millions of Canadian dollars, except for option data)

12. STOCK-BASED COMPENSATION PLANS (continued)

Stock-based compensation expense

For the three-month period ended September 30, 2017, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $4.6 million ($7.2 million in 2016). For the nine-month period ended September 30, 2017, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $14.1 million ($13.9 million in 2016).

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2015	$ (71.1)	$ (64.9)	$ (136.0)
Other comprehensive income (loss)	43.1	(84.1)	(41.0)
Balance as of September 30, 2016	(28.0)	(149.0)	(177.0)
Other comprehensive (loss) income	(58.2)	105.7	47.5
Balance as of December 31, 2016	(86.2)	(43.3)	(129.5)
Other comprehensive income	89.3	–	89.3
Balance as of September 30, 2017	**$ 3.1**	**$ (43.3)**	**$ (40.2)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 9 1/2-year period.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with IFRS 13, *Fair value measurement*, the Corporation considers the following fair value hierarchy which reflects the significance of the inputs used in measuring its financial instruments :

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of cash equivalents and bank indebtedness, classified as held for trading and accounted for at their fair value in the consolidated balance sheets, is determined using Level 2 inputs.

(tabular amounts in millions of Canadian dollars, except for option data)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The fair value of derivative financial instruments recognized in the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates (Level 2 inputs). An adjustment is also included to reflect non-performance risk impacted by the financial and economic environment prevailing at the date of the valuation in the recognized measure of the fair value of the derivative instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

The fair value of early settlement options recognized as embedded derivatives is determined by option pricing models using Level 2 market inputs, including volatility, discount factors, and the underlying instrument's adjusted implicit interest rate and credit premium.

The carrying value and fair value of long-term debt and derivative financial instruments as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017		December 31, 2016	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1,2]	**$(5,324.0)**	**$(5,685.5)**	$(5,669.9)	$(5,835.5)
Derivative financial instruments				
Early settlement options	**–**	**–**	0.4	0.4
Foreign exchange forward contracts[3]	**(7.9)**	**(7.9)**	2.5	2.5
Interest rate swaps	**–**	**–**	(0.3)	(0.3)
Cross-currency interest rate swaps[3]	**576.8**	**576.8**	806.5	806.5

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.

2 The fair value of long-term debt does not include the fair value of early settlement options, which is presented separately in the table.

3 The value of foreign exchange forward contracts entered into to lock-in the value of existing hedging positions is netted from the value of the offset financial instruments.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

QUEBECOR MEDIA INC.

By: /s/ JEAN-FRANÇOIS PRUNEAU

Jean-François Pruneau

Senior Vice President and

Chief Financial Officer

Date: NOVEMBER 15, 2017