MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

CORPORATE PROFILE 2

DISCONTINUED OPERATIONS 2

HIGHLIGHTS SINCE END OF SECOND QUARTER 2015 2

NON-IFRS FINANCIAL MEASURES 4

ANALYSIS OF CONSOLIDATED RESULTS 8

SEGMENTED ANALYSIS 13

CASH FLOWS AND FINANCIAL POSITION 21

ADDITIONAL INFORMATION 28

SELECTED QUARTERLY FINANCIAL DATA 33

CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. ("Quebecor" or the "Corporation") in the third quarter of 2015 and the major changes from the previous financial year.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the information in the consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2014.

Quebecor is a holding company with an interest in Quebecor Media Inc. ("Quebecor Media"), one of Canada's largest media groups. On September 9, 2015, Quebecor Media purchased part of the interest in Quebecor Media held by CDP Capital d'Amérique Investissement inc. ("CDP Capital"), a subsidiary of the Caisse de dépôt et placement du Québec. All of the purchased shares were cancelled. Upon completion of the transaction, the Corporation's interest in Quebecor Media increased from 75.36% to 81.07%. Quebecor Media's subsidiaries operate in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media is pursuing a convergence strategy to capture synergies among all its properties.

DISCONTINUED OPERATIONS

On September 27, 2015, Quebecor closed the sale of the retail business of Archambault Group Inc. ("Archambault Group"), including the 14 Archambault stores, the *archambault.ca* portal, and the English-language Paragraphe Bookstore, to Groupe Renaud-Bray inc. for a cash consideration of $14.5 million, less disposed-of cash in the amount of $1.1 million, plus a $3.2 million balance receivable subject to certain adjustments related to working capital items. The transaction was approved by the Competition Bureau on September 4, 2015. The operating results and cash flows related to that business have been reclassified as discontinued operations in the consolidated statements of income and cash flows.

On April 13, 2015, Quebecor Media closed the sale, announced October 6, 2014, of its English-language newspaper businesses in Canada – more than 170 newspapers and publications, the Canoe portal in English Canada, and 8 printing plants, including the Islington, Ontario plant – for a total cash consideration of $305.5 million, less disposed-of cash in the amount of $1.9 million. The payment consisted of the selling price of $316.0 million less $10.5 million for customary adjustments and adjustments related to real estate properties sold by Sun Media Corporation prior to closing. The transaction was approved by the Competition Bureau on March 25, 2015. The operating results and cash flows related to those businesses have been reclassified as discontinued operations in the consolidated statements of income and cash flows.

On February 13, 2015, Quebecor Media announced the discontinuation of the operations of the English-language news and opinion specialty channel SUN News. The operating results and cash flows related to that business have been reclassified as discontinued operations in the consolidated statements of income and cash flows.

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

HIGHLIGHTS SINCE END OF SECOND QUARTER 2015

- Quebecor's sales totalled $971.7 million in the third quarter of 2015, an $83.9 million (9.5%) increase from the same period of the previous year.

Telecommunications

- The Telecommunications segment's revenues were up $43.0 million (6.0%) in the third quarter of 2015; its adjusted operating income was up $11.2 million (3.3%) despite the unfavourable impact of one-time items totalling $8.3 million.
- Videotron Ltd. ("Videotron") recorded strong revenue increases for three of its services in the third quarter of 2015: mobile telephony ($30.8 million or 40.7%), Internet access ($15.3 million or 7.1%) and the over-the-top video service ($2.5 million or 73.5%).

- A net increase of 85,800 revenue-generating units[1] (1.6%) was recorded in the third quarter of 2015, including increases of 39,600 subscriber connections to the mobile telephone service, 35,700 subscriptions to the over-the-top video service and 20,400 subscriptions to the cable Internet access service. Over the 12-month period ended September 30, 2015, the total number of revenue-generating units increased by 185,700 (3.4%), including increases of 152,100 subscriber connections to the mobile telephone service, the largest 12-month increase since 2011, and 84,800 subscriptions to the over-the-top video service.
- Videotron's average monthly revenue per user ("ARPU") increased by $10.92 (8.7%) from $126.02 in the third quarter of 2014 to $136.94 in the third quarter of 2015, including an increase of $4.94 (11.2%) in revenues from the mobile telephony service.
- On October 27, 2015, Videotron announced a $35.0 million expansion of the 4Degrees Colocation Inc. ("4Degrees Colocation") data hosting centre in Québec City, acquired in March 2015. The project will add two new server rooms to the facility. On September 16, 2015, Videotron announced construction of a 4,000-square-metre data centre in Montréal to provide business customers with the colocation solutions they need for hosting and processing the growing quantities of data. The $40.0 million investment will be spread over several years.
- On October 15, 2015, the Supreme Court of Canada rejected an application from Bell ExpressVu Limited Partnership ("Bell ExpressVu"), a subsidiary of Bell Canada, for leave to appeal a Court of Appeal of Quebec judgement ordering it to pay Videotron $135.3 million and TVA Group Inc. ("TVA Group") $0.6 million, including interest, as compensation for having failed to implement an appropriate security system in a timely manner to prevent piracy of the signals broadcast by its satellite television service between 1999 and 2005, harming its competitors and broadcasters. The $139.1 million gain related to this settlement was recognized in the third quarter of 2015.
- On October 2, 2015, Quebecor Content announced a strategic partnership with NBCUniversal International Studios to develop new entertainment and studio-based formats suitable for global audiences. On July 15, 2015, Quebecor Content announced a long-term, multiplatform agreement with Sony Pictures Television Canada ("Sony Canada"), one of the world's largest producers and distributors of entertainment content. The partnership will allow Videotron to offer a vast selection of movies and television series on its over-the-top video service, and it will give TVA Group's television channels exclusive French-language broadcast rights to productions in Sony Canada's catalogue.
- On August 27, 2015, Videotron launched Unlimited Music, a service that allows some subscribers to its LTE mobile network to stream music without restriction via the most popular platforms, such as Stingray, Rdio, Google Play, Deezer and Spotify, without using their mobile data plan.
- On August 11, 2015, Videotron released the illico 4K ultra-HD PVR, becoming the first Canadian telecommunications provider to offer customers throughout its service area ultra-high-definition ("UHD") on a commercial basis. UHD is a digital video format that supports 3840 x 2160 pixel resolution, four times as many pixels as HD, delivering superior image quality.

Media

- The Media segment's revenues grew by $39.7 million (21.3%) and its adjusted operating income by $19.0 million (78.2%) in the third quarter of 2015.
- According to the fall 2015 Vividata survey, *Le Journal de Montréal*, *Le Journal de Québec* and the free daily *24 heures* remain Québec's news leaders with more than 3.8 million readers across all platforms (print, mobile and Web). TVA Publications is now Canada's largest magazine publisher with 10.8 million readers across all platforms.
- On August 26, 2015, TVA Group introduced a modernized brand image for A.R. Global Vision Ltd. ("Global Vision") to support the promotion of its film production and audiovisual services in Québec and abroad. All the strengths and creative talents of Global Vision's teams have been brought together behind a brand that already enjoys a firmly established reputation in the industry: MELS.
- In the third quarter of 2015, the Corporation completed its annual review of its three-year strategic plan. Declining newspaper and commercial printing volumes at the Mirabel printing plant and continuing pressure on advertising revenues in the newspapers and television businesses led the Corporation to perform additional impairment tests on its Newspapers and Broadcasting cash-generating units ("CGUs"). The Corporation concluded that the recoverable amount of its Newspapers and Broadcasting CGUs was less than their carrying amount. Accordingly, a $55.0 million non-cash goodwill impairment charge (without any tax consequences) and an $81.9 million non-cash impairment charge on other assets, relating mainly to

[1] The sum of subscriptions to the cable television, cable Internet access and over-the-top video services, plus subscriber connections to the cable and mobile telephony services.

the assets of the Mirabel printing plant, were recorded in the Newspapers CGU. A $60.1 million impairment charge on TVA Network's broadcasting licences (including $30.1 million without any tax consequences) was recognized for the Broadcasting CGU.

Sports and Entertainment

- On September 29, 2015, Quebecor senior management presented the Corporation's bid for a professional hockey franchise in Québec City to the National Hockey League ("NHL") Executive Committee meeting in New York City. Quebecor had officially filed an application under the NHL expansion process on July 20, 2015.
- The Videotron Centre officially opened on September 8, 2015. The opening ceremonies, held on September 12, 2015, prior to the season opener of the Remparts de Québec of the Québec Major Junior Hockey League ("QMJHL"), were broadcast on TVA Sports. On September 16, 2015, the rock band Metallica performed at the Videotron Centre in the first major international event at the multifunctional venue. On September 28, 2015, the Montreal Canadiens and the Pittsburgh Penguins, two NHL teams, played a preseason game at the Videotron Centre before a sell-out crowd of 18,250.

Financial transactions

- On September 15, 2015, Videotron issued $375.0 million aggregate principal amount of 5.75% Senior Notes maturing on January 15, 2026, for net proceeds of $370.1 million, net of financing fees of $4.9 million. Videotron used the proceeds to repay a portion of the amounts due under the terms of its credit facilities.
- On September 9, 2015, the Corporation's interest in Quebecor Media increased from 75.36% to 81.07% following the repurchase by Quebecor Media of 7,268,324 Common Shares of its capital stock held by CDP Capital for an aggregate purchase price of $500.0 million, payable in cash. All shares purchased under the bid were cancelled. As a result CDP Capital's interest in Quebecor Media was reduced from 24.64% to 18.93%.
- On July 16, 2015, Videotron prepaid and withdrew the entirety of its outstanding 9.125% Senior Notes issued on April 15, 2008 and maturing on April 15, 2018, in the aggregate principal amount of US$75.0 million, and unwound the hedges in an asset position. On the same date, Videotron prepaid and withdrew the entirety of its outstanding 7.125% Senior Notes issued on January 13, 2010 and maturing on January 15, 2020, in the aggregate principal amount of $300.0 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, adjusted income from continuing operations, cash flows from segment operations, free cash flows from continuing operating activities of the Quebecor Media subsidiary, and ARPU, are not calculated in accordance with, or recognized by IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

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, gain (loss) on valuation and translation of financial instruments, gain on litigation, charge for restructuring of operations and other special items, impairment of goodwill and other assets, loss on debt refinancing, income taxes, and (loss) gain on 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 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 the Corporation's operating segments. This 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 the Corporation and its 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 also uses other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities of the Quebecor Media subsidiary. 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 Quebecor’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	
	2015	2014	**2015**	2014
Adjusted operating income (loss):				
Telecommunications	**$ 351.1**	$ 339.9	**$ 1,036.8**	$ 1,007.8
Media	**43.3**	24.3	**48.7**	46.8
Sports and Entertainment	**(5.1)**	(1.2)	**(9.3)**	(4.0)
Head Office	**2.1**	(1.2)	**3.7**	6.1
	391.4	361.8	**1,079.9**	1,056.7
Depreciation and amortization	**(168.6)**	(165.0)	**(517.1)**	(487.9)
Financial expenses	**(80.7)**	(85.1)	**(249.3)**	(266.0)
Gain (loss) on valuation and translation of financial instruments	**53.8**	(25.2)	**94.6**	(1.5)
Gain on litigation, restructuring of operations and other special items	**135.0**	(2.2)	**124.9**	(5.3)
Impairment of goodwill and other assets	**(197.0)**	(51.0)	**(227.0)**	(81.0)
Loss on debt refinancing	**–**	–	**(12.1)**	(18.7)
Income taxes	**(45.1)**	(26.1)	**(72.5)**	(73.0)
(Loss) income from discontinued operations	**(2.7)**	46.4	**(18.8)**	(97.4)
Net income	**$ 86.1**	$ 53.6	**$ 202.6**	$ 25.9

Adjusted Income from Continuing Operations

The Corporation defines adjusted income from continuing operations, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before gain (loss) on valuation and translation of financial instruments, gain on litigation, charge for restructuring of operations and other special items, impairment of goodwill and other assets, loss on debt refinancing, net of income tax related to adjustments and net income (loss) attributable to non-controlling interests related to adjustments, and before (loss) income from discontinued operations attributable to shareholders. Adjusted income from continuing operations, as defined above, is not a measure of results that is consistent with IFRS. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation uses adjusted income from continuing operations to analyze trends in the performance of its businesses. The above-listed items are excluded from the calculation of this measure because they impair the comparability of the financial results. Adjusted income from continuing operations is more representative for the purpose of forecasting income. The Corporation’s definition of adjusted income from continuing operations may not be identical to similarly titled measures reported by other companies.

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

Table 2

Reconciliation of the adjusted income from continuing operations measure used in this report to the net income attributable to shareholders measure used in the condensed consolidated financial statements

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Adjusted income from continuing operations	**$ 74.0**	$ 58.1	**$ 181.9**	$ 159.1
Gain (loss) on valuation and translation of financial instruments	**53.8**	(25.2)	**94.6**	(1.5)
Gain on litigation, charge for restructuring of operations and other special items	**135.0**	(2.2)	**124.9**	(5.3)
Impairment of goodwill and other assets	**(197.0)**	(51.0)	**(227.0)**	(81.0)
Loss on debt refinancing	**–**	–	**(12.1)**	(18.7)
Income taxes related to adjustments[1]	**(5.1)**	6.0	**(1.2)**	13.8
Net income attributable to non-controlling interest related to adjustments	**26.3**	24.1	**38.6**	35.0
Discontinued operations	**(1.9)**	35.3	**(13.1)**	(72.0)
Net income attributable to shareholders	**$ 85.1**	$ 45.1	**$ 186.6**	$ 29.4

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

Cash Flows from Segment Operations

Cash flows from segment operations represents 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. 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, repayment of long-term debt and purchase of non-controlling interest. 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. Tables 7 and 8 provide a reconciliation of cash flows from segment operations to cash flows provided by continuing operating activities reported in Quebecor’s consolidated financial statements.

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

Free cash flows from continuing operating activities of the Quebecor Media subsidiary represents cash flows provided by its 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. Free cash flows from continuing operating activities is used by the Corporation’s management and Board of Directors to evaluate cash flows generated by the operations of the Quebecor Media subsidiary. Free cash flows from continuing operating activities represents Quebecor Media’s available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and share repurchases. 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 8 provides a reconciliation of free cash flows from continuing operating activities of Quebecor Media to cash flows provided by continuing operating activities reported in Quebecor’s condensed consolidated financial statements.

Average Monthly Revenue per User

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

2015/2014 third quarter comparison

Revenues: $971.7 million, an $83.9 million (9.5%) increase.

- Revenues increased in Telecommunications ($43.0 million or 6.0% of segment revenues), Media ($39.7 million or 21.3%) and Sports and Entertainment ($4.1 million or 33.9%).

Adjusted operating income: $391.4 million, a $29.6 million (8.2%) increase.

- Adjusted operating income increased in Media ($19.0 million or 78.2% of segment adjusted operating income) and in Telecommunications ($11.2 million or 3.3%), despite an $8.3 million unfavourable variance in one-time items in the latter segment. There was a $3.3 million increase at Head Office, due mainly to the favourable variance in the fair value of stock options.
- The Sports and Entertainment segment posted an unfavourable variance in adjusted operating income ($3.9 million).
- The change in the fair value of Quebecor Media stock options resulted in a $1.2 million favourable variance in the stock-based compensation charge in the third quarter of 2015 compared with the same period of 2014. The change in the fair value of Quebecor stock options and the impact of various transactions on the options issued under this program resulted in a $1.7 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2015.

Net income attributable to shareholders: $85.1 million ($0.69 per basic share) in the third quarter of 2015, compared with $45.1 million ($0.37 per basic share) in the same period of 2014, a favourable variance of $40.0 million ($0.32 per basic share).

- The favourable variance was due primarily to:
  - $137.2 million favourable variance in the gain on litigation, restructuring of operations and other special items;
  - $79.0 million favourable variance in the gain on valuation and translation of financial instruments, including $79.4 million without any tax consequences;
  - $29.6 million increase in adjusted operating income;
  - $7.5 million favourable variance in non-controlling interest;
  - $4.4 million decrease in financial expenses.

  Partially offset by:
  - $146.0 million increase in non-cash charge for impairment of goodwill and other assets, including $54.9 million without any tax consequences;
  - $49.1 million unfavourable variance in losses and gains on discontinued operations;
  - $3.6 million increase in the depreciation and amortization charge.

Adjusted income from continuing operations: $74.0 million ($0.60 per basic share) in the third quarter of 2015, compared with $58.1 million ($0.47 per basic share) in the same period of 2014, an increase of $15.9 million ($0.13 per basic share).

Depreciation and amortization: $168.6 million in the third quarter of 2015, a $3.6 million increase essentially due to the impact of capital expenditures in the Telecommunications segment, including depreciation of investments in the LTE network and expenditures resulting from the promotional strategy focused on equipment leasing, partially offset by the cessation of amortization of spectrum licences in accordance with a change in the estimate of the useful life of the licences (*see* "Change in Accounting Estimates" below).

Financial expenses: $80.7 million, a $4.4 million decrease caused mainly by the impact of lower interest rates on long-term debt due to debt refinancing at lower rates and by lower average indebtedness.

Gain on valuation and translation of financial instruments: $53.8 million in the third quarter of 2015 compared with a $25.2 million loss in the third quarter of 2014. The $79.0 million favourable variance was essentially due to the increase (without any tax consequences) in the gain on embedded derivatives related to convertible debentures.

Gain on litigation, restructuring of operations and other special items: $135.0 million in the third quarter of 2015, compared with a $2.2 million expense in the same period of 2014, a favourable variance of $137.2 million.

- On March 6, 2015, the Court of Appeal of Quebec ruled in favour of Videotron and TVA Group, and ordered Bell ExpressVu to pay Videotron compensation in the amount of $135.3 million and TVA Group compensation in the amount of $0.6 million for having neglected to implement an appropriate security system in a timely manner to prevent piracy of the signals broadcast by its satellite television service between 1999 and 2005, thereby harming its competitors and broadcasters. On October 15, 2015, the Supreme Court of Canada rejected Bell ExpressVu's application for leave to appeal the judgment. A $139.1 million gain on litigation was recorded in the statement of income in the third quarter of 2015.
- In the third quarter of 2015, Quebecor Media's segments recorded charges for restructuring of operations and other special charges totalling $4.1 million ($2.2 million in the same period of 2014).

Charge for impairment of goodwill and other assets: $197.0 million in the third quarter of 2015, compared with $51.0 million in the third quarter of 2014, an unfavourable variance of $146.0 million.

- In the third quarter of 2015, Quebecor Media completed its annual review of its three-year strategic plan. Declining newspaper and commercial printing volumes and continuing pressure on advertising revenues in the newspapers and television businesses led Quebecor Media to perform additional impairment tests on its Newspapers and Broadcasting CGUs. Quebecor Media concluded that the recoverable amount of its Newspapers and Broadcasting CGUs was less than their carrying amount. Accordingly, a $55.0 million non-cash goodwill impairment charge (without any tax consequences) and an $81.9 million non-cash impairment charge on other assets, relating mainly to the assets of the Mirabel printing plant, were recorded in the Newspapers CGU in the third quarter of 2015. A $60.1 million impairment charge on TVA Network's broadcasting licences (including $30.1 million without any tax consequences) was recorded for the Broadcasting CGU in the third quarter of 2015.
- In the third quarter of 2014, Quebecor Media performed impairment tests on its Broadcasting CGU. Accordingly, a $41.7 million non-cash impairment charge on broadcasting licences (including $20.9 million without any tax consequences) and a $9.3 million non-cash goodwill impairment charge (without any tax consequences) were recorded.

Income tax expense: $45.1 million in the third quarter of 2015 (effective tax rate of 27.0%), compared with $26.1 million in the same period of 2014 (effective tax rate of 28.7%), a $19.0 million unfavourable variance. The effective tax rate is calculated considering only taxable and deductible items.

- The unfavourable variance in the income tax expense was mainly due to the increase in taxable income.
- The favourable variance in the effective tax rate was due to the impact of the tax rate mix on the various components of the gain or loss on valuation and translation of financial instruments.

2015/2014 year-to-date comparison

Revenues: $2.86 billion, a $204.7 million (7.7%) increase.

- Revenues increased in Telecommunications ($125.8 million or 6.0% of segment revenues), Media ($91.5 million or 15.9%) and Sports and Entertainment ($7.3 million or 19.4%).

Adjusted operating income: $1.08 billion, a $23.2 million (2.2%) increase.

- Adjusted operating income increased in Telecommunications ($29.0 million or 2.9% of segment adjusted operating income), despite a $9.2 million unfavourable variance in one-time items, and in Media ($1.9 million or 4.1%).
- The Sports and Entertainment segment posted an unfavourable variance in adjusted operating income ($5.3 million).
- The change in the fair value of Quebecor Media stock options resulted in a $2.4 million favourable variance in the stock-based compensation charge in the first nine months of 2015 compared with the same period of 2014. The change in the fair value of Quebecor stock options and the impact of various transactions on the options issued under this program resulted in a $6.7 million unfavourable variance in the Corporation's stock-based compensation charge in the first nine months of 2015.

Net income attributable to shareholders: $186.6 million ($1.52 per basic share) in the first nine months of 2015, compared with $29.4 million ($0.24 per basic share) in the same period of 2014, a favourable variance of $157.2 million ($1.28 per basic share).

- The favourable variance was due primarily to:
  - $130.2 million favourable variance in the gain on litigation, charge for restructuring of operations and other special items;
  - $96.1 million favourable variance in gains and losses on valuation and translation of financial instruments, including $95.6 million without any tax consequences;
  - $78.6 million favourable variance in the loss related to discontinued operations;
  - $23.2 million increase in adjusted operating income;
  - $16.7 million decrease in financial expenses;
  - $6.6 million favourable variance in losses on debt refinancing.

  Offset by:
  - $146.0 million increase in non-cash charge for impairment of goodwill and other assets, including $54.9 million without any tax consequences;
  - $29.2 million increase in the amortization charge;
  - $19.5 million unfavourable variance in non-controlling interest.

Adjusted income from continuing operations: $181.9 million in the first nine months of 2015 ($1.48 per basic share), compared with $159.1 million ($1.29 per basic share) in the same period of 2014, an increase of $22.8 million ($0.19 per basic share).

Depreciation and amortization charge: $517.1 million, a $29.2 million increase, essentially due to the same factors as those noted in the 2015/2014 third quarter comparison above.

Financial expenses: $249.3 million, a $16.7 million decrease caused mainly by the impact of lower interest rates on long-term debt due to debt refinancing at lower rates and by lower average indebtedness.

Gain on valuation and translation of financial instruments: $94.6 million in the first nine months of 2015 compared with a $1.5 million loss in the same period of 2014. The $96.1 million favourable variance was mainly due to the increase (without any tax consequences) in the gain on embedded derivatives related to convertible debentures.

Gain on litigation, restructuring of operations and other special items: $124.9 million in the first nine months of 2015, compared with a $5.3 million expense in the same period of 2014, a $130.2 million favourable variance.

- On March 6, 2015, the Court of Appeal of Quebec ruled in favour of Videotron and TVA Group, and ordered Bell ExpressVu to pay Videotron compensation in the amount of $135.3 million and TVA Group compensation in the amount of $0.6 million for having neglected to implement an appropriate security system in a timely manner to prevent piracy of the signals broadcast by its satellite television service between 1999 and 2005, thereby harming its competitors and broadcasters. On October 15, 2015, the Supreme Court of Canada rejected Bell ExpressVu's application for leave to appeal the judgment. A $139.1 million gain on litigation was recorded in the statement of income in the first nine months of 2015.
- In the first nine months of 2015, the Telecommunications segment recognized a $5.8 million charge for restructuring of operations ($1.0 million in the same period of 2014), mainly because of migration from analog to digital cable television service. The segment also recognized another $0.8 million special charge in the first nine months of 2015.
- In the first nine months of 2015, a $5.6 million charge for restructuring of operations was recorded in the Media segment in connection with staff-reduction programs ($3.4 million in the same period of 2014). The segment also recorded another $0.7 million special charge in the first nine months of 2015 ($0.1 million gain in the same period of 2014).
- The other segments recorded charges for restructuring and other special charges in the amount of $1.3 million in the first nine months of 2015 ($1.0 million in the same period of 2014).

Charge for impairment of goodwill and other assets: $227.0 million in the first nine months of 2015, compared with $81.0 million in the same period of 2014, a $146.0 million unfavourable variance.

- In the third quarter of 2015, Quebecor Media completed its annual review of its three-year strategic plan. Declining newspaper and commercial printing volumes and continuing pressure on advertising revenues in the newspapers and television businesses led Quebecor Media to perform additional impairment tests on its Newspapers and Broadcasting CGUs. Quebecor Media concluded that the recoverable amount of its Newspapers and Broadcasting CGUs was less than their carrying amount. Accordingly, a $55.0 million non-cash goodwill impairment charge (without any tax consequences) and an $81.9 million non-cash impairment charge on other assets, relating mainly to the assets of the Mirabel printing plant, were recorded in the Newspapers CGU in the third quarter of 2015. A $60.1 million impairment charge on TVA Network's broadcasting licences (including $30.1 million without any tax consequences) was recorded in the Broadcasting segment in the third quarter of 2015.
- In the second quarter of 2015, Quebecor Media performed an annual impairment test on the Newspapers CGU, which continues to be affected by the shift toward digital and by challenging market conditions. Quebecor Media concluded that the recoverable amount based on fair value less disposal costs was less than the carrying amount of this CGU. Accordingly, the Media segment recorded a $30.0 million non-cash goodwill impairment charge, without any tax consequences.
- During the first nine months of 2014, Quebecor Media performed impairment tests on its Newspapers and Broadcasting CGUs. Accordingly, a $30.0 million non-cash impairment charge (without any tax consequences) was recorded in the Newspapers CGU, as well as a $41.7 million non-cash impairment charge on broadcasting licenses (including $20.9 million without any tax consequences), and a $9.3 million non-cash goodwill impairment charge (without any tax consequences) in the Broadcasting CGU.

Loss on debt refinancing: $12.1 million in the first nine months of 2015, compared with $18.7 million in the same period of 2014, a $6.6 million favourable variance.

- In accordance with a notice issued on June 16, 2015, Videotron redeemed, on July 16, 2015, the entirety of its outstanding 9.125% Senior Notes issued on April 15, 2008 and maturing on April 15, 2018, in the aggregate principal amount of US$75.0 million, at a redemption price of 101.521% of their principal amount, and unwound the related hedges in an asset position. A $0.2 million loss was recorded in the consolidated statement of income in the second quarter of 2015 in connection with this redemption, including a $2.1 million net gain previously recorded in "Other comprehensive income."
- In accordance with a notice issued on June 16, 2015, Videotron redeemed, on July 16, 2015, the entirety of its outstanding 7.125% Senior Notes issued on January 13, 2010 and maturing on January 15, 2020, in the aggregate principal amount of $300.0 million, at a redemption price of 103.563% of their principal amount. A $13.6 million loss was recorded in the consolidated statement of income in the second quarter of 2015 in connection with this redemption.
- In accordance with a notice issued on March 11, 2015, Videotron redeemed, on April 10, 2015, the entirety of its 6.375% Senior Notes maturing on December 15, 2015, in the aggregate principal amount of US$175.0 million, at a redemption price of 100% of their principal amount, and unwound the hedges in an asset position. A $1.7 million net gain was recorded in the consolidated statement of income in the first quarter of 2015 in connection with this redemption, including a $1.8 million gain previously recorded in "Other comprehensive income."
- In accordance with a notice issued on March 26, 2014, Videotron redeemed, on April 24, 2014, US$260.0 million aggregate principal amount of its outstanding 9.125% Senior Notes issued on March 5, 2009 and maturing on April 15, 2018 at a redemption price of 103.042% of their principal amount. A $21.4 million net loss was recorded in the consolidated statement of income in the first quarter of 2014 in connection with this redemption, including a $1.7 million loss previously recorded in "Other comprehensive income."
- In accordance with a notice issued on March 26, 2014, Quebecor Media redeemed, on April 25, 2014, the entirety of its outstanding 7.75% Senior Notes issued on October 5, 2007 and maturing on March 15, 2016, in the aggregate principal amount of US$380.0 million, at a redemption price of 100.00% of their principal amount, and settled the related hedges. A $2.7 million net gain was recorded in the consolidated statement of income in the first quarter of 2014 in connection with this redemption, including a $12.5 million gain previously recorded in "Other comprehensive income."

Income tax expense: $72.5 million in the first nine months of 2015 (effective tax rate of 22.9%), compared with $73.0 million in the same period of 2014 (effective tax rate of 28.1%), a $0.5 million favourable variance. The effective tax rate is calculated considering only taxable and deductible items.

- The impact of the increase in taxable income was offset by the impact of the decrease in the effective tax rate.
- The favourable variance in the effective tax rate was mainly due to the impact of a decrease in deferred income tax liabilities in light of developments in tax audits, jurisprudence and tax legislation.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2015 operating results

Revenues: $754.2 million in the third quarter of 2015, a $43.0 million (6.0%) increase.

- Revenues from the mobile telephony service increased $30.8 million (40.7%) to $106.5 million, essentially due to the increase in the number of subscriber connections and higher net revenue per connection.
- Revenues from Internet access services increased $15.3 million (7.1%) to $231.4 million. The favourable variance was mainly due to higher per-subscriber revenues, higher revenues from Internet access resellers, increased usage and customer base growth.
- Combined revenues from all cable television services decreased $4.6 million (-1.7%) to $260.2 million, due primarily to the impact of the net decrease in the customer base, higher discounts and the decrease in pay TV and video on demand orders, partially offset by higher per-subscriber revenues and increased revenues from the leasing of digital set-top boxes.
- Revenues from the cable telephone service decreased $5.1 million (-4.3%) to $113.4 million, mainly because of higher discounts, the impact of the net decrease in subscribers and the impact of lower long-distance revenues.
- Revenues from the over-the-top video service increased $2.5 million (73.5%) to $5.9 million, mainly because of subscriber growth.
- Revenues of Videotron Business Solutions increased $1.6 million (9.9%) to $17.8 million.
- Revenues from customer equipment sales increased $3.1 million (27.4%) to $14.4 million, mainly because of the growth in the number of subscriber connections to the mobile service and increased sales of more powerful equipment.
- Revenues of the Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") retail chain totalled $2.1 million. The $0.4 million (-16.0%) decrease was due primarily to the impact of store closings and lower franchise fee revenues.
- Other revenues were flat at $2.6 million.

ARPU: $136.94 in the third quarter of 2015 compared with $126.02 in the same period of 2014, an increase of $10.92 (8.7%).

Customer statistics

Revenue generating units – As of September 30, 2015, the total number of revenue generating units stood at 5,605,900, an increase of 85,800 (1.6%) from the end of the second quarter of 2015, compared with a 125,300-unit increase in the third quarter of 2014 (Table 3). In the 12-month period ended September 30, 2015, the number of revenue-generating units increased by 185,700 (3.4%). Revenue generating units are the sum of subscriptions to the cable television, cable Internet access and over-the-top video services, plus subscriber connections to the cable and mobile telephony services.

Mobile telephony service – As of September 30, 2015, the number of subscriber connections to the mobile telephony service stood at 742,500, an increase of 39,600 (5.6%) in the third quarter of 2015 (compared with an increase of 38,100 in the third quarter of 2014), and a 12-month increase of 152,100 (25.8%) (Table 3), the largest 12-month growth for the service since 2011.

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,559,500 at September 30, 2015, an increase of 20,400 (1.3%) in the third quarter of 2015 (compared with a 23,400-customer increase in the same period of 2014), and an increase of 25,700 (1.7%) in the 12-month period ended September 30, 2015 (Table 3). At September 30, 2015, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,799,800 homes and businesses passed by Videotron's network as of the end of September 2015, up from 2,767,100 one year earlier) of 55.7% compared with 55.4% a year earlier.

Cable television – The combined customer base for all of Videotron's cable television services decreased by 1,700 (-0.1%) in the third quarter of 2015 (compared with an increase of 2,300 in the same period of 2014) and by 50,400 (-2.8%) in the 12-month period ended September 30, 2015 (Table 3). At the end of the third quarter of 2015, Videotron had 1,745,900 subscribers to its cable television services. The household and business penetration rate was 62.4% versus 64.9% a year earlier.

- As of September 30, 2015, the number of subscribers to the illico Digital TV service stood at 1,564,600, an increase of 11,800 (0.8%) in the third quarter of 2015 (compared with an increase of 19,200 in the same quarter of 2014) and a 12-month increase of 19,700 (1.3%). As of September 30, 2015, illico Digital TV had a household and business penetration rate of 55.9% versus 55.8% a year earlier.

- The customer base for analog cable television services decreased by 13,500 (-6.9%) in the third quarter of 2015 (compared with a decrease of 16,900 in the third quarter of 2014), and by 70,100 over a 12-month period, partly as a result of customer migration to illico Digital TV.

Cable telephony service – The number of subscribers to cable telephony service stood at 1,329,500 as of September 30, 2015, a quarterly decrease of 8,200 (-0.6%) (compared with a 12,000-customer increase in the third quarter of 2014), and a 12-month decrease of 26,500 (-2.0%) (Table 3). At September 30, 2015, the cable telephony service had a household and business penetration rate of 47.5% versus 49.0% a year earlier.

Over-the-top video service – As of September 30, 2015, the number of subscribers to the over-the-top video service stood at 228,500, an increase of 35,700 (18.5%) in the third quarter of 2015 (compared with an increase of 49,500 in the third quarter of 2014) and a 12-month increase of 84,800 (59.0%) (Table 3).

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

	Sept. 2015	June 2015	Mar. 2015	Dec. 2014[1]	Sept. 2014[1]	June 2014[1]	Mar. 2014[1]	Dec. 2013[1]
Mobile telephony[2]	**742.5**	702.9	662.1	632.8	590.4	552.3	522.5	504.3
Cable Internet	**1,559.5**	1,539.1	1,543.1	1,537.5	1,533.8	1,510.4	1,510.2	1,506.0
Cable Television:								
Analog	**181.3**	194.8	215.1	228.6	251.4	268.3	282.5	297.7
Digital	**1,564.6**	1,552.8	1,555.5	1,553.6	1,544.9	1,525.7	1,528.7	1,527.4
	1,745.9	1,747.6	1,770.6	1,782.2	1,796.3	1,794.0	1,811.2	1,825.1
Cable telephony[2]	**1,329.5**	1,337.7	1,344.6	1,349.0	1,356.0	1,344.0	1,346.1	1,348.5
Over-the-top video	**228.5**	192.8	186.8	177.7	143.7	94.2	69.8	58.2
Total (revenue-generating units)	**5,605.9**	5,520.1	5,507.2	5,479.2	5,420.2	5,294.9	5,259.8	5,242.1

[1] Customer statistics have been restated to reflect certain adjustments to product definitions.
[2] In thousands of connections.

Adjusted operating income: $351.1 million, an $11.2 million (3.3%) increase caused primarily by:

- impact of revenue increase.

Partially offset by:

- increases in some operating expenses, including professional fees and engineering costs;
- $8.3 million unfavourable impact of recognition of one-time items;
- impact of higher cost of mobile devices sold at a loss;
- higher royalty costs at the cable television service;
- $2.1 million increase in the stock-based compensation charge.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 53.4% in the third quarter of 2015, compared with 52.2% in the same period of 2014. The increase was due primarily to the increase in some operating expenses, the impact of recognition of one-time items, which yielded an $8.3 million unfavourable variance, the impact of the higher cost of mobile devices sold at a loss, higher royalty costs at the cable television service, and an increase in the stock-based compensation charge.

Year-to-date operating results

Revenues: $2.23 billion, a $125.8 million (6.0%) increase essentially due to the same factors as those noted above in the discussion of third quarter 2015 results.

- Revenues from mobile telephony service increased $87.9 million (43.0%) to $292.1 million.
- Revenues from Internet access services increased $42.6 million (6.7%) to $681.2 million.
- Combined revenues from all cable television services decreased $16.4 million (-2.0%) to $790.3 million.
- Revenues from cable telephony service decreased $8.1 million (-2.3%) to $346.5 million.
- Revenues from the over-the-top video service increased $9.2 million to $16.6 million.
- Revenues of Videotron Business Solutions increased $2.1 million (4.3%) to $51.0 million.
- Revenues from customer equipment sales increased $8.0 million (27.5%) to $37.1 million.
- Revenues of the Le SuperClub Vidéotron retail chain decreased $0.8 million (-10.7%) to $6.7 million.
- Other revenues increased $1.2 million (16.9%) to $8.3 million.

ARPU: $134.19 in the first nine months of 2015, compared with $123.77 in the same period of 2014, an increase of $10.42 (8.4%).

Customer statistics

Revenue-generating units – 126,700-unit (2.3%) increase in the first nine months of 2015 compared with a 178,100-unit increase in the same period of 2014.

Mobile telephony service – 109,700 (17.3%) increase in subscriber connections in the first nine months of 2015 compared with an increase of 86,100 in the same period of 2014.

Cable Internet access – 22,000-customer (1.4%) increase in the first nine months of 2015 compared with an increase of 27,800 in the same period of 2014.

Cable television – 36,300 (-2.0%) decrease in the combined customer base for all of Videotron's cable television services in the first nine months of 2015 compared with a 28,800-customer decrease in the same period of 2014.

- Subscriptions to illico Digital TV service increased by 11,000 (0.7%) in the first nine months of 2015 compared with an increase of 17,500 in the same period of 2014.
- Subscriptions to analog cable television services decreased by 47,300 (-20.7%) compared with a 46,300 decrease in the first nine months of 2014.

Cable telephony service – 19,500-customer (-1.4%) decrease in the first nine months of 2015 compared with a 7,500-customer increase in the same period of 2014.

Over-the-top video service – 50,800-subscriber (28.6%) increase in the first nine months of 2015 compared with an increase of 85,500 in the same period of 2014.

Adjusted operating income: $1.04 billion, a $29.0 million (2.9%) increase caused primarily by:

- impact of revenue increase.

Partially offset by:

- increases in some operating expenses, including engineering, customer service, professional fees and advertising;
- impact of higher cost of mobile devices sold at a loss;
- higher royalty costs at the cable television service;
- $9.2 million unfavourable impact of recognition of one-time items;
- $3.4 million increase in stock-based compensation charge.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 53.5% in the first nine months of 2015 compared with 52.1% in the same period of 2014. The increase was mainly due to the same factors as those noted above in the discussion of third quarter 2015 operating results.

Cash flows from operations

Quarterly cash flows from segment operations: $150.9 million compared with $161.3 million in the third quarter of 2014 (Table 4).

- The $10.4 million decrease was mainly due to the $21.3 million increase in additions to property, plant and equipment and to intangible assets, caused primarily by the impact of the promotional strategy focused on equipment leasing, and spending on the LTE network, partially offset by the $11.2 million increase in adjusted operating income.

Year-to-date cash flows from segment operations: $495.6 million compared with $494.4 million in the same period of 2014 (Table 4).

- The $29.0 million increase in adjusted operating income was offset by a $27.5 million increase in additions to property, plant and equipment and in additions to intangible assets, the latter for the reasons noted above in the discussion of third quarter 2015 results.

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

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Adjusted operating income	**$ 351.1**	$ 339.9	**$ 1,036.8**	$ 1,007.8
Additions to property, plant and equipment	**(177.8)**	(163.2)	**(481.0)**	(462.2)
Additions to intangible assets (excluding spectrum licences)	**(22.7)**	(16.0)	**(62.4)**	(53.7)
Proceeds from disposal of assets	**0.3**	0.6	**2.2**	2.5
Cash flows from segment operations	**$ 150.9**	$ 161.3	**$ 495.6**	$ 494.4

Media

Third quarter 2015 operating results

Revenues: $226.5 million in the third quarter of 2015, a $39.7 million (21.3%) increase.

- Newspaper publishing revenues decreased by $7.0 million (-11.8%).
    - Advertising revenues decreased 17.3%; circulation revenues decreased 1.9%; digital revenues increased 11.1%; combined revenues from commercial printing and other sources decreased 11.1%.
- Broadcasting revenues increased by $8.4 million (10.7%), primarily as a result of higher subscription revenues at the specialty services, mainly TVA Sports, due to the addition of NHL hockey broadcasts.
- The acquisition of substantially all of the assets of MELS in December 2014 had a favourable impact, generating film production and audiovisual revenues in the amount of $20.5 million in the third quarter of 2015.
- Magazine publishing revenues doubled to $32.3 million in the third quarter of 2015, mainly because of the impact of the acquisition of magazines from Transcontinental Inc. ("Transcontinental") on April 12, 2015, partially offset by the decrease in same-store revenues.
- Quebecor Media Out of Home's revenues increased $0.8 million (34.8%), mainly because of new digital advertising revenues.
- Book distribution and publishing revenues increased $2.0 million (6.0%), primarily as a result of higher volumes in bookstore and mass market distribution and higher revenues from general literature publishing, partially offset by lower revenues from textbook publishing.

Adjusted operating income: $43.3 million in the third quarter of 2015, a $19.0 million (78.2%) increase.

- Adjusted operating income from newspaper publishing decreased $3.9 million (-50.6%) due to:
  - impact of revenue decrease.

  Partially offset by:
  - favourable impact on adjusted operating income of reduced operating expenses, including a $1.6 million favourable impact related to restructuring initiatives.
- Adjusted income from broadcasting operations more than quadrupled to $19.5 million in the third quarter of 2015, compared with $4.8 million in the same period of 2014. The $14.7 million increase was due primarily to:
  - impact of higher subscription revenues at TVA Sports;
  - lower operating expenses at TVA Network, including content costs.
- Favourable impact of the acquisition of substantially all of the assets of MELS, which generated adjusted operating income in the amount of $7.6 million in the third quarter of 2015.
- Adjusted operating income from magazine publishing increased by $0.9 million (32.1%), mainly as a result of:
  - decreases in some operating expenses, including labour costs;
  - impact of acquisition of magazines from Transcontinental.

  Partially offset by:
  - impact of decrease in revenues on a same-store basis.
- The operating loss of Quebecor Media's Out of Home decreased by $0.9 million as a result of the increase in revenues.
- Adjusted operating income from book distribution and publishing increased by $0.1 million.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 80.9% in the third quarter of 2015 compared with 87.0% in the same period of 2014. The decrease was due primarily to the favourable impact of the acquisition of substantially all of the assets of MELS and the increase in subscription revenues at TVA Sports.

Year-to-date operating results

Revenues: $665.7 million in the first nine months of 2015, a $91.5 million (15.9%) increase.

- Newspaper publishing revenues decreased by $22.1 million (-11.7%).
  - Advertising revenues decreased 13.6%; circulation revenues decreased 3.1%; digital revenues increased 5.6%; combined revenues from commercial printing and other sources decreased 16.5%.
- Broadcasting revenues increased $41.6 million (15.8%), mainly due to:
  - increased advertising and subscription revenues at the specialty services, mainly TVA Sports, due primarily to the addition of NHL hockey broadcasts.

  Partially offset by:
  - lower advertising revenues at TVA Network.
- The acquisition of substantially all of the assets of MELS generated revenues in the amount of $48.4 million.
- Magazine publishing revenues increased $26.7 million (56.4%), mainly because of the same factors as those noted above in the discussion of third quarter 2015 operating results.
- Quebecor Media Out of Home's revenues increased $1.8 million (26.9%), mainly because of new digital advertising revenues.
- Book distribution and publishing revenues increased $2.3 million (3.0%) primarily as a result of higher volumes in mass market distribution and higher revenues from general literature publishing.

Adjusted operating income: $48.7 million in the first nine months of 2015, a $1.9 million (4.1%) increase.

- Adjusted operating income from newspaper publishing decreased $6.7 million (-34.4%) due to:
  - o impact of revenue decrease.

  Partially offset by:
  - o favourable impact on adjusted operating income of reduced operating expenses, including a $5.1 million favourable impact related to restructuring initiatives.
- Adjusted income from broadcasting operations decreased $3.1 million (-21.1%) to $11.6 million in the first nine months of 2015 due to:
  - o spending on content at TVA Sports;
  - o impact of decrease in TVA Network's advertising revenues.

  Partially offset by:
  - o impact of higher subscription and advertising revenues at TVA Sports;
  - o lower operating expenses at TVA Network, including content costs, labour costs and production expenses. The decrease in content costs also reflects the impact of adjustments in the first nine months of 2014 to the cost of certain prior-year broadcasting rights related to indemnification clauses.
- Favourable impact of the acquisition of substantially all of the assets of MELS, which generated adjusted operating income in the amount of $13.1 million in the first nine months of 2015.
- Adjusted operating income from magazine publishing operations decreased by $2.0 million (-25.3%), mainly as a result of:
  - o impact of decrease in revenues on a same-store basis.

  Partially offset by:
  - o decreases in some operating expenses, including labour costs;
  - o impact of acquisition of magazines from Transcontinental.
- The operating loss of Quebecor Media's Out of Home decreased by $1.1 million as a result of the increase in revenues.
- Adjusted operating income from book distribution and publishing increased by $0.5 million (6.9%).

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 92.7% in the first nine months of 2015, compared with 91.8% in the same period of 2014. The increase was mainly due to spending on content at TVA Sports and the impact of the decrease in newspaper revenues on a same-store basis (as the fixed component of operating costs does not fluctuate in proportion to the decrease in revenues). These factors were partially offset by the favourable impact of the acquisition of substantially all of the assets of MELS and the impact of decreased operating expenses at TVA Network.

Cash flows from operations

Quarterly cash flows from segment operations: $31.8 million compared with $14.3 million in the third quarter of 2014 (Table 5). The $17.5 million favourable variance was mainly due to the $19.0 million increase in adjusted operating income.

Year-to-date cash flows from segment operations: $17.4 million compared with $16.7 million in the same period of 2014 (Table 5). The $0.7 million favourable variance was due primarily to the $1.9 million increase in adjusted operating income, partially offset by the $1.1 million increase in additions to property, plant and equipment and in additions to intangible assets.

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

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Adjusted operating income	**$ 43.3**	$ 24.3	**$ 48.7**	$ 46.8
Additions to property, plant and equipment	**(9.1)**	(8.3)	**(24.8)**	(23.4)
Additions to intangible assets	**(2.4)**	(1.8)	**(6.5)**	(6.8)
Proceeds from disposal of assets	**—**	0.1	**—**	0.1
Cash flows from segment operations	**$ 31.8**	$ 14.3	**$ 17.4**	$ 16.7

Sports and Entertainment

Third quarter 2015 operating results

Revenues: $16.2 million, a $4.1 million (33.9%) increase compared with the third quarter of 2014, mainly due to the addition of revenues from events at the Videotron Centre and the favourable impact on revenues of the acquisition of the Remparts de Québec, a QMJHL hockey team, in November 2014.

Adjusted operating loss: $5.1 million in the third quarter of 2015 compared with $1.2 million in the same period of 2014. The $3.9 million unfavourable variance was due primarily to the startup of Videotron Centre management operations.

Year-to-date operating results

Revenues: $45.0 million, a $7.3 million (19.4%) increase compared with the first nine months of 2014, mainly due to the factors noted above in the discussion of third quarter 2015 operating results.

Adjusted operating loss: $9.3 million in the first nine months of 2015 compared with $4.0 million in the same period of 2014. The $5.3 million unfavourable variance was due primarily to the startup of Videotron Centre management operations.

Cash flows from operations

Quarterly cash flows from segment operations: Negative $43.4 million compared with negative $2.3 million in the third quarter of 2014 (Table 6). The $41.1 million unfavourable variance was due to the payment of $33.0 million to Québec City for 25-year naming rights to the new Videotron Centre and spending on leasehold improvements and the startup of the arena.

Year-to-date cash flows from segment operations: Negative $52.6 million compared with negative $7.9 million in the same period of 2014 (Table 6). The $44.7 million unfavourable variance was caused primarily by the same factors as those noted above in the discussion of third quarter 2015 results.

Table 6: Sports and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Adjusted operating loss	**$ (5.1)**	$ (1.2)	**$ (9.3)**	$ (4.0)
Additions to property, plant and equipment	**(4.0)**	(1.1)	**(8.7)**	(3.9)
Additions to intangible assets	**(34.3)**	–	**(34.6)**	–
Cash flows from segment operations	**$ (43.4)**	$ (2.3)	**$ (52.6)**	$ (7.9)

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

Third quarter 2015

Cash flows provided by operating activities: $322.5 million in the third quarter of 2015 compared with $360.6 million in the same period of 2014.

- The $38.1 million decrease was essentially due to:
  - $236.6 million unfavourable change in non-cash balances related to operations due to the increase in accounts receivable, including the impact of a gain on litigation receivable, payment of outstanding income tax balances, a decrease in current income taxes, a decrease in accounts payable, and an increase in inventory in the Telecommunications segment.

  Partially offset by:
  - $137.2 million favourable variance in the cash portion of the gain on litigation, charge for restructuring of operations and other special items;
  - $27.5 million favourable variance in current income taxes;
  - $19.0 million and $11.2 million increases in adjusted operating income in the Media and Telecommunications segments respectively.

Year to date

Cash flows provided by operating activities: $648.8 million in the first nine months of 2015 compared with $733.0 million in the same period of 2014.

- The $84.2 million decrease was essentially due to:
  - $289.7 million unfavourable change in non-cash balances related to operations due to the increase in accounts receivable, including the impact of a gain on litigation receivable, an increase in inventory in the Telecommunications segment, payment of outstanding income tax balances and a decrease in current income taxes.

  Partially offset by:
  - $130.2 million favourable variance in the cash portion of the gain on litigation, charge for restructuring of operations and other special items;
  - $35.5 million decrease in current income taxes;
  - $29.0 million increase in adjusted operating income in the Telecommunications segment;
  - $15.3 million decrease in the cash portion of financial expenses.

Cash flows provided by operating activities were negatively impacted by the payment of outstanding income tax balances and increased inventory in the first nine months of 2015 in the Telecommunications segment. Cash flows were positively impacted by increased profitability in the Telecommunications segment and by debt refinancing at lower interest rates.

Working capital: Negative $125.9 million at September 30, 2015, compared with positive $90.2 million at December 31, 2014. The $216.1 million unfavourable variance was mainly due to payment out of working capital for the spectrum acquired at a total cost of $218.8 million.

Investing activities

Third quarter 2015

Additions to property, plant and equipment: $191.1 million in the third quarter of 2015 compared with $172.6 million in the same period of 2014. The $18.5 million increase was mainly due to the impact of the promotional strategy focused on equipment leasing and spending on the LTE network in the Telecommunications segment.

Additions to intangible assets: $60.6 million in the third quarter of 2015 compared with $18.6 million in the same period of 2014. The $42.0 million increase partially reflects payment of $33.0 million to Québec City for 25-year naming rights to the new Videotron Centre in the Sports and Entertainment segment.

Proceeds from disposal of assets: $0.5 million in the third quarter of 2015 compared with $0.7 million in the third quarter of 2014.

Business acquisitions: $1.2 million in the third quarter of 2015 compared with $0.1 million in the same period of 2014. The $1.1 million increase reflects a $1.2 million payment in respect of a post-closing adjustment to the acquisition of substantially all of the assets of MELS in the Media segment in December 2014.

Business disposals: $12.1 million in the third quarter of 2015 compared with $111.6 million in the same period of 2014.

- Business disposals in the third quarter of 2015 consisted mainly of the sale of Archambault Group's retail operations in the Telecommunications segment.
- In the third quarter of 2014, business disposals in the amount of $111.6 million consisted of:
    - sale of the Nurun Inc. ("Nurun") subsidiary to the French company Publicis Groupe for a cash consideration of $125.0 million, plus an estimated $5.3 million receivable in connection with certain adjustments to the transaction, less disposed-of cash in the amount of $18.1 million;
    - $4.7 million received following an adjustment to operating assets and liabilities in connection with the sale of 74 Québec weeklies to Transcontinental Interactive Inc. ("Transcontinental Interactive") in the second quarter of 2014.

Year to date

Additions to property, plant and equipment: $514.8 million in the first nine months of 2015 compared with $489.8 million in the same period of 2014. The $25.0 million increase was mainly due to the same factors as those noted above in the discussion of third quarter 2015 results.

Additions to intangible assets: $325.1 million in the first nine months of 2015 compared with $279.4 million in the same period of 2014. The $45.7 million increase mainly reflects payment of $33.0 million to Québec City for 25-year naming rights to the new Videotron Centre in the Sports and Entertainment segment, as well as an increase in the Telecommunications segment. Additions to intangible assets included payments totalling $218.8 million in the first nine months of 2015 for the acquisition of spectrum, compared with $217.4 million in the same period of 2014.

Proceeds from disposal of assets: $2.4 million in the first nine months of 2015 compared with $2.6 million in the same period of 2014.

Business acquisitions: $92.0 million in the first nine months of 2015 compared with $0.7 million in the same period of 2014.

- In the first nine months of 2015, business acquisitions consisted primarily in the acquisition of 4Degrees Colocation by the Telecommunications segment and of Transcontinental magazines by the Media segment.

Business disposals: $316.3 million in the first nine months of 2015, compared with $185.3 million in the same period of 2014, a $131.0 million increase.

- Business disposals in the first nine months of 2015 consisted mainly of the sale of English-language newspaper businesses in Canada in the Media segment and the sale of Archambault Group's retail operations in the Telecommunications segment.
- Business disposals in the first nine months of 2014 consisted mainly of the sale of the Nurun subsidiary to Publicis Groupe and the sale of 74 Québec weeklies to Transcontinental Interactive.

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

Third quarter 2015

Free cash flows from continuing operating activities of Quebecor Media: $70.0 million in the third quarter of 2015 compared with $170.7 million in the same period of 2014 (Table 7).

- The $100.7 million unfavourable variance was due to:
  - $40.2 million decrease in cash flows provided by continuing operating activities;
  - $42.0 million increase in additions to intangible assets;
  - $18.3 million increase in additions to property, plant and equipment.

Year to date

Free cash flows from continuing operating activities of Quebecor Media: $45.9 million in the first nine months of 2015 compared with $202.6 million in the same period of 2014 (Table 7).

- The $156.7 million unfavourable variance was due to:
  - $87.3 million decrease in cash flows provided by continuing operating activities;
  - $44.3 million increase in additions to intangible assets (excluding acquisition of spectrum licences);
  - $24.9 million increase in additions to property, plant and equipment.

Table 7
Cash flows from segment operations and free cash flows from continuing operating activities of Quebecor Media
(in millions of Canadian dollars)

	Three months ended September 30		Six months ended September 30	
	2015	2014	**2015**	2014
Cash flows from segment operations				
Telecommunications	**$ 150.9**	$ 161.3	**$ 495.6**	$ 494.4
Media	**31.8**	14.3	**17.4**	16.7
Sports and Entertainment	**(43.4)**	(2.3)	**(52.6)**	(7.9)
Quebecor Media Head Office	**0.1**	(2.1)	**(1.3)**	(1.2)
	139.4	171.2	**459.1**	502.0
Cash interest expense	**(72.9)**	(76.5)	**(225.1)**	(239.4)
Cash portion of gain on litigation, charge for restructuring of operations and other special items	**135.2**	(2.2)	**125.1**	(5.3)
Current income taxes	**(31.0)**	(58.5)	**(54.7)**	(90.2)
Other	**0.4**	0.1	**2.8**	1.3
Net change in non-cash balances related to operations	**(101.1)**	136.6	**(261.3)**	34.2
Free cash flows from continuing operating activities of Quebecor Media	**$ 70.0**	$ 170.7	**$ 45.9**	$ 202.6

Table 8

Free cash flows from continuing operating activities of Quebecor Media and cash flows provided by operating activities of Quebecor

(in millions of Canadian dollars)

	Three months ended September 30		Six months ended September 30	
	2015	2014	**2015**	2014
Free cash flows from continuing operating activities of Quebecor Media presented in Table 7	**$ 70.0**	$ 170.7	**$ 45.9**	$ 202.6
Quebecor Head Office cash flow items:				
Cash flows from segment operations	**0.8**	0.1	**2.1**	5.5
Cash interest expense	**(6.2)**	(6.7)	**(18.8)**	(19.8)
Other	**(0.2)**	0.2	**(0.2)**	0.2
Net change in non-cash balances related to operations	**6.9**	5.8	**1.1**	(4.7)
	1.3	(0.6)	**(15.8)**	(18.8)
Plus additions to property, plant and equipment	**191.1**	172.6	**514.8**	489.8
Plus additions to intangible assets (excluding expenditures for licence acquisitions)	**60.6**	18.6	**106.3**	62.0
Minus proceeds from disposal of assets	**(0.5)**	(0.7)	**(2.4)**	(2.6)
Cash flows provided by continuing operating activities of Quebecor	**$ 322.5**	$ 360.6	**$ 648.8**	$ 733.0

Financing activities

Consolidated debt (long-term debt plus bank borrowings): an increase of $614.5 million in the first nine months of 2015. $489.3 million favourable net variance in assets and liabilities related to derivative financial instruments.

- Summary of year-to-date debt increases:
  - estimated $469.9 million unfavourable impact of exchange rate fluctuations. The increase in this item was offset by an increase in the asset (or decrease in the liability) related to cross-currency swap agreements entered under “Derivative financial instruments”;
  - issuance by Videotron on September 15, 2015 of $375.0 million aggregate principal amount of 5.75% Senior Notes maturing on January 15, 2026, for net proceeds of $370.1 million, net of financing fees of $4.9 million;
  - use by Videotron of its secured revolving credit facility and bank indebtedness in the aggregate amount of $407.7 million.
- Summary of year-to-date debt reductions:
  - early redemption and withdrawal by Videotron on July 16, 2015 of the entirety of its outstanding 9.125% Senior Notes issued on April 15, 2008 and maturing on April 15, 2018, in the aggregate principal amount of US$75.0 million;
  - early redemption and withdrawal by Videotron on July 16, 2015 of the entirety of its outstanding 7.125% Senior Notes issued on January 13, 2010 and maturing on January 15, 2020, in the aggregate principal amount of $300.0 million;
  - early redemption and withdrawal by Videotron on April 10, 2015 of the entirety of its outstanding 6.375% Senior Notes issued on September 16, 2005 and maturing on December 15, 2015, in the aggregate principal amount of US$175.0 million;

- current payments, totalling $18.7 million, on the credit facilities and other debt of Videotron and Quebecor Media;
- $18.1 million reduction in Quebecor's debt.

- Assets and liabilities related to derivative financial instruments totalled a net asset of $787.4 million at September 30, 2015 compared with $298.1 million at December 31, 2014. The $489.3 million net favourable variance was due to:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments.

  Partially offset by:
  - unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments;
  - unwinding of Quebecor Media's hedging contracts in an asset position in connection with the redemption and early withdrawal on July 16, 2015 of US$75.0 million aggregate principal amount of 9.125% Senior Notes;
  - unwinding of Quebecor Media's hedging contracts in an asset position in connection with the redemption and early withdrawal on April 10, 2015 of US$175.0 million aggregate principal amount of its 6.375% Senior Notes.
- On September 9, 2015, the Corporation's interest in Quebecor Media increased from 75.36% to 81.07% following the repurchase by Quebecor Media of 7,268,324 Common Shares of its capital stock held by CDP Capital for an aggregate purchase price of $500.0 million, payable in cash. All shares purchased under the bid were cancelled. As a result CDP Capital's interest in Quebecor Media was reduced from 24.64% to 18.93%.
- On June 16, 2015, Videotron amended its $575.0 million secured revolving bank credit facility to increase it to $615.0 million and extend its term by two years to July 20, 2020. Videotron also entered a new $350.0 million unsecured revolving credit facility expiring on July 20, 2020. The terms and conditions of the new unsecured credit facility are similar to those of Videotron's existing secured revolving credit facility.
- On March 20, 2015, TVA Group completed a rights offering whereby it received net proceeds totalling approximately $110.0 million from the issuance of 19,434,629 Class B Non-Voting Shares of TVA Group. Under the rights offering, Quebecor Media subscribed for 17,300,259 Class B Non-Voting Shares of TVA Group at a total cost of $97.9 million. As a result, its total interest in TVA Group's equity increased from 51.5% to 68.4%.

Financial Position

Net available liquidity: $849.2 million at September 30, 2015 for Quebecor Media and its wholly owned subsidiaries, consisting of a $45.8 million bank indebtedness and $895.0 million in available unused revolving credit facilities.

Net available liquidity: $122.9 million for Quebecor at the corporate level, consisting of a $0.1 million bank indebtedness and $123.0 million in available unused revolving credit facilities.

Consolidated debt: $5.90 billion at September 30, 2015, a $614.5 million increase compared with December 31, 2014; $489.3 million favourable net variance in assets and liabilities related to derivative financial instruments (*see* "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $3.36 billion debt ($2.93 billion at December 31, 2014); TVA Group's $74.1 million debt ($78.2 million at December 31, 2014); Quebecor Media's $2.40 billion debt ($2.20 billion at December 31, 2014); and Quebecor's $59.1 million debt ($77.2 million at December 31, 2014).

As at September 30, 2015, minimum principal payments on long-term debt in the coming years are as follows:

Table 9
Minimum principal payments on Quebecor's long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2016	$	19.5
2017		78.1
2018		24.0
2019		14.9
2020		855.2
2021 and thereafter		4,900.2
Total	**$**	**5,891.9**

The weighted average term of Quebecor's consolidated debt was approximately 7.1 years as of September 30, 2015 (7.2 years as of December 31, 2014). The debt consisted of approximately 80.4% fixed-rate debt (82.6% at December 31, 2014) and 19.6% floating-rate debt (17.4% at December 31, 2014).

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, debt repayments, pension plan contributions, share repurchases, and dividend payments. The Corporation believes it will be able to meet future debt maturities, which are fairly staggered over the coming years.

Pursuant to their financing agreements, the Corporation and its subsidiaries are required to maintain certain financial ratios and financial covenants. The key indicators listed in these financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted operating income). At September 30, 2015, the Corporation and its subsidiaries were in compliance with all required financial ratios and restrictive covenants in their financing agreements.

Dividends Declared

- On November 4, 2015, the Board of Directors of Quebecor declared a quarterly dividend of $0.035 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on December 15, 2015 to shareholders of record at the close of business on November 20, 2015.

Auction for 2500 MHz spectrum and AWS-3 licences

On March 6, 2015, Quebecor Media and its Videotron subsidiary announced that they had acquired four AWS-3 licences in the auction for commercial mobile spectrum for a total price of $31.8 million. The licences cover Eastern Québec, Southern Québec, Northern Québec and Eastern Ontario/ Outaouais. They were issued to Videotron by Industry Canada on April 21, 2015.

On May 12, 2015, Quebecor Media and its Videotron subsidiary announced the acquisition of 18 licences in four Canadian provinces in the auction for 2500 MHz commercial mobile spectrum. The licences, which cover all of the province of Québec, as well as the major urban centres in the rest of Canada, including Toronto, Ottawa, Calgary, Edmonton, and Vancouver, were acquired for $187.0 million. They were issued to Videotron by Industry Canada on June 24, 2015.

Analysis of consolidated balance sheet at September 30, 2015

Table 10
Consolidated balance sheet of Quebecor
Analysis of main differences between September 30, 2015 and December 31, 2014
(in millions of Canadian dollars)

	Sept. 30, 2015	Dec. 31, 2014	Difference	Main reason for difference
Assets				
Cash and cash equivalents	**$ 18.9**	$ 395.3	$ (376.4)	Cash flows used in investing and financing activities exceeded cash flows provided by operating activities
Accounts receivable	**608.4**	449.4	159.0	$141.6 million amount receivable from Bell ExpressVu following a dispute settlement
Net assets held for sale[1]	**–**	300.2	(300.2)	Sale of English-language newspaper businesses
Property, plant and equipment	**3,378.6**	3,430.4	(51.8)	Impairment of assets in the Media segment and depreciation for the period, partially offset by additions to property, plant and equipment (*see* “Investing activities”) and acquisition of 4Degrees Colocation and Transcontinental magazines
Intangible assets	**1,154.1**	945.8	208.3	Purchase of 2500 MHz spectrum licences and AWS-3 licences and acquisition of 4Degrees Colocation and Transcontinental magazines, partially offset by asset impairment in the Media segment
Goodwill	**2,682.8**	2,714.6	(31.8)	Goodwill impairment in the Media segment, partially offset by impact of acquisition of 4Degrees Colocation and Transcontinental magazines
Derivative financial instruments[2]	**787.4**	298.1	489.3	*See* “Financing activities”
Liabilities				
Accounts payable and accrued charges	**593.3**	650.2	(56.9)	Impact of current variances in activity
Income taxes[3]	**(1.8)**	78.8	(80.6)	Payment of outstanding income tax balances
Long-term debt, including short-term portion and bank indebtedness	**5,898.0**	5,283.5	614.5	*See* “Financing activities”
Other liabilities	**329.2**	426.8	(97.6)	Gain on embedded derivatives related to convertible debentures

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

ADDITIONAL INFORMATION

Contractual Obligations

At September 30, 2015, material contractual obligations of operating activities included: capital repayment and interest on long-term debt; principal repayment and interest on convertible debentures; operating lease arrangements; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 11 below shows a summary of these contractual obligations.

Table 11
Contractual obligations of Quebecor as of September 30, 2015
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 5,891.9**	$ 19.5	$ 102.1	$ 870.1	$ 4,900.2
Convertible debentures[2]	**607.0**	–	–	607.0	–
Interest payments[3]	**2,282.9**	258.9	674.1	615.7	734.2
Operating leases	**242.7**	46.4	69.2	42.0	85.1
Additions to property, plant and equipment and other commitments	**1,404.4**	253.3	310.7	209.2	631.2
Derivative financial instruments[4]	**(749.1)**	(3.9)	53.8	(95.6)	(703.4)
Total contractual obligations	**$ 9,679.8**	**$ 574.2**	**$ 1,209.9**	**$ 2,248.4**	**$ 5,647.3**

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 Based on the market value at September 30, 2015 of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Class B Share at that date, subject to a floor price of $19.25 per share and a ceiling price of $24.0625. The Corporation may also redeem convertible debentures by issuing the corresponding number of Class B Shares.

3 Estimated interest payable on long-term debt and convertible debentures, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of September 30, 2015.

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

Related Party Transactions

During the third quarter of 2015, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated corporations in the amount of $0.4 million ($0.5 million in the same period of 2014), which is included in purchase of goods and services. The Corporation and its subsidiaries made sales to affiliated corporations in the amount of $0.5 million ($0.6 million in the same period of 2014). These transactions were accounted for at the consideration agreed between the parties.

During the first nine months of 2015, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated corporations in the amount of $3.0 million ($1.9 million in the same period of 2014), which is included in purchase of goods and services. The Corporation and its subsidiaries made sales to affiliated corporations in the amount of $2.3 million ($2.3 million in the same period of 2014). These transactions were accounted for at the consideration agreed between the parties.

Capital stock

In accordance with Canadian financial reporting standards, Table 12 below presents information on the Corporation's capital stock as at October 25, 2015. In addition, 1,310,000 share options were outstanding as of October 25, 2015.

Table 12
Capital stock
(in shares and millions of Canadian dollars)

	October 25, 2015	
	Issued and outstanding	Book value
Class A Shares	38,945,972	$ 8.7
Class B Shares	83,517,192	$ 317.0

On July 31, 2014, Quebecor filed a normal course issuer bid for a maximum of 500,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 2,000,000 Class B Shares representing approximately 2.4% of issued and outstanding Class B Shares as of July 29, 2014. The purchases can be made from August 13, 2014 to August 12, 2015 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid will be cancelled.

On July 29, 2015, the Board of Directors of Quebecor authorized the renewal of its normal course issuer bid for a maximum of 500,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 2,000,000 Class B Shares representing approximately 2.4% of issued and outstanding Class B Shares as of July 29, 2015. The purchases can be made from August 13, 2015 to August 12, 2016 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid will be cancelled.

In the first nine months of 2015, the Corporation purchased and cancelled 368,300 Class B Shares for a total cash consideration of $11.1 million (455,000 Class B Shares for a total cash consideration of $11.7 million in the first nine months of 2014). The $9.7 million excess of the purchase price over the carrying value of the repurchased Class B Shares was recorded in reduction of retained earnings ($10.0 million in the first nine months of 2014).

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, convertible debentures and derivative financial instruments.

In order to manage its foreign exchange and interest rate risks, the Corporation and its subsidiaries use derivative financial instruments: (i) to set in 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 debts; and (iii) to lock in the value of certain derivative financial instruments through offsetting transactions. The Corporation and its subsidiaries do not intend to settle their derivative financial instruments prior to their maturity as none of these instruments are held or issued for speculative purposes.

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

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of September 30, 2015 and December 31, 2014 are as follows:

Table 13
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	September 30, 2015		December 31, 2014	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1,2]	**$ (5,891.9)**	**$ (5,881.8)**	$ (5,326.7)	$ (5,444.7)
Convertible debentures[3]	**(623.6)**	**(623.6)**	(711.8)	(711.8)
Derivative financial instruments[4]				
Early settlement options	**7.4**	**7.4**	8.2	8.2
Foreign exchange forward contracts[5]	**8.2**	**8.2**	4.2	4.2
Interest rate swaps	**(0.9)**	**(0.9)**	(0.5)	(0.5)
Cross-currency interest rate swaps[5]	**780.1**	**780.1**	294.4	294.4

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 excludes the fair value of early settlement options, which is presented separately in the table.

3 The carrying value and fair value of convertible debentures consist of the initial capital investment and the value of the cap and floor conversion price features, recognized as embedded derivatives.

4 The fair value of derivative financial instruments designated as hedges was a net asset position of $787.4 million as of September 30, 2015 (a net asset position of $298.6 million as of December 31, 2014).

5 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.

(Gains) losses on valuation and translation of financial instruments for the third quarters and the first nine months of 2015 and 2014 are summarized in Table 14.

Table 14
(Gain) loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Six months ended September 30	
	2015	2014	**2015**	2014
(Gain) loss on embedded derivatives related to convertible debentures	**$ (52.0)**	$ 27.4	**$ (92.0)**	$ 3.6
(Gain) loss on embedded derivatives related to long-term debt and loss on derivative financial instruments for which hedge accounting is not used	**(0.1)**	(0.2)	**(0.2)**	2.5
Gain on reversal of embedded derivatives on debt redemption	**–**	–	**(0.4)**	(1.1)
Loss (gain) on ineffective portion of cash flow hedges	**0.4**	(1.6)	**1.6**	(1.4)
Gain on ineffective portion of fair value hedges	**(2.1)**	(0.4)	**(3.6)**	(2.1)
	$ (53.8)	$ 25.2	**$ (94.6)**	$ 1.5

Gains of $70.2 million and $45.3 million on cash flow hedges were recorded under “Other comprehensive income” in the third quarter and first nine months of 2015 respectively ($1.1 million gain and $7.2 million loss in the third quarter and first nine months of 2014 respectively).

The fair value of long-term debt and convertible debentures 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 period-end market yields or the market value of similar instruments with the same maturity.

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

The fair value of early settlement options recognized as embedded derivatives and embedded derivatives related to convertible debentures is determined by option pricing models using market inputs, including volatility, discount factors, and underlying instruments adjusted implicit interest rate and credit premium.

Change in Accounting Estimates

In the second quarter of 2015, the Corporation changed its assessment of the useful life of its spectrum licences. In light of recent spectrum auctions and developments in the telecommunications industry, the Corporation is now of the view that its spectrum licences have an indefinite useful life based on the following facts:

- the Corporation intends to renew the spectrum licences and believes that they are likely to be renewed by Industry Canada;
- the Corporation has the financial and operational ability to renew these spectrum licences;
- currently, the competitive, legal and regulatory landscape does not limit the useful lives of the spectrum licences;
- the Corporation foresees no limit to the period during which these licences can be expected to generate cash flows in the future.

Accordingly, the Corporation ceased to amortize the spectrum licences used in its operations as of April 1, 2015 and no amortization expense has been recorded since that date. The straight-line amortization expense recorded relating to these licences was $13.9 million during the three-month period ended March 31, 2015, $13.9 million during the three-month period ended September 30, 2014, and $41.7 million during the nine-month period ended September 30, 2014.

Controls and Procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

No changes to internal controls over financial reporting have come to the attention of the Corporation's management during the three months ended September 30, 2015 that have materially adversely affected, or are reasonably likely to materially adversely affect, the Corporation's internal controls over financial reporting.

Additional Information

The Corporation is a reporting issuer subject to the securities laws of all Canadian provinces and is therefore required to file financial statements, a proxy circular and an annual information form with the various securities commissions. Copies of those documents are available free of charge from the Corporation on request, and on the Web at <www.sedar.com>.

Cautionary Statement Regarding Forward-Looking Statements

The statements in this report that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms "plans," "expects," "may," "anticipates," "intends," "estimates," "projects," "seeks," "believes," or similar terms, variations of such terms or the negative of such terms. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor Media's ability to continue developing its network and related mobile services;
- general economic, financial or market conditions and variations in the businesses of Quebecor Media's local, regional or national newspaper and broadcasting advertisers;
- the intensity of competitive activity in the industries in which Quebecor operates;
- fragmentation of the media landscape;

- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing its network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor's business;
- Quebecor's ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- Quebecor Media's ability to successfully restructure its newspaper operations to optimize their efficiency in the context of the changing newspaper industry;
- disruptions to the network through which Quebecor Media provides its digital cable television, Internet access, telephony and over-the-top video services, and its ability to protect such services from piracy;
- labour disputes or strikes;
- changes in Quebecor Media's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at <www.sedar.com> and <www.quebecor.com>, including, in particular, the "Risks and Uncertainties" section of the Corporation's Management Discussion and Analysis for the year ended December 31, 2014.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of November 5, 2015, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Montréal, Québec

November 5, 2015

QUEBECOR INC. AND ITS SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA

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

			2015				2014	2013
	Sept. 30	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenues	**$ 971.7**	**$ 960.9**	**$ 926.1**	$ 953.7	$ 887.8	$ 893.0	$ 873.2	$ 924.9
Adjusted operating income	**391.4**	**349.3**	**339.2**	353.2	361.8	359.9	335.0	355.6
Contribution to net income (loss) attributable to shareholders:								
Continuing operations	**74.0**	**66.5**	**41.4**	50.7	58.1	55.9	45.1	48.7
Gain (loss) on valuation and translation of financial instruments	**51.1**	**47.7**	**(8.6)**	(92.5)	(26.9)	21.2	2.9	(58.0)
Unusual items	**(38.1)**	**(33.0)**	**(1.3)**	(30.5)	(21.4)	(24.1)	(9.4)	(1.0)
Discontinued operations	**(1.9)**	**(9.1)**	**(2.1)**	12.8	35.3	(107.8)	0.5	10.6
Net income (loss) attributable to shareholders	**85.1**	**72.1**	**29.4**	(59.5)	45.1	(54.8)	39.1	0.3
Basic data per share								
Contribution to net income (loss) attributable to shareholders:								
Continuing operations	**$ 0.60**	**$ 0.54**	**$ 0.34**	$ 0.41	$ 0.47	$ 0.45	$ 0.37	$ 0.40
Gain (loss) on valuation and translation of financial instruments	**0.42**	**0.39**	**(0.07)**	(0.75)	(0.22)	0.17	0.02	(0.47)
Unusual items	**(0.31)**	**(0.27)**	**(0.01)**	(0.25)	(0.17)	(0.20)	(0.07)	(0.01)
Discontinued operations	**(0.02)**	**(0.07)**	**(0.02)**	0.11	0.29	(0.87)	-	0.08
Net income (loss) attributable to shareholders	**0.69**	**0.59**	**0.24**	(0.48)	0.37	(0.45)	0.32	-
Weighted average number of shares outstanding (in millions)	**122.7**	**122.8**	**122.9**	122.9	122.9	123.0	123.1	123.5
Diluted data per share								
Contribution to net income (loss) attributable to shareholders:								
Continuing operations	**$ 0.54**	**$ 0.49**	**$ 0.32**	$ 0.38	$ 0.43	$ 0.41	$ 0.34	$ 0.37
Dilution impact	**-**	**-**	**0.02**	0.03	0.04	-	-	0.03
Gain (loss) on valuation and translation of financial instruments	**-**	**-**	**(0.07)**	(0.75)	(0.22)	(0.01)	0.02	(0.47)
Unusual items	**(0.27)**	**(0.23)**	**(0.01)**	(0.25)	(0.17)	(0.17)	(0.07)	(0.01)
Discontinued operations	**(0.01)**	**(0.07)**	**(0.02)**	0.11	0.29	(0.74)	-	0.08
Net income (loss) attributable to shareholders	**0.26**	**0.19**	**0.24**	(0.48)	0.37	(0.51)	0.29	-
Weighted average number of diluted shares outstanding (in millions)	**143.7**	**143.9**	**123.2**	122.9	122.9	143.8	144.2	123.5