MANAGEMENT DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. ("Quebecor" or the "Corporation") in the third quarter of 2011 and the major changes from the previous financial year. As described in note 1 to the condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2011, Canadian Generally Accepted Accounting Principles ("GAAP"), which were previously used in preparing the consolidated financial statements, were replaced on the adoption of International Financial Reporting Standards ("IFRS") on January 1, 2011. The Corporation's condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 have therefore been prepared in accordance with IFRS, and particularly IAS 34. Comparative figures for 2010 have also been restated.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the information in the condensed consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2010. It should also be read in conjunction with the additional information and details on the adjustments to the 2010 comparative financial figures related to adoption of IFRS, as described in note 17 to the condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2011.

Quebecor is a holding company with a 54.7% interest in Quebecor Media Inc. ("Quebecor Media"), one of Canada's largest media groups. Quebecor Media's subsidiaries operate in the following business segments: Telecommunications, News Media, Broadcasting, Leisure and Entertainment, and Interactive Technologies and Communications. Quebecor Media is pursuing a convergence strategy to capture synergies among all its media properties.

During the second quarter of 2011, some of the special-interest portals were transferred from the News Media segment to the Telecommunications segment. The Corporation's segmented financial data for prior periods have therefore been restated to reflect the change.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2011

- Quebecor's sales increased by $44.9 million (4.6%) to $1.01 billion in the third quarter of 2011, mainly because of sustained growth in the Telecommunications segment.
- Net increase of 168,700 revenue-generating units,[1] the strongest quarterly growth since the acquisition of Videotron Ltd. ("Videotron") by Quebecor Media in 2000 and a 79.9% increase over the growth recorded in the same quarter of 2010. The substantial increase was due, among other things, to the effective strategy of marketing bundled services, including mobile telephone service, at a time when over-the-air analog television broadcasting was ending.
  - Net increase of 43,500 cable television customers, including a 77,700-subscriber increase for the digital service, the strongest quarterly growth for cable television since March 1999 and strongest growth for the digital service since it was launched;
  - Net increase of 39,900 customers for the cable Internet access service, the largest increase in the last three years;
  - Net increase of 37,800 customers for the cable telephone service, the largest increase in the last two years;
  - Net increase of 47,500 subscriber connections for the mobile telephone service, the largest quarterly increase since the service was launched.
- As of September 30, 2011, there were 253,900 subscriber connections to Videotron's 4G network, including 181,200 new connections and 72,700 migrations from the mobile virtual network operator ("MVNO") service. At September 30, 2011, Videotron's 4G network was available to more than six million people in Québec and eastern Ontario.
- The Telecommunications segment's operating income increased by $10.9 million (4.1%) in the third quarter of 2011, despite additional operating costs generated by the new mobile telephone service.
- According to the NADbank 2010/11 survey for the September 2010 to June 2011 period, *Le Journal de Montréal* has a weekly readership of 1,194,400, which is 371,600 more than its closest competitor. Readership of the *Journal* increased 16% in the 18-24 age group. Also according to the NADbank 2010/11 survey, the free daily *24 heures* added 45,000 readers, an 8.1% increase from the previous survey. *24 heures* now has a weekly readership of 599,600, its best performance in 10 years.

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

- On August 31, 2011, Quebecor Media Network Inc. (“Quebecor Media Network”) launched Le Sac Plus. In addition to distributing all Quebecor Media community newspapers, the Le Sac Plus door-knob bag contains advertising materials such as flyers, leaflets, product samples and other value-added promotions every week. Quebecor Media Network has also signed an agreement with the Jean Coutu Group (PJC) Inc. pharmacy chain to distribute its flyers in Le Sac Plus, starting October 5, 2011. The flyers are already being printed by Quebecor Media Printing Inc. under a contract announced in the second quarter of 2011, illustrating the complementary nature of the News Media segment’s multiproduct offerings.
- On September 12, 2011, TVA Group Inc. (“TVA Group”) launched the TVA Sports channel, which carries Ottawa Senators, Toronto Blue Jays, Montréal Impact, InterBox, Ultimate Fighting Championship® (UFC), Quebec Major Junior Hockey League and Canadian Hockey League events, among others.
- On September 12, 2011, Nurun Inc. (“Nurun”) announced the acquisition of a digital communications agency located in San Francisco, California, that has a multidisciplinary team of more than 60 employees with expertise in brand promotion and interactive product development. Its customer list includes companies such as Google, Electronic Arts, Tesla Motors and Sony Electronics.
- Finally, Quebecor will implement its business plan for management of the multipurpose arena, which is to be operational by September 2015, following the signing of final agreements with Québec City in early September, 2011. Quebecor reiterates its goal of acquiring a National Hockey League franchise for the facility, as well as presenting major events and shows in the venue.

ADDITIONAL IFRS MEASURE

Operating Income

In its analysis of operating results, the Corporation uses operating income, as reported in its condensed consolidated statement of income, to assess its financial performance. The Corporation’s management and Board of Directors use this measure in evaluating the Corporation’s consolidated results and the results of its operating segments. This measure is unaffected by the capital structure or investment activities of the Corporation and its segments. Operating income is also relevant because it is a significant component of the Corporation’s annual incentive compensation programs. Operating income is defined as an additional IFRS measure.

Previously, under Canadian GAAP, operating income was a non-GAAP measure. The Corporation defined operating income as net income in accordance with Canadian GAAP before amortization, financial expenses, gain (loss) on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, gain (loss) on debt refinancing, income tax, and net income attributable to non-controlling interests.

Operating income as used by the Corporation may not be the same as similarly titled measures reported by other companies.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures used by the Corporation to assess its financial performance, such as adjusted income from continuing operations, cash flows from segment operations, free cash flows from continuing operating activities of the Quebecor Media subsidiary, and average monthly revenue per user (“ARPU”), are not calculated in accordance with, or recognized by IFRS. The Corporation’s method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted Income from Continuing Operations

The Corporation defines adjusted income from continuing operations, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before gain (loss) on valuation and translation of financial instruments, charge for restructuring of operations, impairment of assets and other special items, and gain (loss) on debt refinancing, net of income tax and net income attributable to non-controlling interests. Adjusted income from continuing operations, as defined above, is not a measure of results that is consistent with IFRS. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Adjusted income from continuing operations eliminates the impact of unusual or one-time items. The Corporation's definition of adjusted income from continuing operations may not be identical to similarly titled measures reported by other companies.

Table 1 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 1
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	
	2011	2010	**2011**	2010
Adjusted income from continuing operations	**$ 40.0**	$ 56.1	**$ 135.9**	$ 162.4
(Loss) gain on valuation and translation of financial instruments	**(34.4)**	79.0	**(27.9)**	69.7
Restructuring of operations, impairment of assets and other special items	**(2.9)**	(12.6)	**(19.0)**	(13.7)
Gain (loss) on debt refinancing	**2.7**	–	**(6.6)**	(12.3)
Income tax related to adjustments[1]	**7.6**	(17.6)	**13.7**	(11.6)
Net income attributable to non-controlling interests related to adjustments	**13.1**	(21.9)	**19.5**	(15.8)
Net income attributable to shareholders	**$ 26.1**	$ 83.0	**$ 115.6**	$ 178.7

[1] Includes the impact of fluctuations in tax rates applicable to adjusted items, either for statutory reasons or in connection with tax planning arrangements.

Cash Flows from Segment Operations

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

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

Free cash flows from continuing operating activities consists of cash flows from segment operations (*see* "Cash Flows from Segment Operations" above), minus cash interest payments and cash charges for restructuring of operations, impairment of assets and other special items, plus or minus current income tax expenses, other receipts (disbursements), and the net change in non-cash balances related to operations. Free cash flows from continuing operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the operations of the Quebecor Media subsidiary. Free cash flows from continuing operating activities represents Quebecor Media's available funds for business acquisitions, the payment of dividends and the repayment of long-term debt. Free cash flows from 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 2 provides a reconciliation of free cash flows from continuing operating activities of Quebecor Media to cash flows provided by its operating activities.

Table 2
Reconciliation of free cash flows from continuing operating activities to cash flows provided by operating activities of the Quebecor Media subsidiary
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Free cash flows from continuing operating activities (Table 3)	**$ 152.5**	$ 89.5	**$ 75.1**	$ 174.4
Additions to property, plant and equipment	**208.7**	190.6	**578.2**	485.6
Additions to intangible assets	**21.4**	21.2	**60.3**	65.6
Proceeds from disposal of assets[1]	**(2.5)**	(2.3)	**(7.5)**	(49.6)
Cash flows provided by operating activities	**$ 380.1**	$ 299.0	**$ 706.1**	$ 676.0

[1] 2010 year-to-date figures include the sale of certain tangible assets in the News Media segment.

Average Monthly Revenue per User

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

ANALYSIS OF CONSOLIDATED RESULTS OF QUEBECOR

2011/2010 third quarter comparison

Revenues: $1.01 billion, an increase of $44.9 million (4.6%)

- Revenues increased in Telecommunications ($55.4 million or 10.0% of segment revenues) and in Interactive Technologies and Communications ($7.5 million or 33.5%).
- Revenues decreased in Broadcasting ($5.0 million or -5.3%), Leisure and Entertainment ($3.8 million or -4.9%) and News Media ($3.3 million or -1.4%).

Operating income: $319.7 million, a decrease of $12.3 million (-3.7%)

- Operating income increased in Telecommunications ($10.9 million or 4.1% of segment operating income) and Interactive Technologies and Communications ($2.0 million or 166.7%).
- Operating income decreased in Broadcasting ($10.1 million or -77.1%), News Media ($8.9 million or -23.4%) and Leisure and Entertainment ($0.8 million or -6.5%).
- The change in the fair value of Quebecor Media stock options resulted in a $1.1 million favourable variance in the stock-based compensation charge in the third quarter of 2011 compared with the same period of 2010. The change in the fair value of Quebecor stock options resulted in a $4.1 million unfavourable variance in the Corporation's stock-based compensation charge in the third quarter of 2011.
- Excluding the impact of the consolidated stock-based compensation charge, and if the figures for prior periods were restated to retroactively reflect the reversal in the fourth quarter of 2009 of the accumulated Part II licence fee provision of the Canadian Radio-television and Telecommunications Commission ("CRTC"), operating income would have decreased 2.8% in the third quarter of 2011, compared with a 7.8% increase in the same period of 2010.

Net income attributable to shareholders: $26.1 million ($0.41 per basic share) compared with $83.0 million ($1.29 per basic share) in the third quarter of 2010, a decrease of $56.9 million ($0.88 per basic share).

- The decrease was mainly due to:
  - $34.4 million loss on valuation and translation of financial instruments in the third quarter of 2011 compared with a $79.0 million gain in the same quarter of 2010, an unfavourable variance of $113.4 million;
  - $33.0 million increase in the amortization charge;
  - $12.3 million decrease in operating income;
  - $4.7 million increase in financial expenses.

  Partially offset by:

  - $9.7 million favourable variance in the charge for restructuring of operations, impairment of assets and other special items.

Adjusted income from continuing operations: $40.0 million in the third quarter of 2011 ($0.63 per basic share) compared with $56.1 million ($0.87 per basic share) in the same quarter of 2010, a decrease of $16.1 million ($0.24 per basic share).

Amortization charge: $131.0 million compared with $98.0 million in the same quarter of 2010, a $33.0 million increase essentially due to the impact of significant capital expenditures in 2010 and the first nine months of 2011 in the Telecommunications segment, including commencement of amortization of 4G network equipment and licences following the network launch in September 2010.

Financial expenses: $83.4 million, an increase of $4.7 million

- The increase was mainly due to:
  - higher base interest rates and impact on average interest rate of the debt from the rebalancing of the fixed rate and floating rate portions;
  - $3.8 million unfavourable variance in exchange rate on operating items.

Loss on valuation and translation of financial instruments: $34.4 million in the third quarter of 2011 compared with a $79.0 million gain in the same period of 2010, an unfavourable variance of $113.4 million.

- The variance was essentially due to an unfavourable change in the fair value of early settlement options recorded in the third quarter of 2011, compared with a favourable change in the third quarter of 2010, due in both cases to interest rate and credit premium fluctuations.

Charge for restructuring of operations, impairment of assets and other special items: $2.9 million in the third quarter of 2011 compared with $12.6 million in the third quarter of 2010, a $9.7 million favourable variance.

- In connection with the startup of its 4G network, the Telecommunications segment recorded a $0.3 million charge for migration costs in the third quarter of 2011, compared with $4.9 million in the third quarter of 2010.
- In the third quarter of 2011, a $2.0 million net charge for restructuring of operations was recorded in the News Media segment in connection with staff-reduction programs, compared with $1.5 million in the same quarter of 2010. In addition, a non-cash charge for impairment of certain assets in the amount of $3.5 million was recognized in the third quarter of 2010.
- In 2010, the Corporation decided to terminate the operations of its Sun TV conventional television station on the launch of the new Sun News Network ("Sun News") specialty channel. In light of this repositioning, the Broadcasting segment recorded a $1.9 million impairment charge on certain equipment and broadcasting rights in the third quarter of 2010, compared with a $0.3 million asset impairment charge recorded in the same quarter of 2011. In addition, a $0.8 million charge for restructuring of other operations was recorded in the Broadcasting segment in the third quarter of 2010.
- In the third quarter of 2011, other special items in the amount of $0.3 million were recorded in other segments.

Gain on debt refinancing: $2.7 million in the third quarter of 2011 compared with nil in the same period of 2010.

- In the third quarter of 2011, Videotron bought back and withdrew US$255.0 million principal amount of its issued and outstanding 6 7/8% Senior Notes maturing in 2014 and settled the related hedges for a total cash consideration of $303.1 million. The transaction generated a $2.7 million gain on debt refinancing.

Income tax expense: $21.4 million (effective tax rate of 30.3%) in the third quarter of 2011 compared with $63.2 million (effective tax rate of 28.5%) in the same quarter of 2010.

- The $41.8 million improvement was due primarily to the decrease in income before income taxes.

2011/2010 year-to-date comparison

Revenues: $3.06 billion, an increase of $146.7 million (5.0%).

- Revenues increased in Telecommunications ($158.3 million or 9.7% of segment revenues), Interactive Technologies and Communications ($14.8 million or 21.1%) and Leisure and Entertainment ($1.8 million or 0.9%).
- Revenues decreased in News Media ($5.2 million or -0.7%) and Broadcasting ($0.9 million or -0.3%).

Operating income: $972.5 million, a decrease of $1.8 million (-0.2%).

- Operating income decreased in News Media ($30.5 million or -22.8% of segment operating income) and Broadcasting ($15.8 million or -34.6%).
- Operating income increased in Telecommunications ($20.0 million or 2.6%), Leisure and Entertainment ($2.7 million or 16.6%), and Interactive Technologies and Communications ($1.9 million or 54.3%).
- The change in the fair value of Quebecor Media stock options resulted in a $12.7 million favourable variance in the stock-based compensation charge in the first nine months of 2011 compared with the same period of 2010. The fair value of the options decreased during the first nine months of 2011, whereas it increased during the same period of 2010. The change in the fair value of Quebecor stock options resulted in a $22.8 million favourable variance in the Corporation's stock-based compensation charge in the first nine months of 2011.
- Excluding the impact of the consolidated stock-based compensation charge, and if the figures for prior periods were restated to retroactively reflect the reversal in the fourth quarter of 2009 of the accumulated CRTC Part II licence fee provision, operating income would have decreased 3.7% in the first nine months of 2011, compared with a 10.0% increase in the same period of 2010.

Net income attributable to shareholders: $115.6 million ($1.80 per basic share) compared with $178.7 million ($2.78 per basic share) in the first nine months of 2010, a decrease of $63.1 million ($0.98 per basic share).

- The decrease was mainly due to:
  - $97.6 million unfavourable variance in losses and gains on valuation and translation of financial instruments;
  - $94.8 million increase in amortization charge;
  - $5.3 million increase in charge for restructuring of operations, impairment of assets and other special items.

  Partially offset by:
  - $5.7 million decease in loss on debt refinancing.

Adjusted income from continuing operations: $135.9 million in the first nine months of 2011 ($2.12 per basic share) compared with $162.4 million ($2.52 per basic share) in the same period of 2010, a decrease of $26.5 million ($0.40 per basic share).

Amortization charge: $374.0 million, an increase of $94.8 million due essentially to the same factor as that noted above in the 2011/2010 third quarter comparison.

Financial expenses: $245.2 million, an increase of $2.7 million.

- The increase was due mainly to:
  - higher base interest rates and impact on average interest rate of the debt from the rebalancing of the fixed rate and floating rate portions.

  Partially offset by:
  - $2.9 million favourable variance in exchange rates on operating items.

Loss on valuation and translation of financial instruments: $27.9 million in the first nine months of 2011 compared with a $69.7 million gain in the same period of 2010, an unfavourable variance of $97.6 million, caused essentially by the same factors as those noted above in the 2011/2010 third quarter comparison.

Charge for restructuring of operations, impairment of assets and other special items: $19.0 million compared with $13.7 million in the same period of 2010, a $5.3 million unfavourable variance.

- In connection with the startup of its 4G network, the Telecommunications segment recorded a $14.8 million charge for migration costs in the first nine months of 2011, compared with $4.9 million in the same period of 2010. A $2.8 million gain on disposal of assets was also recorded in the Telecommunications segment in the first nine months of 2010.
- A $2.0 million net charge for restructuring of operations was recorded in the News Media segment in the first nine months of 2011 in connection with staff-reduction programs, compared with a $4.6 million in the same period of 2010. A $0.9 million charge for impairment of intangible assets was recorded in the segment in the first nine months of 2011, compared with $3.5 million in the same period of 2010, whereas certain assets was sold in 2010 resulted in a net gain of $4.9 million.
- A $0.6 million charge for impairment of assets was recorded in the first nine months of 2011 in the Broadcasting segment, compared with $7.6 million in the same period of 2010, essentially due to the repositioning of Sun TV. In addition, a $0.8 million charge for restructuring of other operations was recorded in other segments in the first nine months of 2010.
- In the first nine months of 2011, $0.7 million in other special items was recorded in other segments.

Loss on debt refinancing: $6.6 million in the first nine months of 2011 compared with $12.3 million in the same period of 2010.

- On July 18, 2011, Videotron redeemed and withdrew US$255.0 million principal amount of its issued and outstanding 6 7/8% Senior Notes maturing in 2014 and settled the related hedges for a total cash consideration of $303.1 million. The transaction generated a $2.7 million gain on debt refinancing.
- On February 15, 2011, Sun Media Corporation redeemed and withdrew the entirety of its 7 5/8% Senior Notes in the aggregate principal amount of US$205.0 million and settled the related hedges for a total cash consideration of $308.2 million. The transaction generated a $9.3 million loss on debt refinancing.

- On January 14, 2010, Quebecor Media made a US$170.0 million early payment on drawings on its term loan "B" and settled related hedge agreements, for a total cash consideration of $206.7 million. The transaction generated a $10.4 million loss on debt refinancing.
- In May 2010, Osprey Media Publishing Inc. ("Osprey Media") paid down the balance of its term credit facility and settled related hedge agreements for a total cash consideration of $116.3 million. This transaction gave rise to a $1.9 million loss on debt refinancing.

Income tax expense: $81.2 million (effective tax rate of 27.1%) in the first nine months of 2011 compared with $137.6 million (effective tax rate of 27.7%) in the same period of 2010.

- The $56.4 million improvement was due primarily to the decrease in income before income taxes.

Free cash flows from continuing operating activities of Quebecor Media

Free cash flows from continuing operating activities of Quebecor Media: $152.5 million in the third quarter of 2011 compared with $89.5 million in the same period of 2010 (Table 3).

- The $63.0 million increase was mainly due to:
  - $86.4 million decrease in use of funds for non-cash balances related to operations, mainly because of a decrease in accounts receivable in the News Media and Broadcasting segments, due in part to receipt of delayed payments once the labour dispute at Canada Post was settled, and a favourable variance in deferred revenues in the Telecommunications segment;
  - $4.9 million decrease in current income taxes;
  - $4.0 million decrease in cash portion of charge for restructuring of operations, impairment of assets and other special items.

  Partially offset by:
  - $18.1 million increase in additions to property, plant and equipment, mainly due to spending in the Telecommunications segment on its 4G network and cable network modernization;
  - $9.4 million decrease in operating income;
  - $8.2 million increase in cash interest expense.

Free cash flows from continuing operating activities of Quebecor Media: $75.1 million in the first nine months of 2011 compared with $174.4 million in the same period of 2010 (Table 3).

- The unfavourable variance of $99.3 million was mainly due to:
  - $92.6 million increase in additions to property, plant and equipment, due primarily to spending in the Telecommunications segment on its 4G network and cable network modernization;
  - $42.1 million unfavourable variance in proceeds from disposal of assets, due essentially to the sale of certain tangible assets in the News Media segment in the first nine months of 2010;
  - $20.9 million decrease in operating income;
  - $9.3 million increase in cash interest expense;
  - $7.8 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items.

  Partially offset by:
  - $70.8 million favourable variance in current income taxes.

Table 3
Free cash flows from continuing operating activities of Quebecor Media
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Cash flows from segment operations:				
Telecommunications	**$ 64.2**	$ 67.0	**$ 226.1**	$ 280.6
News Media	**25.3**	33.7	**88.0**	162.4
Broadcasting	**(5.5)**	8.5	**4.0**	30.6
Leisure and Entertainment	**7.9**	9.8	**11.2**	7.1
Interactive Technologies and Communications	**2.7**	0.8	**1.7**	1.5
Head Office and other	**(0.1)**	2.2	**2.6**	1.7
	94.5	122.0	**333.6**	483.9
Cash interest expense[1]	**(78.6)**	(70.4)	**(226.3)**	(217.0)
Cash portion of charge for restructuring of operations, impairment of assets and other special items	**(3.2)**	(7.2)	**(18.1)**	(10.3)
Current income taxes	**(0.2)**	(5.1)	**4.9**	(65.9)
Other	**2.9**	(0.5)	**1.5**	0.9
Net change in non-cash balances related to operations	**137.1**	50.7	**(20.5)**	(17.2)
Free cash flows from continuing operating activities	**$ 152.5**	$ 89.5	**$ 75.1**	$ 174.4

[1] Interest on long-term debt, foreign currency translation of short-term monetary items and other interest expenses (*see* note 6 to condensed consolidated financial statements).

Table 4
Reconciliation of cash flows from segment operations of Quebecor Media to its operating income
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 322.1**	$ 331.5	**$ 964.6**	$ 985.5
Additions to property, plant and equipment	**(208.7)**	(190.6)	**(578.2)**	(485.6)
Acquisitions of intangible assets	**(21.4)**	(21.2)	**(60.3)**	(65.6)
Proceeds from disposal of assets[1]	**2.5**	2.3	**7.5**	49.6
Cash flows from segment operations	**$ 94.5**	$ 122.0	**$ 333.6**	$ 483.9

[1] 2010 year-to-date figures include the sale of certain tangible assets in the News Media segment.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2011 operating results

Revenues: $611.6 million, an increase of $55.4 million (10.0%).

- Combined revenues from all cable television services increased $13.4 million (5.6%) to $252.7 million, due primarily to higher ARPU, partially as a result of increases in some rates, the impact of customer base growth, the success of high definition ("HD") packages, and increased pay-TV orders.
- Revenues from Internet access services increased $14.7 million (9.2%) to $175.7 million. The improvement was mainly due to customer growth, increases in some rates and customer migration to upgraded service packages.
- Revenues from cable telephone service increased $6.5 million (6.3%) to $109.8 million, primarily as a result of customer and subscriber line increases.
- Revenues from mobile telephone service increased $19.2 million (153.6%) to $31.7 million, essentially due to customer growth resulting largely from the launch of the new network in September 2010.
- Revenues of Videotron Business Solutions increased $0.3 million (2.0%) to $15.4 million, mainly because of higher revenues from network solutions.
- Revenues from customer equipment sales increased $0.9 million (6.9%) to $13.9 million, mainly because of increased sales of mobile handsets.
- Revenues of Le SuperClub Vidéotron ltée ("Le SuperClub Vidéotron") decreased $0.4 million (-7.1%) to $5.2 million, mainly as a result of the closure of two stores in the second quarter of 2011, lower same-store rental revenues and lower franchise fee revenues.
- Other revenues increased $0.7 million (10.6%) to $7.3 million.

ARPU: $104.33 in the third quarter of 2011 compared with $96.04 in the same period of 2010, an increase of $8.29 (8.6%).

Customer statistics

Revenue-generating units – As of September 30, 2011, the total number of revenue-generating units stood at 4,588,100, an increase of 168,700 (3.8%) from the previous quarter, compared with a 93,800-unit increase in the third quarter of 2010 (Table 5). It was the largest quarterly increase in revenue-generating units since Quebecor Media's acquisition of Videotron in October 2000 and 79.9% higher than the growth recorded in the same quarter of 2010. This solid performance was due to the effective strategy of marketing bundled services, including mobile telephone service, at a time of technological change in television broadcasting. In the 12-month period ended September 30, 2011, the number of revenue-generating units increased by 358,800 (8.5%). Revenue-generating units are the sum of cable television, Internet access and cable telephone service subscriptions, plus subscriber connections to the mobile telephone service.

Cable television – The combined customer base for all of Videotron's cable television services increased by 43,500 (2.4%) in the third quarter of 2011 (compared with 20,500 in the third quarter of 2010), and by 42,200 during the 12-month period ended September 30, 2011 (Table 5). It was the strongest quarterly customer growth, in absolute terms, for cable television services since March 1999. At the end of the third quarter of 2011, Videotron had 1,844,200 customers for its cable television services, a household penetration rate of 69.7%, compared with 69.2% a year earlier (this rate represents the number of subscribers as a proportion of total homes passed by Videotron's network, i.e., 2,647,700 homes, as of the end of September 2011, compared with 2,603,700 one year earlier).

- As of September 30, 2011, the number of subscribers to the Digital TV service stood at 1,348,100, a quarterly increase of 77,700 or 6.1%, compared with a 40,300-subscriber increase in the third quarter of 2010. The 77,700 customer additions are a record for a single quarter since the launch of the Digital TV service. For the 12-month period, this represents an increase of 165,800 (14.0%). As of September 30, 2011, illico Digital TV had a household penetration rate of 50.9% versus 45.4% a year earlier.
- The customer base for analog cable television services decreased by 34,200 (-6.4%) in the third quarter of 2011 (compared with a decrease of 19,800 customers in the same quarter of 2010) and by 123,600 (-19.9%) over a 12-month period. Customer migration to the digital service was the main reason for the decrease.

Internet access – The number of subscribers to cable Internet access services was 1,306,400 at September 30, 2011, an increase of 39,900 (3.2%) from the previous quarter (compared with a 32,100-subscriber increase in the third quarter of 2010). It was the largest quarterly increase, in absolute terms, in three years, since the third quarter of 2008. During the 12-month period ended September 30, 2011, the cable Internet access service increased its subscriber base by 72,600 (5.9%) (Table 5). At September 30, 2011, Videotron's cable Internet access services had a household penetration rate of 49.3% versus 47.4% a year earlier.

Cable telephone service – The number of subscribers to the cable telephone service stood at 1,179,400 at September 30, 2011, an increase of 37,800 (3.3%) from the previous quarter (compared with a 32,800-customer increase in the third quarter of 2010), and a 12-month increase of 81,300 (7.4%) (Table 5). It was the largest quarterly increase, in absolute terms, in two years, since the third quarter of 2009. At September 30, 2011, the cable telephone service had a household penetration rate of 44.5% versus 42.2% a year earlier.

Mobile telephone service – As of September 30, 2011, the number of subscriber connections to the mobile telephone service stood at 258,100, an increase of 47,500 (22.6%) from the end of the previous quarter (compared with an increase of 8,400 connections in the third quarter of 2010), and a 12-month increase of 162,700 (170.5%). It was the largest quarterly increase since the service was launched. Since the launch, 253,900 subscriber connections have been added to the 4G network, including 181,200 new connections and 72,700 migrations from the MVNO service.

Table 5
Telecommunications segment quarter-end customer numbers for the last eight quarters
(in thousands of customers)

	Sept. 2011	June 2011	March 2011	Dec. 2010	Sept. 2010	June 2010	March 2010	Dec. 2009
Cable television:								
Analog	**496.1**	530.3	564.9	592.0	619.7	639.5	665.6	692.9
Digital	**1,348.1**	1,270.4	1,243.7	1,219.6	1,182.3	1,142.0	1,119.9	1,084.1
	1,844.2	1,800.7	1,808.6	1,811.6	1,802.0	1,781.5	1,785.5	1,777.0
Cable Internet	**1,306.4**	1,266.5	1,263.6	1,252.1	1,233.8	1,201.7	1,191.6	1,170.6
Cable telephone	**1,179.4**	1,141.6	1,129.8	1,114.3	1,098.1	1,065.3	1,043.0	1,014.0
Mobile telephone[1]	**258.1**	210.6	164.7	136.1	95.4	87.0	85.3	82.8
Total (revenue-generating units)	**4,588.1**	4,419.4	4,366.7	4,314.1	4,229.3	4,135.5	4,105.4	4,044.4

[1] In thousands of subscriber connections.

Operating income: $275.4 million, an increase of $10.9 million (4.1%).

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

  Partially offset by:
  - increases in operating expenses, among them costs related to the roll-out of the 4G network, including acquisition costs of approximately $476 per subscriber addition (direct costs, including selling, advertising and marketing expenses and equipment subsidies) and site overhead costs;
  - capitalization of some operating expenses during the build-out of the new mobile services network, which also explains the unfavourable variance in operating expenses in the third quarter of 2011 compared with the same quarter of 2010.
- Excluding the variance in the stock-based compensation charge, and if the figures for prior periods were restated to retroactively reflect the CRTC Part II licence fee adjustment in the fourth quarter of 2009, the increase in the segment's operating income in the third quarter of 2011 would have been 4.4%, compared with 10.9% in the same period of 2010.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 55.0% in the third quarter of 2011, compared with 52.4% in the same period of 2010.

- The increase was mainly due to operating expense increases related to the roll-out of the 4G network, partially offset by the impact of increases in some rates. In the early months following the launch of a product such as mobile telephone service, the revenues generated by the new product are not sufficient to cover the higher expenses, which in the case of the 4G network include customer acquisition costs per new connection and the amortization charge.

Year-to-date operating results

Revenues: $1.80 billion, an increase of $158.3 million (9.7%), essentially due to the same factors as those noted above in the discussion of third quarter results.

- Combined revenues from all cable television services increased $46.2 million (6.6%) to $750.9 million.
- Revenues from Internet access services increased $37.0 million (7.7%) to $515.0 million.
- Revenues from cable telephone service increased $22.2 million (7.3%) to $325.2 million.
- Revenues from mobile telephone service increased $42.2 million (116.3%) to $78.5 million.
- Revenues of Videotron Business Solutions increased $2.8 million (6.4%) to $46.5 million.
- Revenues from customer equipment sales increased $7.2 million (20.6%) to $42.2 million.
- Revenues of Le SuperClub Vidéotron decreased $1.2 million (-7.2%) to $15.5 million.
- Other revenues increased $2.0 million (9.9%) to $22.2 million.

ARPU: $102.32 in the first nine months of 2011 compared with $94.68 in the same period of 2010, an increase of $7.64 (8.1%).

Customer statistics

Revenue-generating units – Revenue-generating units increased by 274,000 (6.4%) in the first nine months of 2011, 48.2% more than the 184,900-unit increase in the same period of 2010.

Cable television – The combined customer base for all of Videotron’s cable television services increased by 32,600 (1.8%) in the first nine months of 2011 compared with a 25,000-subscriber increase in the same period of 2010.

- The number of Digital TV subscribers increased by 128,500 (10.5%) in the first nine months of 2011 compared with 98,200 in the same period of 2010.
- The customer base for analog cable television services decreased by 95,900 (-16.2%) compared with a decrease of 73,200 in the first nine months of 2010.

Internet access – The number of subscribers to cable Internet access services increased by 54,300 or 4.3% compared with 63,200 in the same period of 2010.

Cable telephone service – The number of subscribers to cable telephone service increased by 65,100 (5.8%) in the first nine months of 2011 compared with 84,100 in the same period of 2010.

Mobile telephone service – The number of subscriber connections increased by 122,000 or 89.6% in the first nine months of 2011 compared with 12,600 in the same period of 2010.

Operating income: $804.1 million, an increase of $20.0 million (2.6%).

- The increase in operating income was mainly due to:
  - impact of revenue increase;
  - $10.6 million favourable variance in the stock-based compensation charge.

Partially offset by:

- o increases in operating expenses, among them costs related to the roll-out of the 4G network, including acquisition costs of approximately $476 per subscriber addition (direct costs, including selling, advertising and marketing expenses and equipment subsidies) and site overhead costs;
- o capitalization of some operating expenses during the build-out of the new mobile service network, which also explains the unfavourable variance in operating expenses in the first nine months of 2011 compared with the same period of 2010;
- o promotions on sales of digital set-top boxes.

- Excluding the variance in the stock-based compensation charge, and if the figures for prior periods were restated to retroactively reflect the CRTC Part II licence fee adjustment in the fourth quarter of 2009, the increase in the segment's operating income in the first nine months of 2011 would have been 1.2% compared with 12.7% in the same period of 2010.

Cost/revenue ratio: Operating costs for all Telecommunications segment operations (expressed as a percentage of revenues) were 55.2% in the first nine months of 2011 compared with 52.1% in the same period of 2010. The increase was due to the same factors as those noted above in the discussion of third quarter 2011 operating results.

Cash flows from operations

Quarterly cash flows from segment operations: $64.2 million compared with $67.0 million in the same period of 2010 (Table 6), a decrease of $2.8 million.

- The $10.9 million increase in operating income was offset by a $13.6 million increase in additions to property, plant and equipment, essentially as a result of spending on the 4G network and cable network modernization.

Year-to-date cash flows from segment operations: $226.1 million compared with $280.6 million in the same period of 2010 (Table 6), a $54.5 million decrease caused primarily by a $75.4 million increase in additions to property, plant and equipment due to the same factors as those noted above in the discussion of third quarter operating results, partially offset by the $20.0 million increase in operating income.

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 275.4**	$ 264.5	**$ 804.1**	$ 784.1
Additions to property, plant and equipment	**(195.8)**	(182.2)	**(536.2)**	(460.8)
Acquisitions of intangible assets	**(16.1)**	(16.4)	**(45.0)**	(48.2)
Proceeds from disposal of assets	**0.7**	1.1	**3.2**	5.5
Cash flows from segment operations	**$ 64.2**	$ 67.0	**$ 226.1**	$ 280.6

News Media

Third quarter 2011 operating results

Revenues: $235.2 million, a decrease of $3.3 million (-1.4%).

- Combined revenues from commercial printing and other sources increased 19.6%, advertising revenues decreased 2.6%, because of, among other factors, the negative impact of the adverse economic environment, and circulation revenues decreased 6.1%.
- Revenues decreased 5.6% at the urban dailies and increased 2.4% at the community newspapers. Excluding business acquisitions, revenues of the community newspapers decreased by 3.3%.

- Revenues increased 11.5% at the portals, essentially because of fluctuations in intercompany revenues.

Operating income: $29.1 million, a decrease of $8.9 million (-23.4%).

- The decrease was due primarily to:
  - impact of revenue decreases at the urban dailies and the community newspapers (on a same store basis);
  - increases in some operating expenses, including community newspaper startup costs in Québec;
  - unfavourable variance related to investments in the Quebecor Media Network and Quebecor MediaPages;
  - $4.7 million unfavourable variance in multimedia employment tax credits.

  Partially offset by:
  - $5.8 million favourable impact of rationalization of postretirement benefits;
  - contribution of acquired businesses.
- Excluding the impact of the stock-based compensation charge and investments in the Quebecor Media Network and Quebecor MediaPages, operating income would have decreased by 13.2% in the third quarter of 2011 compared with 8.8% in the same period of 2010.

Cost/revenue ratio: Operating costs for all News Media segment operations (expressed as a percentage of revenues) were 87.6% in the third quarter of 2011 compared with 84.1% in the same period of 2010.

- The increase was due mainly to:
  - spending on community newspaper launches in Québec, the Quebecor Media Network and Quebecor MediaPages;
  - unfavourable impact of the fixed component of operating costs (which does not fluctuate in proportion to revenue decreases).

Year-to-date operating results

Revenues: $742.8 million, a decrease of $5.2 million (-0.7%).

- Advertising revenues were flat, combined revenues from commercial printing and other sources increased 6.7%, and circulation revenues decreased 7.4%.
- Revenues decreased 3.9% at the urban dailies and increased 2.5% at the community newspapers. Excluding business acquisitions, revenues of the community newspapers decreased by 3.2%.
- Portal revenues decreased 4.5%, essentially because of lower revenues at the specialty portals, due primarily to a decrease in advertising revenues, and the transfer of intercompany web development operations to Nurun.

Operating income: $103.1 million, a decrease of $30.5 million (-22.8%).

- The decrease was due primarily to:
  - impact of decrease in revenues, on a same store basis;
  - increases in some operating expenses, including community newspaper startup costs in Québec;
  - unfavourable variance related to investments in the Quebecor Media Network and Quebecor MediaPages;
  - $3.5 million increase in newsprint costs.

  Partially offset by:
  - $5.8 million favourable impact of rationalization of postretirement benefits;
  - $3.8 million favourable variance in the stock-based compensation charge;
  - $3.5 million favourable variance in multimedia employment tax credits;
  - contribution from acquired businesses.
- Excluding the impact of the stock-based compensation charge and investments in the Quebecor Media Network and Quebecor MediaPages, operating income would have decreased by 13.9% in the first nine months of 2011 compared with an 8.8% increase in the same period of 2010.

Cost/revenue ratio: Operating costs for all News Media segment operations (expressed as a percentage of revenues) were 86.1% in the first nine months of 2011 compared with 82.1% in the same period of 2010. The increase was mainly due to the same negative factors as those noted above in the discussion of third quarter 2011 operating results, partially offset by cost reductions related to compensation plans and employment tax credits.

Cash flows from operations

Quarterly cash flows from segment operations: $25.3 million compared with $33.7 million in the third quarter of 2010 (Table 7).

- The $8.4 million decrease was mainly due to the $8.9 million decline in operating income.

Year-to-date cash flows from segment operations: $88.0 million compared with $162.4 million in the same period of 2010 (Table 7).

- The $74.4 million decrease was due primarily to a $39.0 million unfavourable variance in proceeds from disposal of assets, mainly due to the sale of certain tangible assets in the second quarter of 2010, and to the $30.5 million unfavourable variance in operating income.

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 29.1**	$ 38.0	**$ 103.1**	$ 133.6
Additions to property, plant and equipment	**(2.9)**	(3.7)	**(11.3)**	(7.0)
Acquisitions of intangible assets	**(2.7)**	(1.8)	**(8.1)**	(7.5)
Proceeds from disposal of assets[1]	**1.8**	1.2	**4.3**	43.3
Cash flows from segment operations	**$ 25.3**	$ 33.7	**$ 88.0**	$ 162.4

[1] 2010 year-to-date figures include the sale of certain tangible assets in the News Media segment.

Other developments since end of second quarter 2011

On August 30, 2011, Sun Media Corporation launched two new weeklies, *L'Écho de Trois-Rivières* and *L'Écho de Shawinigan,* demonstrating Quebecor Media's commitment to expanding its stable of community newspapers and investing in the development of local news media in Québec.

Broadcasting

Third quarter 2011 operating results

Revenues: $89.3 million, a decrease of $5.0 million (-5.3%).

- Revenues from television operations decreased $3.8 million, mainly due to:
  - decrease in advertising revenues in light of the repositioning of the Sun TV conventional television station following the creation of Sun News;
  - decrease in revenues at TVA Films, reflecting the larger number of successful releases in the third quarter of 2010, including the movie *Piché : Entre ciel et terre*;
  - lower advertising revenues at the TVA Network, because of, among other factors, the negative impact of the adverse economic environment in recent months.

Partially offset by:

- o increased advertising and subscription revenues at the specialty channels;
- o higher revenues at TVA Accès and TVA Boutiques.

- Total publishing revenues decreased $1.6 million, mainly because of lower newsstand and advertising revenues.

Operating income: $3.0 million, a decrease of $10.1 million (-77.1%).

- Operating income from television operations decreased $10.2 million, mainly due to:
  - o startup operating losses at the Sun News, TVA Sports and Mlle specialty channels;
  - o higher content costs at the TVA Network and specialty channels as a result of certain television productions and the programming strategy;
  - o impact of decrease in advertising revenues.
- Operating income from publishing operations increased $0.1 million compared with the third quarter of 2010.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations (expressed as a percentage of revenues) were 96.6% in the third quarter of 2011, compared with 86.1% in the same period of 2010. The increase in costs as a proportion of revenues was mainly due to higher operating expenses related to the launch of the Sun News, TVA Sports and Mlle specialty channels and higher content costs.

Year-to-date operating results

Revenues: $313.9 million, a decrease of $0.9 million (-0.3%).

- Revenues from television operations increased $2.6 million, mainly due to:
  - o higher production and video on demand revenues at the TVA Network and increased advertising revenues;
  - o increased advertising and subscription revenues at the specialty channels;
  - o higher revenues at TVA Accès.

  Partially offset by:

  - o decrease in advertising revenues in light of the repositioning of the Sun TV conventional television station following the creation of Sun News;
  - o decrease in revenues at TVA Films, reflecting the larger number of successful releases in the first nine months of 2010;
  - o decrease in revenues at TVA Boutiques.
- Total publishing revenues decreased $3.4 million, mainly because of lower newsstand and advertising revenues.

Operating income: $29.9 million, a decrease of $15.8 million (-34.6%).

- Operating income from television operations decreased $14.6 million, mainly due to:
  - o startup operating losses at the Sun News, TVA Sports and Mlle specialty channels;
  - o higher content costs at the TVA Network and specialty channels as a result of certain television productions and the programming strategy.

  Partially offset by:

  - o impact of increased advertising and subscription revenues at the specialty channels.
- Operating income from publishing operations decreased by $1.2 million, mainly as a result of the impact of the revenue decrease.

Cost/revenue ratio: Operating costs for all Broadcasting segment operations (expressed as a percentage of revenues) were 90.5% in the first nine months of 2011 compared with 85.5% in the same period of 2010. The increase was due essentially to the same factors as those noted above in the discussion of third quarter 2011 operating results.

Cash flows from operations

Quarterly cash flows from segment operations: Negative $5.5 million compared with positive $8.5 million in the third quarter of 2010 (Table 8), a $14.0 million unfavourable variance due primarily to the $10.1 million decrease in operating income and the $3.8 million increase in additions to property, plant and equipment.

Year-to-date cash flows from segment operations: $4.0 million compared with $30.6 million in the first nine months of 2010 (Table 8), a $26.6 million decrease, mainly due to the $15.8 million decrease in operating income and the $10.7 million increase in additions to property, plant and equipment, primarily reflecting spending on the new specialty channels.

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 3.0**	$ 13.1	**$ 29.9**	$ 45.7
Additions to property, plant and equipment	**(7.1)**	(3.3)	**(22.5)**	(11.8)
Acquisitions of intangible assets	**(1.4)**	(1.3)	**(3.4)**	(4.1)
Proceeds from disposal of assets	**—**	—	**—**	0.8
Cash flows from segment operations	**$ (5.5)**	$ 8.5	**$ 4.0**	$ 30.6

Leisure and Entertainment

Third quarter 2011 operating results

Revenues: $73.8 million, a decrease of $3.8 million (-4.9%) compared with the third quarter of 2010.

- The revenues of Archambault Group Inc. ("Archambault Group") decreased 1.3%, mainly because of:
  - 7.7% drop in retail sales due to lower sales of music, videos and books than in the third quarter of 2010.

  Partially offset by:
  - 29.3% increase in distribution revenues due mainly to new intercompany DVD distribution activities that began in June 2011.
- The Book Division's revenues decreased by 5.8%, mainly because of lower sales of textbooks for Québec high schools in the academic segment, following completion of the current education reform, and lower publishing revenues in the general literature category, partially offset by higher revenues from distribution to mass retailers.

Operating income: $11.5 million, a decrease of $0.8 million (-6.5%) from the same period of 2010, due primarily to the impact of the decline in revenues.

Year-to-date operating results

Revenues: $206.7 million, an increase of $1.8 million (0.9%).

- Archambault Group's revenues increased 3.3%, mainly because of:
  - increased production sales due to higher revenues from music recording and concert production, including the successful show "Le retour de nos idoles"*;*
  - 13.5% increase in distribution revenues, primarily because of new intercompany DVD distribution activities.

  Partially offset by:
  - 2.8% decrease in revenues from retail sales.

- The Book Division's revenues decreased by 0.8%, mainly because of lower sales of textbooks in the academic segment, following completion of the current education reform, partially offset by increased revenues from distribution to mass retailers.

Operating income: $19.0 million compared with $16.3 million in the same period of 2010. The $2.7 million (16.6%) increase was due primarily to the impact of higher revenues at Archambault Group and increases in some gross margins at Archambault Group and the Book Division.

Cash flows from operations

Quarterly cash flows from segment operations: $7.9 million compared with $9.8 million in the third quarter of 2010 (Table 9).

- The $1.9 million decrease was due to the $0.8 million decrease in operating income and the $1.1 million increase in additions to property, plant and equipment and intangible assets.

Year-to-date cash flows from segment operations: $11.2 million compared with $7.1 million in the first nine months of 2010 (Table 9).

- The $4.1 million improvement was due to the $2.7 million increase in operating income and the $1.4 million decrease in additions to property, plant and equipment and intangible assets.

Table 9: Leisure and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 11.5**	$ 12.3	**$ 19.0**	$ 16.3
Additions to property, plant and equipment	**(2.4)**	(0.8)	**(4.0)**	(3.4)
Acquisitions of intangible assets	**(1.2)**	(1.7)	**(3.8)**	(5.8)
Cash flows from segment operations	**$ 7.9**	$ 9.8	**$ 11.2**	$ 7.1

Interactive Technologies and Communications

Third quarter 2011 operating results

Revenues: $29.9 million, an increase of $7.5 million (33.5%).

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

Operating income: $3.2 million compared with $1.2 million in the third quarter of 2010. The $2.0 million increase was mainly due to the impact of the revenue increase.

Year-to-date operating results

Revenues: $84.9 million, an increase of $14.8 million (21.1%).

- The increase was mainly due to:
  - higher volume from customers in Canada (generated by, among other things, the transfer of intercompany technological activities from the News Media segment) and in Europe;

- impact of acquisition of a digital communications agency in the third quarter of 2011.

Partially offset by:

- decrease in volume in the United States;
- decrease in volume from government customers.

Operating income: $5.4 million, an increase of $1.9 million (54.3%), mainly as a result of the favourable impact of the revenue increase.

Cash flows from operations

Quarterly cash flows from segment operations: $2.7 million compared with $0.8 million in the third quarter of 2010 (Table 10).

- The $1.9 million improvement was due primarily to the increase in operating income.

Year-to-date cash flows from segment operations: $1.7 million compared with $1.5 million in the first nine months of 2010 (Table 10).

- The $0.2 million increase was due to the $1.9 million increase in operating income, partially offset by the $1.7 million increase in additions to property, plant and equipment.

Table 10: Interactive Technologies and Communications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income	**$ 3.2**	$ 1.2	**$ 5.4**	$ 3.5
Additions to property, plant and equipment	**(0.5)**	(0.4)	**(3.7)**	(2.0)
Cash flows from segment operations	**$ 2.7**	$ 0.8	**$ 1.7**	$ 1.5

CASH FLOWS AND FINANCIAL POSITION

Operating activities

Third quarter 2011

Cash flows provided by operating activities: $380.2 million in the third quarter of 2011 compared with $293.3 million in the same period of 2010.

- The $86.9 million increase was mainly due to:
  - $91.4 million decrease in use of funds for non-cash balances related to operations, mainly because of a decrease in accounts receivable in the News Media and Broadcasting segments due in part to receipt of delayed payments once the labour dispute at Canada Post was settled, and a favourable variance in deferred revenues in the Telecommunications segment;
  - $4.9 million decrease in current income taxes;
  - $4.0 million decrease in cash portion of charge for restructuring of operations, impairment of assets and other special items.

  Partially offset by:
  - $12.3 million decrease in operating income;
  - $4.5 million increase in cash interest expense.

Year to date

Cash flows provided by continuing operating activities: $692.4 million in the first nine months of 2011 compared with $656.2 million in the same period of 2010.

- The $36.2 million increase was mainly due to:
  - $70.8 million decrease in current income taxes.

  Partially offset by:
  - $22.8 million increase in use of funds for non-cash balances related to operations, mainly because of the decrease in the Quebecor stock option expense;
  - $7.8 million increase in cash portion of charge for restructuring of operations, impairment of assets and other special items.

Working capital: Negative $113.0 million at September 30, 2011 compared with negative $44.9 million at December 31, 2010. The difference mainly reflects the impact of the decrease in cash and cash equivalents, partially offset by the impact of increased inventory.

Financing activities

Consolidated debt (long-term debt plus bank borrowings): $251.2 million increase in the first nine months of 2011; $253.1 million favourable net variance in assets and liabilities related to derivative financial instruments.

- Debt increases during the first nine months of 2011:
  - issuance by Videotron on July 5, 2011, of $300.0 million aggregate principal amount of Senior Notes for net proceeds of $294.9 million, net of financing fees of $5.1 million. The Notes bear interest at a rate of 6 7/8%, payable twice yearly on June 15 and December 15, and mature on July 15, 2021;
  - issuance by Quebecor Media on January 5, 2011 of $325.0 million principal amount of Senior Notes for net proceeds of $319.9 million, net of financing fees of $5.1 million. The Notes bear interest at a rate of 7 3/8%, payable twice yearly on June 15 and December 15, and mature on January 15, 2021;

- estimated $88.8 million unfavourable impact of exchange rate fluctuations. Any increase in this item is offset by a decrease in the liability (or increase in the asset) related to cross-currency swap agreements entered under "Derivative financial instruments";
- $28.7 million increase in debt due to the unfavourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations.

Summary of debt reductions during the same period:

- repayment and withdrawal on July 18, 2011 of US$255.0 million principal amount of Videotron's 6 7/8% Senior Notes maturing in 2014;
- early repayment on February 15, 2011, of the entirety of Sun Media Corporation's outstanding 7 5/8% Senior Notes maturing in 2013 in the aggregate principal amount of US$205.0 million;
- current payments totalling $29.5 million on Quebecor Media's credit facility and other debt.

- Assets and liabilities related to derivative financial instruments totalled a net liability of $451.2 million at December 31, 2010 compared with a net liability of $198.1 million at September 30, 2011. The $253.1 million favourable net variance was caused primarily by:
  - settlement of hedges by Videotron following repayment and withdrawal, on July 18, 2011, of US$255.0 million principal amount of Videotron's 6 7/8% Senior Notes;
  - settlement and revocation by Sun Media Corporation of hedges following the early repayment and withdrawal of all its outstanding Senior Notes on February 15, 2011;
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments;
  - unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On July 20, 2011, Videotron amended its $575.0 million revolving credit facility to extend the expiry date from April 2012 to July 2016 and to modify some of the terms and conditions.
- The conditions of the exchangeable debentures, Series 2001 and Series Abitibi, were amended in February and June 2011 respectively to reduce the interest rate from 1.50% to 0.10% on the notional principal amount of the debentures. The other conditions were not changed and remain applicable.
- In September 2011, the Corporation redeemed exchangeable debentures, Series 2001, in the notional principal amount of $135.0 million for no consideration. At September 30, 2011, the combined notional principal amount of the two series of exchangeable debentures was $844.9 million.

Investing activities

Third quarter 2011

Additions to property, plant and equipment: $208.8 million in the third quarter of 2011 compared with $191.0 million in the same period of 2010. The increase was mainly due to spending on the 4G network and cable network modernization in the Telecommunications segment.

Acquisitions of intangible assets: $21.4 million in the third quarter of 2011 compared with $21.2 million in the same period of 2010.

Business acquisitions: $5.6 million in the third quarter of 2011 compared with $2.0 million in the same period of 2010, a $3.6 million increase, mainly reflecting the impact of the acquisition of a digital communications agency in the United States in the Interactive Technologies and Communications segment.

Proceeds from disposal of assets: $2.5 million in the third quarter of 2011 compared with $2.3 million in the same period of 2010.

Year to date

Additions to property, plant and equipment: $578.5 million compared with $486.8 million in the same period of 2010. The variance was essentially due to the same factors as those noted above in the discussion of third quarter 2011 results.

Acquisitions of intangible assets: $60.3 million in the first nine months of 2011 compared with $65.6 million in the same period of 2010.

Business acquisitions: $55.7 million in the first nine months of 2011 compared with $3.1 million in the same period of 2010, a $52.6 million increase mainly due to the acquisition of community newspapers in the News Media segment in the first half of 2011 and the acquisition of a digital communications in the United States in the Interactive Technologies and Communications segment.

Proceeds from disposal of assets: $7.5 million in the first nine months of 2011 compared with $49.6 million in the same period of 2010. The decrease essentially reflects the disposal of certain tangible assets in the News Media segment in the second quarter of 2010.

Financial position at September 30, 2011

Net available liquidity: $964.2 million for Quebecor Media and its wholly owned subsidiaries, consisting of $144.6 million in cash and $819.6 million in available unused lines of credit.

Net available liquidity: $77.2 million for Quebecor at the corporate level, consisting of a $1.1 million bank overdraft and $78.3 million in available unused lines of credit.

Consolidated debt: $3.88 billion at September 30, 2011, a $251.2 million increase; $253.1 million favourable net variance in assets and liabilities related to derivative financial instruments (see “Financing Activities" above).

- Consolidated debt essentially consisted of Videotron’s $1.89 billion debt ($1.79 billion at December 31, 2010), Sun Media Corporation’s $37.5 million debt ($240.0 million at December 31, 2010), TVA Group’s $90.8 million debt ($93.9 million at December 31, 2010), Quebecor Media’s $1.75 billion debt ($1.40 billion at December 31, 2010), and Quebecor’s $107.2 million debt ($105.5 million at December 31, 2010).

As at September 30, 2011, minimum principal payments on long-term debt in the coming years are as follows:

Table 11
Minimum principal payments on Quebecor’s long-term debt
12-month period ending on September 30
(in millions of Canadian dollars)

2012	$ 49.0
2013	222.6
2014	496.4
2015	85.6
2016	1,416.3
2017 and thereafter	1,665.8
Total	**$ 3,935.7**

The weighted average term of Quebecor’s consolidated debt was approximately 5.3 years as of September 30, 2011 (4.9 years as of December 31, 2010). The debt consists of approximately 84.9% fixed-rate debt (74.1% at December 31, 2010) and 15.1% floating-rate debt (25.9% at December 31, 2010).

Management believes that cash flows from continuing operating activities and available sources of financing should be sufficient to cover planned cash requirements for capital investments, working capital, interest payments, debt repayments, disbursements related to foreign exchange hedges, pension plan contributions, share repurchases, and dividends. The Corporation believes it will be able to meet future debt maturities, which are fairly staggered over the coming years.

Pursuant to their financing agreements, the Corporation and its subsidiaries are required to maintain certain financial ratios and financial covenants. The key indicators listed in these financing agreements include, among other things, debt service coverage ratio and debt ratio (long-term debt over operating income). At September 30, 2011, the Corporation and its subsidiaries were in compliance with all required financial ratios and restrictive covenants in their financing agreements.

Dividends declared

- On November 8, 2011, the Board of Directors of Quebecor declared a quarterly dividend of $0.05 per share on Class A Multiple Voting Shares and Class B Subordinate Voting Shares, payable on December 20, 2011 to shareholders of record at the close of business on November 25, 2011.

Analysis of consolidated balance sheet at September 30, 2011

Table 12
Consolidated balance sheet of Quebecor
Analysis of main variances between September 30, 2011 and December 31, 2010
(in millions of Canadian dollars)

	Sept. 30, 2011	Dec. 31, 2011	Difference	Main reasons for difference
Assets				
Cash and cash equivalents and cash and cash equivalent in trust	**$ 152.8**	$ 248.0	$ (95.2)	Net use of cash flows in investing and financing activities
Accounts receivable	**538.7**	588.5	(49.8)	Impact of current variances in activity
Property, plant and equipment	**3,075.6**	2,812.9	262.7	Additions to property, plant and equipment (*see* "Investing Activities" above), less amortization for the period
Goodwill	**3,551.0**	3,505.2	45.8	Impact of business acquisitions in the News Media and Interactive Technologies and Communications segments
Liabilities				
Accounts payable and accrued liabilities, including provisions	**785.7**	825.8	(40.1)	Impact of current variances in activity
Long-term debt, including short-term portion and bank indebtedness	**3,875.0**	3,623.8	251.2	*See* "Financing Activities"
Net derivative financial instruments[1]	**198.1**	451.2	(253.1)	*See* "Financing Activities"
Net deferred income tax liabilities[1]	**524.6**	431.9	92.7	Use of tax benefit and capital cost allowance in excess of book amortization

[1] Long-term liabilities less long-term assets

ADDITIONAL INFORMATION

Contractual Obligations

At September 30, 2011, material contractual obligations of operating activities included capital repayment and interest on long-term debt; operating lease arrangements; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 13 below shows a summary of these contractual obligations.

Table 13
Contractual obligations of Quebecor as of September 30, 2011
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 3,935.7**	$ 49.0	$ 719.0	$ 1,501.9	$ 1,665.8
Interest payments[2]	**1,717.7**	226.2	573.1	482.8	435.6
Operating leases	**285.6**	63.2	91.8	54.3	76.3
Additions to property, plant and equipment and other commitments	**156.0**	97.9	49.9	7.6	0.6
Derivative financial instruments[3]	**251.5**	0.5	128.6	70.8	51.6
Total contractual obligations	**$ 6,346.5**	**$ 436.8**	**$ 1,562.4**	**$ 2,117.4**	**$ 2,229.9**

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

2 Estimated interest payable on long-term debt, based on applicable interest rates; hedged interest rates and hedged foreign exchange rates as of September 30, 2011.

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

On September 1, 2011, Quebecor Media signed an agreement with Québec City under which it obtained management and naming rights to the future Québec City arena for a 25-year period. Quebecor Media's current financial commitment could potentially increase in the event of an agreement to operate a future NHL franchise.

Financial Instruments

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

As at September 30, 2011, Quebecor Media was using derivative financial instruments to manage its exchange rate and interest rate exposure. It has entered into foreign exchange forward contracts and cross-currency interest rate swap agreements to hedge the foreign currency risk exposure on the entirety of its U.S.-dollar-denominated long-term debt. Quebecor Media also uses interest rate swaps in order to manage the impact of interest rate fluctuations on its long-term debt.

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

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

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

The fair value of long-term debt and derivative financial instruments at September 30, 2011 is shown in Table 14.

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

	September 30, 2011		December 31, 2010	
	Carrying value	**Fair value asset (liability)**	**Carrying value**	Fair value asset (liability)
Long-term debt[1]	**$ (3,935.7)**	**$ (4,037.7)**	$ (3,701.0)	$ (3,877.8)
Derivative financial instruments:				
Early settlement options	**57.6**	**57.6**	88.8	88.8
Interest rate swaps	**(1.1)**	**(1.1)**	(1.3)	(1.3)
Foreign exchange forward contracts	**7.1**	**7.1**	(2.4)	(2.4)
Cross currency interest rate swaps	**(204.1)**	**(204.1)**	(447.5)	(447.5)

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

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

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

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

Losses (gains) on valuation and translation of financial instruments for the third quarter and first nine months of 2011 are summarized in Table 15.

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Loss (gain) on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ 33.6**	$ (76.6)	**$ 26.0**	$ (68.2)
Loss (gain) on foreign currency translation of financial instruments for which hedge accounting is not used	**—**	(1.7)	**—**	(3.9)
Loss on ineffective portion of fair value hedges	**0.8**	(0.7)	**1.9**	2.4
	$ 34.4	$ (79.0)	**$ 27.9**	$ (69.7)

Gains of $19.4 million and $13.4 million on cash flow hedges were recorded under Other comprehensive income in the third quarter and first nine months of 2011 respectively ($7.7 million loss and $95.4 million gain in the third quarter and first nine months of 2010 respectively).

Related Party Transactions

In the third quarter of 2011, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated companies in the amount of $0.6 million ($0.9 million in the same period of 2010), which is included in cost of sales and selling and administrative expenses. The Corporation and its subsidiaries made sales to affiliated companies in the amount of $0.6 million ($0.6 million in the third quarter of 2010). These transactions were concluded and accounted for at the exchange amount.

In the first nine months of 2011, the Corporation and its subsidiaries made purchases and incurred rent charges with affiliated companies in the amount of $1.8 million ($2.1 million in the same period of 2010), which is included in cost of sales and selling and administrative expenses. The Corporation and its subsidiaries made sales to affiliated companies in the amount of $2.2 million ($2.6 million in the first nine months of 2010). These transactions were concluded and accounted for at the exchange amount.

Capital Stock

In accordance with Canadian financial reporting standards, Table 16 below presents information on the Corporation's capital stock as at October 31, 2011. In addition, 2,290,234 share options were outstanding as of October 31, 2011.

Table 16
Capital stock
(in shares and millions of Canadian dollars)

	October 31, 2011	
	Issued and outstanding	Book value
Class A (Multiple Voting Shares)	19,704,191	$ 8.8
Class B (Subordinate Voting Shares)	43,844,331	$ 331.9

On August 10, 2011, the Corporation filed a normal course issuer bid for a maximum of 985,233 Class A shares ("Class A shares") representing approximately 5% of the issued and outstanding Class A shares, and for a maximum of 4,453,304 Class B shares ("Class B shares") representing approximately 10% of the public float of the Class B shares as of August 2, 2011. The purchases can be made from August 12, 2011 to August 10, 2012 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid are or will be cancelled.

During the third quarter of 2011, the Corporation purchased and cancelled 738,500 Class B shares for a total cash consideration of $24.0 million. The excess of $18.4 million of the purchase price over the carrying value of Class B shares repurchased was recorded in reduction of retained earnings.

Recent Accounting Developments in Canada

As indicated in note 1 to the condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2011, the Corporation adopted IFRS on January 1, 2011. The 2010 financial figures have been restated accordingly.

Changes in Critical Accounting Policies and Estimates

As noted above, the Corporation adopted the IFRS conceptual framework for its accounting policies on January 1, 2011. The changes to critical accounting policies as a result of IFRS and their impacts on accounting estimates are described under "Changes in Critical Accounting Policies and Estimates" in the Corporation's Management Discussion and Analysis for the first quarter ended March 31, 2011, available at <www.sedar.com> and <www.quebecor.com>>.

Recent Accounting Pronouncements

The Corporation has not early adopted the following new standards and adoption impacts on the consolidated financial statements have not yet been determined:

New or amended standards	Expected changes to existing standard
IFRS 9 – Financial Instruments *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 9 simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement.
IFRS 10 – Consolidated Financial Statements *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements* and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.
IFRS 11 – Joint Arrangements *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 11 replaces IAS 31, *Interests in Joint Ventures*, with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interests in joint ventures. The new standard requires that such interests be recognized using the equity method.
IFRS 12 – Disclosure of Interests in Other Entities *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet vehicles.
IAS 19 – Post-employment Benefits (including pensions) (Amended) *(Effective from periods beginning January 1, 2013 with retrospective application)*	Amendments to IAS 19 involve, among other changes, the immediate recognition of the re-measurement component in other comprehensive income, thereby removing the accounting option previously available in IAS 19 to recognize or to defer recognition of changes in defined benefit obligations and in the fair value of plan assets directly in the statement of income. IAS 19 also introduces a net interest approach that replaces the expected return on assets and interest costs on the defined benefit obligation with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. In addition, all past service costs are required to be recognized in profit or loss when the employee benefit plan is amended and no longer spread over any future service period.

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, 2011 that have materially adversely affected, or are reasonably likely to materially adversely affect, the Corporation's internal controls over financial reporting.

Additional Information

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

Cautionary Statement Regarding Forward-Looking Statements

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

- Quebecor Media's ability to successfully continue rolling out and developing its new 4G network and facilities-based mobile offering;
- general economic, financial or market conditions and variations in the businesses of Quebecor Media's local, regional or national newspapers and broadcasting advertisers;
- the intensity of competitive activity in the industries in which Quebecor operates, including competition from other communications and advertising media and platforms;
- fragmentation of the media landscape;
- new technologies that change consumer behaviour with respect to Quebecor Media's products;
- unanticipated higher capital spending required for roll-out of its 4G network or 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 News Media operations to optimize their efficiency in the context of the changing newspaper industry;
- disruptions to the network through which Quebecor Media provides its television, Internet access and telephone services, and its ability to protect such services from piracy;
- labour disputes or strikes;
- changes in Quebecor Media's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretation, which could result, among other things, in the loss (or reduction in value) of Quebecor Media's licences or markets or in an increase in competition, compliance costs or capital expenditures;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and;
- interest rate fluctuations that affect a portion of Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at <www.sedar.com> and <www.quebecor.com>, including, in particular, the "Risks and Uncertainties" section of the Corporation's Management Discussion and Analysis for the year ended December 31, 2010.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of November 9, 2011, and are subject to change after that 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 9, 2011

QUEBECOR INC. AND ITS SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA

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

	2011			2010				2009
	Sept. 30 [1]	**June 30** [1]	**March 31** [1]	Dec. 31 [1]	Sept. 30 [1]	June 30 [1]	March 31 [1]	Dec. 31 [2]
Operations								
Revenues	**$ 1,014.8**	**$ 1,053.4**	**$ 990.5**	$ 1,088.1	$ 969.9	$ 994.0	$ 948.1	$ 1,032.2
Operating income	**319.7**	**358.5**	**294.3**	359.1	332.0	351.9	290.4	387.6
Contribution to net income attributable to shareholders:								
Continuing operations	**40.0**	**60.0**	**35.9**	58.2	56.1	62.9	43.4	84.0
(Loss) gain on valuation and translation of financial instruments	**(16.3)**	**(2.3)**	**5.2**	(10.0)	32.1	(1.5)	0.2	2.0
Unusual items	**2.4**	**(2.5)**	**(6.8)**	(1.6)	(5.2)	(0.6)	(8.7)	(12.2)
Net income attributable to shareholders	**26.1**	**55.2**	**34.3**	46.6	83.0	60.8	34.9	73.8
Basic per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.63**	**$ 0.93**	**$ 0.56**	$ 0.90	$ 0.87	$ 0.98	$ 0.67	$ 1.31
(Loss) gain on valuation and translation of financial instruments	**(0.26)**	**(0.03)**	**0.08**	(0.16)	0.50	(0.02)	-	0.03
Unusual items	**0.04**	**(0.04)**	**(0.11)**	(0.02)	(0.08)	(0.01)	(0.13)	(0.19)
Net income attributable to shareholders	**0.41**	**0.86**	**0.53**	0.72	1.29	0.95	0.54	1.15
Weighted average number of shares outstanding (in millions)	**63.9**	**64.3**	**64.3**	64.3	64.3	64.3	64.3	64.3
Diluted per share data								
Contribution to net income attributable to shareholders:								
Continuing operations	**$ 0.61**	**$ 0.92**	**$ 0.55**	$ 0.88	$ 0.86	$ 0.96	$ 0.66	$ 1.28
(Loss) gain on valuation and translation of financial instruments	**(0.25)**	**(0.03)**	**0.08**	(0.16)	0.50	(0.02)	-	0.03
Unusual items	**0.04**	**(0.04)**	**(0.11)**	(0.02)	(0.08)	(0.01)	(0.13)	(0.19)
Net income attributable to shareholders	**0.40**	**0.85**	**0.52**	0.70	1.28	0.93	0.53	1.12
Weighted average number of diluted shares outstanding (in millions)	**64.5**	**65.0**	**65.0**	65.0	65.0	64.9	64.8	64.7

(1) The financial figures for the 2011 and 2010 periods have been prepared in accordance with IFRS. Refer to note 17, "Transition to IFRS", in the condensed consolidated financial statements of the third quarter of 2011.

(2) The financial figures for the 2009 periods have been prepared in accordance with Canadian GAAP.