Condensed consolidated financial statements of

QUEBECOR INC. AND ITS SUBSIDIARIES

Three-month periods ended March 31, 2015 and 2014

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

	Note	Three months ended March 31 2015	2014
Revenues	2	**$ 948.6**	$ 897.8
Employee costs	3	**186.8**	165.8
Purchase of goods and services	3	**422.8**	397.3
Depreciation and amortization		**182.4**	161.7
Financial expenses	4	**87.8**	94.1
Loss (gain) on valuation and translation of financial instruments	5	**5.1**	(2.9)
Restructuring of operations, impairment of assets and other special items	6	**11.4**	1.1
(Gain) loss on debt refinancing	10	**(1.7)**	18.7
Income before income taxes		**54.0**	62.0
Income taxes (recovery):			
Current		**36.3**	6.2
Deferred		**(16.6)**	10.1
		19.7	16.3
Income from continuing operations		**34.3**	45.7
Income from discontinued operations	7	**1.6**	1.4
Net income		**$ 35.9**	$ 47.1
Income from continuing operations attributable to			
Shareholders		**$ 27.1**	$ 37.5
Non-controlling interests		**7.2**	8.2
Net income attributable to			
Shareholders		**$ 29.4**	$ 39.1
Non-controlling interests		**6.5**	8.0
Earnings per share attributable to shareholders	11		
Basic:			
From continuing operations		**$ 0.22**	$ 0.31
From discontinued operations		**0.02**	0.01
Net income		**0.24**	0.32
Diluted:			
From continuing operations		**0.22**	0.28
From discontinued operations		**0.02**	0.01
Net income		**0.24**	0.29
Weighted average number of shares outstanding (in millions)		**122.9**	123.1
Weighted average number of diluted shares (in millions)		**123.2**	144.2

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)
(unaudited)

	Note		Three months ended March 31 2015		2014
Income from continuing operations		**$**	**34.3**	$	45.7
Other comprehensive loss from continuing operations:					
Items that may be reclassified to income:					
Cash flow hedges:					
Gain (loss) on valuation of derivative financial instruments			**7.3**		(11.6)
Deferred income taxes			**(22.4)**		(7.7)
Reclassification to income:	10				
Gain related to cash flow hedges			**(1.8)**		(10.8)
Deferred income taxes			**0.4**		0.4
			(16.5)		(29.7)
Comprehensive income from continuing operations			**17.8**		16.0
Income from discontinued operations	7		**1.6**		1.4
Other comprehensive income from discontinued operations	7		**-**		1.9
Comprehensive income		**$**	**19.4**	$	19.3
Comprehensive income from continuing operations attributable to					
Shareholders		**$**	**14.8**	$	15.1
Non-controlling interests			**3.0**		0.9
Comprehensive income attributable to					
Shareholders		**$**	**17.2**	$	18.1
Non-controlling interests			**2.2**		1.2

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended March 31, 2015

	Telecommu-nications	Media	Sports and Enter-tainment	Head office and Inter-segments	Total
Revenues	**$ 762.5**	**$ 199.5**	**$ 17.7**	**$ (31.1)**	**$ 948.6**
Employee costs	**98.2**	**76.0**	**3.4**	**9.2**	**186.8**
Purchase of goods and services	**321.0**	**129.4**	**14.4**	**(42.0)**	**422.8**
Adjusted operating income[1]	**343.3**	**(5.9)**	**(0.1)**	**1.7**	**339.0**
Depreciation and amortization					**182.4**
Financial expenses					**87.8**
Loss on valuation and translation of financial instruments					**5.1**
Restructuring of operations, impairment of assets and other special items					**11.4**
Gain on debt refinancing					**(1.7)**
Income before income taxes					**$ 54.0**
Additions to property, plant and equipment	**$ 161.6**	**$ 7.1**	**$ 1.1**	**$ -**	**$ 169.8**
Additions to intangible assets	**24.9**	**1.7**	**0.1**	**0.6**	**27.3**

Three months ended March 31, 2014

	Telecommu-nications	Media	Sports and Enter-tainment	Head office and Inter-segments	Total
Revenues	$ 724.1	$ 184.1	$ 14.0	$ (24.4)	$ 897.8
Employee costs	93.0	65.5	2.3	5.0	165.8
Purchase of goods and services	295.5	124.8	12.4	(35.4)	397.3
Adjusted operating income[1]	335.6	(6.2)	(0.7)	6.0	334.7
Depreciation and amortization					161.7
Financial expenses					94.1
Gain on valuation and translation of financial instruments					(2.9)
Restructuring of operations, impairment of assets and other special items					1.1
Loss on debt refinancing					18.7
Income before income taxes					$ 62.0
Additions to property, plant and equipment	$ 143.3	$ 9.2	$ 1.9	$ -	$ 154.4
Additions to intangible assets	68.9	1.9	-	0.3	71.1

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

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

	Equity attributable to shareholders				Equity attributable to non-controlling interests	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)		
	(note 12)			(note 14)		
Balance as of December 31, 2013	$ 328.9	$ 2.3	$ 291.4	$ (23.1)	$ 595.9	$ 1,195.4
Net income	-	-	39.1	-	8.0	47.1
Other comprehensive loss	-	-	-	(21.0)	(6.8)	(27.8)
Repurchase of Class B Shares	(1.1)	-	(6.1)	-	-	(7.2)
Non-controlling interests acquisition	-	-	(0.1)	-	0.1	-
Dividends	-	-	(3.1)	-	(6.3)	(9.4)
Balance as of March 31, 2014	327.8	2.3	321.2	(44.1)	590.9	1,198.1
Net loss	-	-	(69.2)	-	(2.3)	(71.5)
Other comprehensive loss	-	-	-	(20.3)	(10.7)	(31.0)
Repurchase of Class B Shares	(0.6)	-	(3.9)	-	-	(4.5)
Non-controlling interests acquisition	-	-	-	-	(0.1)	(0.1)
Dividends	-	-	(9.2)	-	(18.5)	(27.7)
Balance as of December 31, 2014	327.2	2.3	238.9	(64.4)	559.3	1,063.3
Net income	-	-	29.4	-	6.5	35.9
Other comprehensive loss	-	-	-	(12.2)	(4.3)	(16.5)
Issuance of shares of a subsidiary to non-controlling interests (note 8)	-	-	-	-	12.1	12.1
Non-controlling interests acquisition (note 8)	-	-	14.1	-	(14.1)	-
Dividends	-	-	(3.1)	-	(6.2)	(9.3)
Balance as of March 31, 2015	**$ 327.2**	**$ 2.3**	**$ 279.3**	**$ (76.6)**	**$ 553.3**	**$ 1,085.5**

See accompanying notes to condensed consolidated financial statements

QUEBECOR INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)
(unaudited)

		Three months ended March 31	
	Note	**2015**	2014
Cash flows related to operating activities			
Income from continuing operations		**$ 34.3**	$ 45.7
Adjustments for:			
Depreciation of property, plant and equipment		**148.8**	131.0
Amortization of intangible assets		**33.6**	30.7
Loss (gain) on valuation and translation of financial instruments	5	**5.1**	(2.9)
Impairment of assets	6	**7.0**	-
(Gain) loss on debt refinancing	10	**(1.7)**	18.7
Amortization of financing costs and long-term debt discount	4	**2.0**	3.0
Deferred income taxes		**(16.6)**	10.1
Other		**2.0**	2.0
		214.5	238.3
Net change in non-cash balances related to operating activities		**(82.9)**	(83.7)
Cash flows provided by continuing operating activities		**131.6**	154.6
Cash flows related to investing activities			
Business acquisitions	8	**(35.5)**	(0.6)
Additions to property, plant and equipment		**(169.8)**	(154.4)
Additions to intangible assets	9	**(27.3)**	(71.1)
Proceeds from disposals of assets		**0.3**	0.8
Other		**0.2**	-
Cash flows used in continuing investing activities		**(232.1)**	(225.3)
Cash flows related to financing activities			
Net change in bank indebtedness		**(3.9)**	36.7
Net change under revolving facilities		**(12.6)**	77.9
Repayments of long-term debt	10	**(6.5)**	(6.4)
Settlement of hedging contracts		**(0.1)**	(116.0)
Issuance of shares of a subsidiary to non-controlling interests	8	**12.1**	-
Repurchase of Class B Shares		**-**	(7.2)
Dividends paid to non-controlling shareholders		**(6.2)**	(6.3)
Cash flows used in continuing financing activities		**(17.2)**	(21.3)
Net change in cash and cash equivalents from continuing operations		**(117.7)**	(92.0)
Cash flows (used in) provided by discontinued operations	7	**(5.6)**	20.9
Cash and cash equivalents at beginning of period		**395.3**	476.6
Cash and cash equivalents at end of period		**$ 272.0**	$ 405.5
Cash and cash equivalents consist of			
Cash		**$ 166.8**	$ 139.9
Cash equivalents		**105.2**	265.6
		$ 272.0	$ 405.5
Interest and taxes reflected as operating activities			
Cash interest payments		**$ 31.0**	$ 29.6
Cash income tax payments (net of refunds)		**66.8**	67.5

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	Note	March 31 2015	December 31 2014
Assets			
Current assets			
Cash and cash equivalents		**$ 272.0**	$ 395.3
Accounts receivable		**424.0**	449.4
Income taxes		**8.7**	6.7
Inventories		**228.7**	212.2
Prepaid expenses		**60.7**	38.0
Derivative financial instruments		**17.3**	-
Assets held for sale	7	**380.1**	398.1
		1,391.5	1,499.7
Non-current assets			
Property, plant and equipment		**3,407.4**	3,430.4
Intangible assets	9	**937.7**	945.8
Goodwill		**2,737.4**	2,714.6
Derivative financial instruments		**714.0**	400.9
Deferred income taxes		**9.3**	7.8
Other assets		**90.5**	79.3
		7,896.3	7,578.8
Total assets		**$ 9,287.8**	$ 9,078.5
Liabilities and equity			
Current liabilities			
Bank indebtedness		**$ 1.3**	$ 5.2
Accounts payable and accrued charges		**573.8**	650.2
Provisions		**59.4**	56.7
Deferred revenue		**287.0**	283.0
Income taxes		**53.5**	85.5
Derivative financial instruments		**-**	0.9
Current portion of long-term debt	10	**244.5**	230.1
Liabilities held for sale	7	**79.2**	97.9
		1,298.7	1,409.5
Non-current liabilities			
Long-term debt	10	**5,313.6**	5,048.2
Derivative financial instruments		**126.8**	101.9
Convertible debentures		**500.0**	500.0
Other liabilities		**426.5**	426.8
Deferred income taxes		**536.7**	528.8
		6,903.6	6,605.7
Equity			
Capital stock	12	**327.2**	327.2
Contributed surplus		**2.3**	2.3
Retained earnings		**279.3**	238.9
Accumulated other comprehensive loss	14	**(76.6)**	(64.4)
Equity attributable to shareholders		**532.2**	504.0
Non-controlling interests		**553.3**	559.3
		1,085.5	1,063.3
Subsequent event	16		
Total liabilities and equity		**$ 9,287.8**	$ 9,078.5

See accompanying notes to condensed consolidated financial statements.

Quebecor Inc. ("Quebecor" or the "Corporation") is incorporated under the laws of Québec. The Corporation's head office and registered office is located at 612 rue Saint-Jacques, Montréal (Québec), Canada. Quebecor is a holding corporation with interests in Quebecor Media Inc. ("Quebecor Media") and in subsidiaries controlled by Quebecor Media.

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers television distribution, Internet, business solutions, cable and mobile telephony and over-the-top video services in Canada and is engaged in the rental of movies, televisual products and console games through its video-on-demand service and rentals stores. This segment also operates retail stores specialized in the sale of cultural and entertainment products, and offers online sales of downloadable music and books in Québec. The operations of the Media segment in Québec include the printing, publishing and distribution of daily newspapers, the printing of commercial inserts, the operation of an over-the-air television network, the operation of television specialty services, the operation of studio, soundstage and equipment leasing and post-production services for the film and television industries, the operation of Internet portals and specialized sites, the publishing of books and magazines, the distribution of books, magazines and movies and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass show production, sporting and cultural events management, music production, distribution and streaming, the operation of two Quebec Major Junior Hockey League teams, and the operation and management of the Videotron Center in Québec city.

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

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2014 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on May 6, 2015.

Comparative figures for the three-month period ended March 31, 2014 have been restated to conform to the presentation adopted for the three-month period ended March 31, 2015.

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

2. REVENUES

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

	Three months ended March 31	
	2015	2014
Services rendered	**$ 850.7**	$ 794.3
Product sales	**97.9**	103.5
	$ 948.6	$ 897.8

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

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

	Three months ended March 31	
	2015	2014
Employee costs	**$ 229.5**	$ 202.9
Less employee costs capitalized to property, plant and equipment and intangible assets	**(42.7)**	(37.1)
	186.8	165.8
Purchase of goods and services:		
Royalties, rights and creation costs	**188.0**	176.2
Cost of retail products	**80.2**	63.2
Service and printing contracts	**38.9**	37.0
Building expenses	**21.2**	18.5
Marketing, circulation and distribution expenses	**13.3**	18.7
Other	**81.2**	83.7
	422.8	397.3
	$ 609.6	$ 563.1

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

4. FINANCIAL EXPENSES

	Three months ended March 31	
	2015	2014
Interest on long-term debt and on debentures	**$ 81.6**	$ 89.6
Amortization of financing costs and long-term debt discount	**2.0**	3.0
Interest on net defined benefit liability	**1.3**	1.2
Loss on foreign currency translation on short-term monetary items	**3.8**	1.7
Other	**(0.9)**	(1.4)
	$ 87.8	$ 94.1

5. LOSS (GAIN) ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

	Three months ended March 31	
	2015	2014
Gain on embedded derivatives related to long term debt and derivative financial instruments for which hedge accounting is not used	**$ (0.1)**	$ (0.4)
Loss (gain) on embedded derivatives related to convertible debentures	**7.6**	(1.4)
Gain on reversal of embedded derivatives upon debt redemption	**(0.3)**	(1.1)
Loss on the ineffective portion of cash flow hedges	**0.8**	–
Gain on the ineffective portion of fair value hedges	**(2.9)**	–
	$ 5.1	$ (2.9)

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

6. RESTRUCTURING OF OPERATIONS, IMPAIRMENT OF ASSETS AND OTHER SPECIAL ITEMS

	Three months ended March 31	
	2015	2014
Restructuring of operations	**$ 4.0**	$ 1.0
Impairment of assets	**7.0**	–
Other special items	**0.4**	0.1
	$ 11.4	$ 1.1

During the three-month period ended March 31, 2015, the Corporation's segments recorded a total restructuring charge of $4.0 million related to various cost reduction initiatives ($1.0 million in 2014). Also, a charge of $7.0 million related to impairment of assets was recorded in the Telecommunications segment and a charge for other special items of $0.4 million was recorded in other segments ($0.1 million in 2014).

7. DISCONTINUED OPERATIONS

2015

- In February 2015, the Corporation closed its specialty channel, SUN News.
- On April 13, 2015, the Corporation completed the sale of all of its English-language newspaper operations in Canada, consisting of more than 170 newspapers and publications, the Canoe English portal and 8 printing plants, including the Islington, Ontario plant, for a total cash consideration of $305.5 million. The transaction price is also subject to customary adjustments related to working capital items.

2014

- In January 2014, the Corporation ceased its door-to-door distribution of flyers and weekly newspapers in the Province of Québec.
- On June 1, 2014, the Corporation sold its 74 Québec weeklies for a cash consideration of $75.0 million, of which $1.3 million is receivable as of March 31, 2015. An amount of $4.7 million was also received in 2014 relating to adjustments of working capital items transferred.
- On September 2, 2014, the Corporation sold its Nurun Inc. subsidiary for a cash consideration of $125.0 million, less cash disposed of $18.1 million. An amount of $8.2 million was also received relating to certain transaction adjustments.

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

7. DISCONTINUED OPERATIONS (continued)

The results of operations and cash flows related to these businesses are presented as discontinued operations in the consolidated statements of income and cash flows as follows:

Consolidated statements of income

	Three months ended March 31	
	2015	2014
Revenues	**$ 99.9**	$ 164.3
Employee costs	**34.6**	76.7
Purchase of goods and services	**57.6**	76.1
Depreciation and amortization	**0.1**	8.5
Financial expenses	**0.1**	0.3
Restructuring of operations, impairment of assets and other special items	**2.9**	0.4
Income before income taxes	**4.6**	2.3
Income taxes	**3.0**	0.9
Income from discontinued operations	**1.6**	1.4
Other comprehensive income:		
Gain on translation of net investments in foreign operations	**–**	1.9
	–	1.9
Comprehensive income from discontinued operations	**$ 1.6**	$ 3.3

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

7. DISCONTINUED OPERATIONS (continued)

Consolidated statements of cash flows

	Three months ended March 31	
	2015	2014
Cash flows related to operating activities	**$ (3.8)**	$ 23.5
Cash flows related to investing activities	**(1.8)**	(2.6)
Cash flows (used in) provided by discontinued operations	**$ (5.6)**	$ 20.9

Components of assets and liabilities of the English-language newspaper operations, presented as held for sale in the consolidated balance sheets, are as follows:

	March 31, 2015	December 31, 2014
Current assets	**$ 56.3**	$ 70.6
Property, plant and equipment	**170.5**	171.4
Intangible assets	**23.3**	26.1
Goodwill	**130.0**	130.0
Assets held for sale	**380.1**	398.1
Current liabilities	**(43.1)**	(61.0)
Long-term liabilities	**(36.1)**	(36.9)
Liabilities held for sale	**(79.2)**	(97.9)
Net assets held for sale	**$ 300.9**	$ 300.2

8. NON-CONTROLLING INTERESTS AND BUSINESS ACQUISITIONS

(a) Non-controlling interests acquisition

On March 20, 2015, TVA Group Inc. ("TVA Group") completed a rights offering, whereby TVA Group received aggregate gross proceeds of approximately $110.0 million from the issuance of 19,434,629 Class B Non-Voting Shares of TVA Group. Under the rights offering, Quebecor Media has subscribed to 17,300,259 Class B Non-Voting Shares of TVA Group at a total cost of $97.9 million and accordingly, its aggregate equity interest in TVA Group increased from 51.5% to 68.4%. The increase of Quebecor Media's interest in TVA Group was accounted for as an equity transaction and resulted in an increase of retained earnings of $14.1 million and in an equivalent decrease of non-controlling interests.

(b) Business acquisition

In March 2015, the Telecommunications segment acquired 4Degrees Colocation and its data center, the largest in Québec city, for a purchase price of $35.5 million in cash. The acquisition will enable Videotron Ltd. ("Videotron") to meet its business customers' growing technological and hosting needs. The assets acquired are mainly comprised of tangible assets and goodwill.

9. INTANGIBLE ASSETS

2015

On March 6, 2015, Videotron acquired four 30 MHz licences, covering the province of Québec and the Ottawa region, at a total price of $31.8 million, for which Videotron made an initial payment of $6.4 million in the first quarter of 2015 and a final payment of $25.4 million on April 21, 2015. These licences were issued to Videotron by Industry Canada on April 21, 2015.

2014

On February 19, 2014, Videotron acquired seven 700MHz licences, covering the entirety of the provinces of Québec, Ontario (except Northern Ontario), Alberta and British Columbia, at a total price of $233.3 million, for which Videotron made a cash deposit of $15.9 million in 2013, a $46.7 million payment in the first quarter of 2014 and a final payment of $170.7 million on April 2, 2014. These licences were issued to Videotron on April 3, 2014 by Industry Canada.

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

10. LONG-TERM DEBT

In January 2015, Videotron entered into new unsecured on demand credit facilities, under which letters of credit were issued and filed with Industry Canada as pre-auction financial deposits in respect to its application to participate to the 2500 MHz and AWS-3 Spectrum auctions. Under Industry Canada's published rules respecting restrictions on communications during the auction process, it is strictly forbidden for the Corporation to disclose the amount of the letters of credit, which could have been withdrawn by Videotron at any time prior to the auction commencement (see also note 9).

On March 11, 2015, Videotron issued a notice for the redemption of all of its issued and outstanding 6.375% Senior Notes due December 15, 2015, in aggregate principal amount of US$175.0 million, at a redemption price of 100.000% of their principal amount. As a result, a net gain of $1.7 million was recorded in the consolidated statement of income in the first quarter of 2015, including a gain of $1.8 million previously recorded in other comprehensive income. On April 10, 2015, the Senior Notes were redeemed and the related hedging contracts were unwound for a total cash consideration of $204.5 million.

Components of long-term debt are as follows:

	March 31, 2015	December 31, 2014
Long-term debt	**$ 5,600.1**	$ 5,326.7
Change in fair value related to hedged interest rate risk	**13.0**	8.2
Adjustments related to embedded derivatives	**(5.6)**	(5.2)
Financing fees, net of amortization	**(49.4)**	(51.4)
	5,558.1	5,278.3
Less current portion	**(244.5)**	(230.1)
	$ 5,313.6	$ 5,048.2

11. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by taking into account the potentially dilutive effect of stock options of the Corporation on the number of shares outstanding, the potentially dilutive effect of stock options of the Corporation's subsidiaries on net income attributable to shareholders, and the potentially dilutive effect of conversion of convertible debentures issued by the Corporation on the number of shares outstanding and on net income attributable to shareholders.

The following table sets forth the computation of basic and diluted earnings per share attributable to shareholders:

	Three months ended March 31	
	2015	2014
Income from continuing operations attributable to shareholders	**$ 27.1**	$ 37.5
Impact of assumed conversion of stock options of subsidiaries and of convertible debentures of the Corporation	**(0.1)**	2.3
Income from continuing operations attributable to shareholders, adjusted for dilution effect	**$ 27.0**	$ 39.8
Net income attributable to shareholders	**$ 29.4**	$ 39.1
Impact of assumed conversion of stock options of subsidiaries and of convertible debentures of the Corporation	**(0.1)**	2.3
Net income attributable to shareholders, adjusted for dilution effect	**$ 29.3**	$ 41.4
Weighted average number of shares outstanding (in millions)	**122.9**	123.1
Potentially dilutive effect of stock options and of convertible debentures of the Corporation (in millions)	**0.3**	21.1
Weighted average number of diluted shares outstanding (in millions)	**123.2**	144.2

For the three-month period ended March 31, 2015, the diluted earnings per share calculation does not take into consideration the potential dilutive effect of certain stock options of the Corporation' subsidiaries and of the convertible debentures since their impact is anti-dilutive. During the three-month periods ended March 31, 2015, 545,737 options of TVA Group's plan were excluded from the diluted earnings per share calculation since their impact is anti-dilutive (691,076 options in 2014).

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

12. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Class A Multiple Voting Shares ("Class A Shares") with voting rights of 10 votes per share convertible at any time into Class B Subordinate Voting Shares ("Class B Shares") on a one-for-one basis.

An unlimited number of Class B Shares convertible into Class A Shares on a one-for-one basis, only if a takeover bid for Class A Shares is made to holders of Class A Shares without being made concurrently and under the same terms to holders of Class B Shares, for the sole purpose of allowing the holders of Class B Shares to accept the offer and subject to certain other stated conditions provided in the articles, including acceptance of the offer by the majority holder.

Holders of Class B Shares are entitled to elect 25% of the Board of Directors of Quebecor. Holders of Class A Shares may elect the other members of the Board of Directors.

(b) Issued and outstanding capital stock

	Class A Shares		Class B Shares	
	Number	Amount	Number	Amount
Balance as of December 31, 2014	38,973,172	$ 8.7	83,903,292	$ 318.5
Class A Shares converted into Class B Shares	(18,700)	–	18,700	–
Shares purchased and cancelled	–	–	–	–
Balance as of March 31, 2015	**38,954,472**	**$ 8.7**	**83,921,992**	**$ 318.5**

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

In the first quarter of 2014, the Corporation purchased and cancelled 285,000 Class B Shares for a total cash consideration of $7.2 million. The excess of $6.1 million of the purchase price over the carrying value of Class B Shares repurchased was recorded in reduction of retained earnings.

On May 6, 2015, the Board of Directors of the Corporation declared a dividend of $0.035 per share on Class A Shares and Class B Shares, or approximately $4.3 million, payable on June 16, 2015 to shareholders of record at the close of business on May 22, 2015.

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

13. STOCK-BASED COMPENSATION PLANS

Outstanding options

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participates, for the three-month period ended March 31, 2015:

	Outstanding options	
	Number	Weighted average exercise price
Quebecor		
As of December 31, 2014 and March 31, 2015	**1,310,000**	**$ 25.36**
Vested options as of March 31, 2015	**–**	**$ –**
Quebecor Media		
As of December 31, 2014	1,631,959	$ 55.15
Granted	369,500	70.56
Exercised	(161,775)	47.46
Cancelled	(7,000)	51.33
As of March 31, 2015	**1,832,684**	**$ 58.95**
Vested options as of March 31, 2015	**294,873**	**$ 46.22**
TVA Group		
As of December 31, 2014	525,368	$ 15.25
Granted	80,000	6.85
Expired	(59,631)	21.28
As of March 31, 2015	**545,737**	**$ 13.36**
Vested options as of March 31, 2015	**435,737**	**$ 14.86**

During the three-month period ended March 31, 2015, 161,775 stock options of Quebecor Media were exercised for a cash consideration of $3.7 million (169,050 stock options for $2.8 million in 2014).

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

13. STOCK-BASED COMPENSATION PLANS (continued)

Under the mid-term stock-based compensation plan, participants are entitled to receive a cash payment at the end of a three-year period based on the appreciation of the Quebecor Class B Share price, and subject to the achievement of certain non-market performance criteria. The following table provides details of changes to outstanding units in the mid-term stock-based compensation plan, for the three-month period ended March 31, 2015:

	Outstanding units		
	Number		Weighted average exercise price
As of December 31, 2014	803,517	$	26.22
Granted	672,829		31.62
As of March 31, 2015	**1,476,346**	**$**	**28.68**

For the three-month period ended March 31, 2014, a cash consideration of $3.7 million was paid upon exercise of 480,148 units.

For the three-month period ended March 31, 2015, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $0.6 million (a net reversal of the charge of $3.5 million in 2014).

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

		Translation of net investments in foreign operations		**Cash flow hedges**		**Defined benefit plans**		**Total**
Balance as of December 31, 2013	$	1.2	$	(16.0)	$	(8.3)	$	(23.1)
Other comprehensive income (loss)		1.4		(22.4)		–		(21.0)
Balance as of March 31, 2014		2.6		(38.4)		(8.3)		(44.1)
Other comprehensive (loss) income		(2.6)		9.2		(26.9)		(20.3)
Balance as of December 31, 2014		–		(29.2)		(35.2)		(64.4)
Other comprehensive loss		–		(12.2)		–		(12.2)
Balance as of March 31, 2015	**$**	**–**	**$**	**(41.4)**	**$**	**(35.2)**	**$**	**(76.6)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 9 1/4-year period.

15. CONTINGENT GAIN

On March 6, 2015, the Québec Court of Appeal ruled in favour of Videotron and TVA Group Inc., and ordered Bell ExpressVu Limited Partnership ("Bell ExpressVu"), a subsidiary of Bell Canada, to pay Videotron $135.3 million and TVA Group $0.6 million for negligence in failing to implement an appropriate security system to prevent piracy of the signals broadcast by its satellite television service between 1999 and 2005, thereby harming its competitors and broadcasters. Early in May, 2015, Bell ExpressVu applied for leave to appeal the judgment to the Supreme Court of Canada. A decision on its application is pending.

16. SUBSEQUENT EVENT

On April 12, 2015, TVA Group closed a transaction involving the acquisition of 14 magazines, including 4 magazines that will be owned and operated in partnership, for a total cash consideration of $55.5 million. This transaction is in line with the strategy of investing in the production and distribution of high-quality, rich, diverse entertainment and news media content. The assets acquired are mainly comprised of intangible assets and goodwill.