Condensed consolidated financial statements of

QUEBECOR INC.

Three-month periods ended March 31, 2020 and 2019

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF INCOME

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

	Note	Three months ended March 31 2020	2019
Revenues	2	**$ 1,055.5**	$ 1,027.3
Employee costs	3	**178.0**	181.8
Purchase of goods and services	3	**440.8**	424.8
Depreciation and amortization		**198.1**	188.5
Financial expenses	4	**87.4**	82.1
(Gain) loss on valuation and translation of financial instruments	5	**(23.3)**	14.3
Restructuring of operations and other items	6	**3.9**	8.5
Income before income taxes		**170.6**	127.3
Income taxes (recovery):			
Current		**61.0**	45.6
Deferred		**(20.5)**	(7.7)
		40.5	37.9
Income from continuing operations		**130.1**	89.4
Income from discontinued operations	16	**1.3**	97.5
Net income		**$ 131.4**	$ 186.9
Income (loss) from continuing operations attributable to			
Shareholders		**$ 130.3**	$ 91.5
Non-controlling interests		**(0.2)**	(2.1)
Net income (loss) attributable to			
Shareholders		**$ 131.6**	$ 189.0
Non-controlling interests		**(0.2)**	(2.1)
Earnings per share attributable to shareholders	10		
Basic:			
From continuing operations		**$ 0.51**	$ 0.36
From discontinued operations		**0.01**	0.38
Net income		**0.52**	0.74
Diluted:			
From continuing operations		**0.41**	0.36
From discontinued operations		**0.01**	0.38
Net income		**0.42**	0.74
Weighted average number of shares outstanding (in millions)		**254.0**	256.0
Weighted average number of diluted shares (in millions)		**259.9**	256.5

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)
(unaudited)

	Note		Three months ended March 31 2020		2019
Income from continuing operations		**$**	**130.1**	$	89.4
Other comprehensive income (loss) from continuing operations					
Items that may be reclassified to income:					
Cash flow hedges:					
Gain (loss) on valuation of derivative financial instruments			**62.9**		(19.3)
Deferred income taxes			**(15.0)**		6.5
			47.9		(12.8)
Comprehensive income from continuing operations			**178.0**		76.6
Income from discontinued operations	16		**1.3**		97.5
Comprehensive income		**$**	**179.3**	$	174.1
Comprehensive income (loss) from continuing operations attributable to					
Shareholders		**$**	**178.2**	$	78.7
Non-controlling interests			**(0.2)**		(2.1)
Comprehensive income (loss) attributable to					
Shareholders		**$**	**179.5**	$	176.2
Non-controlling interests			**(0.2)**		(2.1)

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended March 31, 2020

	Telecommuni-cations	Media	Sports and Enter-tainment	Head office and Inter-segments	Total
Revenues	**$ 874.7**	**$ 174.8**	**$ 34.8**	**$ (28.8)**	**$ 1,055.5**
Employee costs	**102.9**	**59.7**	**10.0**	**5.4**	**178.0**
Purchase of goods and services	**336.3**	**111.0**	**28.6**	**(35.1)**	**440.8**
Adjusted EBITDA[1]	**435.5**	**4.1**	**(3.8)**	**0.9**	**436.7**
Depreciation and amortization					**198.1**
Financial expenses					**87.4**
Gain on valuation and translation of financial instruments					**(23.3)**
Restructuring of operations and other items					**3.9**
Income before income taxes					**$ 170.6**
Cash flows used for:					
Additions to property, plant and equipment	**$ 73.6**	**$ 6.2**	**$ 0.1**	**$ 0.1**	**$ 80.0**
Additions to intangible assets	**95.1**	**6.9**	**0.8**	**-**	**102.8**

Three months ended March 31, 2019

	Telecommuni-cations	Media	Sports and Enter-tainment	Head office and Inter-segments	Total
Revenues	$ 840.7	$ 172.7	$ 40.4	$ (26.5)	$ 1,027.3
Employee costs	103.7	57.5	9.7	10.9	181.8
Purchase of goods and services	314.0	114.0	31.4	(34.6)	424.8
Adjusted EBITDA[1]	423.0	1.2	(0.7)	(2.8)	420.7
Depreciation and amortization					188.5
Financial expenses					82.1
Loss on valuation and translation of financial instruments					14.3
Restructuring of operations and other items					8.5
Income before income taxes					$ 127.3
Cash flows used for:					
Additions to property, plant and equipment	$ 132.6	$ 6.7	$ 0.5	$ -	$ 139.8
Additions to intangible assets	48.6	1.6	1.0	-	51.2

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

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.
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 (deficit)	Accumulated other comprehensive loss		
	(note 11)			(note 13)		
Balance as of December 31, 2018	$ 1,065.9	$ 4.7	$ (507.9)	$ (82.7)	$ 88.5	$ 568.5
Net income (loss)	-	-	189.0	-	(2.1)	186.9
Other comprehensive loss	-	-	-	(12.8)	-	(12.8)
Issuance of Class B Shares	2.7	3.0	-	-	-	5.7
Dividends	-	-	(14.1)	-	-	(14.1)
Repurchase of Class B Shares	(7.8)	-	(31.7)	-	-	(39.5)
Balance as of March 31, 2019	1,060.8	7.7	(364.7)	(95.5)	86.4	694.7
Net income	-	-	463.8	-	7.6	471.4
Other comprehensive income	-	-	-	31.4	0.6	32.0
Dividends	-	-	(86.2)	-	-	(86.2)
Issuance of Class B Shares	5.6	9.7	-	-	-	15.3
Repurchase of Class B Shares	(10.5)	-	(44.6)	-	-	(55.1)
Balance as of December 31, 2019	1,055.9	17.4	(31.7)	(64.1)	94.6	1,072.1
Net income (loss)	-	-	131.6	-	(0.2)	131.4
Other comprehensive income	-	-	-	47.9	-	47.9
Dividends	-	-	(50.9)	-	(0.2)	(51.1)
Repurchase of Class B Shares	(6.3)	-	(27.8)	-	-	(34.1)
Balance as of March 31, 2020	**$ 1,049.6**	**$ 17.4**	**$ 21.2**	**$ (16.2)**	**$ 94.2**	**$ 1,166.2**

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)
(unaudited)

	Note	Three months ended March 31 2020	2019
Cash flows related to operating activities			
Income from continuing operations		**$ 130.1**	$ 89.4
Adjustments for:			
Depreciation of property, plant and equipment		**153.1**	151.1
Amortization of intangible assets		**35.9**	28.6
Amortization of right-of-use assets		**9.1**	8.8
(Gain) loss on valuation and translation of financial instruments	5	**(23.3)**	14.3
Impairment of assets	6	**-**	3.5
Amortization of financing costs and long-term debt discount	4	**2.0**	2.0
Deferred income taxes		**(20.5)**	(7.7)
Other		**2.6**	(1.7)
		289.0	288.3
Net change in non-cash balances related to operating activities		**32.6**	(107.8)
Cash flows provided by continuing operating activities		**321.6**	180.5
Cash flows related to investing activities			
Business acquisitions	7	**-**	(23.5)
Business disposals	16	**-**	261.6
Additions to property, plant and equipment		**(80.0)**	(139.8)
Additions to intangible assets		**(102.8)**	(51.2)
Proceeds from disposals of assets		**1.5**	2.6
Other		**(0.6)**	(1.3)
Cash flows (used in) provided by continuing investing activities		**(181.9)**	48.4
Cash flows related to financing activities			
Net change in bank indebtedness		**(12.8)**	3.1
Net change under revolving facilities		**(52.9)**	(180.7)
Repayment of long-term debt		**(0.3)**	(3.9)
Repayment of lease liabilities		**(9.6)**	(9.9)
Issuance of Class B Shares		**-**	2.7
Repurchase of Class B Shares	11	**(34.1)**	(39.5)
Dividends paid to non-controlling interests		**(0.2)**	-
Cash flows used in continuing financing activities		**(109.9)**	(228.2)
Net change in cash and cash equivalents		**29.8**	0.7
Cash flows used in discontinued operations	16	**-**	(2.3)
Cash and cash equivalents at beginning of period		**14.0**	21.3
Cash and cash equivalents at end of period		**$ 43.8**	$ 19.7
Cash and cash equivalents consist of			
Cash		**$ 4.7**	$ 6.5
Cash equivalents		**39.1**	13.2
		$ 43.8	$ 19.7
Interest and taxes reflected as operating activities			
Cash interest payments		**$ 38.9**	$ 47.1
Cash income tax payments (net of refunds)		**23.0**	138.7

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	Note	March 31 2020	December 31 2019
Assets			
Current assets			
Cash and cash equivalents		**$ 43.8**	$ 14.0
Accounts receivable		**541.4**	548.0
Contract assets		**158.8**	160.3
Income taxes		**7.4**	19.1
Inventories		**226.0**	240.4
Other current assets		**126.9**	121.2
		1,104.3	1,103.0
Non-current assets			
Property, plant and equipment		**3,350.6**	3,415.9
Intangible assets		**1,454.4**	1,444.0
Goodwill		**2,692.9**	2,692.9
Right-of-use assets		**126.0**	110.4
Derivative financial instruments		**1,043.9**	679.8
Deferred income taxes		**31.0**	31.2
Other assets		**266.9**	248.7
		8,965.7	8,622.9
Total assets		**$ 10,070.0**	$ 9,725.9
Liabilities and equity			
Current liabilities			
Bank indebtedness		**$ 16.6**	$ 29.4
Accounts payable, accrued charges and provisions		**809.2**	809.6
Deferred revenue		**326.2**	332.7
Income taxes		**28.9**	4.2
Current portion of long-term debt	8	**45.5**	57.2
Current portion of lease liabilities		**35.5**	31.3
		1,261.9	1,264.4
Non-current liabilities			
Long-term debt	8	**6,163.4**	5,900.3
Derivative financial instruments		**-**	2.1
Convertible debentures		**150.0**	150.0
Lease liabilities		**117.5**	106.6
Deferred income taxes		**854.0**	859.2
Other liabilities		**357.0**	371.2
		7,641.9	7,389.4
Equity			
Capital stock	11	**1,049.6**	1,055.9
Contributed surplus		**17.4**	17.4
Retained earnings (deficit)		**21.2**	(31.7)
Accumulated other comprehensive loss	13	**(16.2)**	(64.1)
Equity attributable to shareholders		**1,072.0**	977.5
Non-controlling interests		**94.2**	94.6
		1,166.2	1,072.1
Contingencies	15		
Total liabilities and equity		**$ 10,070.0**	$ 9,725.9

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 a 100% interest in Quebecor Media Inc. ("Quebecor Media"). Unless the context otherwise requires, Quebecor or the Corporation refer to Quebecor Inc. and its subsidiaries and Quebecor Media refers to Quebecor Media Inc. and its subsidiaries.

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

COVID-19 pandemic

The COVID-19 pandemic is having a significant impact on the economic environment in Canada and around the world. Since March 2020, in order to limit the spread of the virus, the Québec government has imposed a number of restrictions and special preventive measures, including the suspension of business activities deemed non-essential. These measures have curtailed the operations of many of Quebecor's business partners and have led to a significant slowdown in some of Quebecor's segments. Among other impacts, the COVID-19 virus and the measures to prevent its spread have led to a significant reduction in volume at Videotron Ltd ("Videotron")'s retail outlets and delays in client migration to its new Helix entertainment and home management platform; lower advertising revenues, a significant decrease of sports events broadcast by the TVA Sports channel, and reduced film and audiovisual content activity in the Media segment; and delays or cancellations of shows and events, and interruption of music and book distribution activities in the Sports and Entertainment segment. Quebecor is however continuing to provide essential telecommunications and news services during this health crisis, while safeguarding the health and safety of the public and of its employees. Because of the measures put in place by the Québec government to limit the spread of the virus, approximately 10% of Quebecor's workforce are now receiving benefits under the Corporation's supplemental assistance program because they are on stand-by. The program provides additional financial assistance to top up the Canada Emergency Wage Subsidy or Canada Emergency Response Benefit, as the case may be, and minimize the impact of this situation. Given the uncertainty about the ultimate extent and duration of the pandemic, the full impact of the crisis cannot be determined with certainty at this stage.

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 2019 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed consolidated financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on May 13, 2020.

Comparative figures for the previous period have been restated to conform to the presentation adopted for the three-month period ended March 31, 2020.

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

2. REVENUES

	Three months ended March 31	
	2020	2019
Telecommunications:		
Internet	**$ 277.5**	$ 273.6
Cable television	**233.1**	245.2
Mobile telephony	**160.2**	141.4
Cable telephony	**82.8**	87.3
Equipment sales	**76.1**	49.2
Other	**45.0**	44.0
Media:		
Advertising	**77.8**	83.9
Subscription	**51.8**	50.8
Other	**45.2**	38.0
Sports and Entertainment	**34.8**	40.4
Inter-segments	**(28.8)**	(26.5)
	$ 1,055.5	$ 1,027.3

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

	Three months ended March 31	
	2020	2019
Employee costs	**$ 229.9**	$ 233.0
Less employee costs capitalized to property, plant and equipment and intangible assets	**(51.9)**	(51.2)
	178.0	181.8
Purchase of goods and services:		
Royalties, rights and creation costs	**168.5**	169.3
Cost of products sold	**97.1**	93.0
Service contracts	**46.4**	37.5
Marketing, circulation and distribution expenses	**21.1**	23.2
Other	**107.7**	101.8
	440.8	424.8
	$ 618.8	$ 606.6

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

4. FINANCIAL EXPENSES

	Three months ended March 31			
		2020		2019
Interest on long-term debt and on debentures	**$**	**77.2**	$	77.5
Amortization of financing costs and long-term debt discount		**2.0**		2.0
Interest on lease liabilities		**2.0**		1.9
Interest on net defined benefit liability		**1.9**		1.8
Loss (gain) on foreign currency translation on short-term monetary items		**4.6**		(0.8)
Other		**(0.3)**		(0.3)
	$	**87.4**	$	82.1

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

	Three months ended March 31			
		2020		2019
(Gain) loss on embedded derivatives related to convertible debentures	**$**	**(22.5)**	$	13.6
Other		**(0.8)**		0.7
	$	**(23.3)**	$	14.3

6. RESTRUCTURING OF OPERATIONS AND OTHER ITEMS

During the first quarter of 2020, a net charge of $3.9 million was recorded for non-recurring costs across the organization relating to the COVID-19 crisis and restructuring initiatives (a net charge of $5.0 million in 2019 related to cost reduction initiatives).

During the first quarter of 2019, impairment charge of assets of $3.5 million was recorded as a result of restructuring initiatives.

7. BUSINESS ACQUISITIONS

On February 13, 2019, TVA Group Inc. (“TVA Group”) acquired the companies in the Serdy Média inc. and Serdy Video Inc. groups, including the Évasion and Zeste specialty channels, for a total cash consideration of $23.5 million, net of cash acquired of $0.5 million. An amount of $1.6 million relating to certain post-closing adjustments was also paid during the third quarter of 2019. The acquired assets consisted mainly of intangible assets and goodwill.

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

8. LONG TERM DEBT

Components of long-term debt are as follows:

	March 31, 2020	December 31, 2019
Long-term debt	**$ 6,224.4**	$ 5,986.1
Change in fair value related to hedged interest rate risk	**20.3**	9.1
Financing fees, net of amortization	**(35.8)**	(37.7)
	6,208.9	5,957.5
Less current portion	**(45.5)**	(57.2)
	$ 6,163.4	$ 5,900.3

On February 21, 2020, TVA Group amended its secured revolving credit facility to extend its term from February 2020 to February 2021, to reduce the amount available for borrowing from $150.0 million to $75.0 million and to amend certain terms and conditions.

9. CONVERTIBLE DEBENTURES

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on March 11, 2020 on Quebecor Class B Shares triggered an adjustment to the floor price and ceiling price then in effect. Effective on March 26, 2020, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately $26.57 per share (that is, a maximum number of approximately 5,644,430 Class B Shares corresponding to a ratio of $150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately $33.22 per share (that is, a minimum number of approximately 4,515,544 Class B Shares corresponding to a ratio of $150.0 million to the adjusted ceiling price).

10. 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	
	2020	2019
Income from continuing operations attributable to shareholders	**$ 130.3**	$ 91.5
Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries	**(21.9)**	(0.1)
Income from continuing operations attributable to shareholders, adjusted for dilution effect	**$ 108.4**	$ 91.4
Net income attributable to shareholders	**$ 131.6**	$ 189.0
Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries	**(21.9)**	(0.2)
Net income attributable to shareholders, adjusted for dilution effect	**$ 109.7**	$ 188.8
Weighted average number of shares outstanding (in millions)	**254.0**	256.0
Potentially dilutive effect of convertible debentures of the Corporation and of stock options of the Corporation (in millions)	**5.9**	0.5
Weighted average number of diluted shares outstanding (in millions)	**259.9**	256.5

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

11. 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, 2019	77,213,834	$ 8.6	177,415,407	$ 1,047.3
Class A Shares converted into Class B Shares	(1,300)	–	1,300	–
Shares purchased and cancelled	–	–	(1,059,100)	(6.3)
Balance as of March 31, 2020	**77,212,534**	**$ 8.6**	**176,357,607**	**$ 1,041.0**

On August 7, 2019, the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 4,000,000 Class B Shares representing approximately 2.2% of issued and outstanding Class B Shares as of August 1, 2019. The purchases can be made from August 15, 2019 to August 14, 2020, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

During the three-month period ended March 31, 2020, the Corporation purchased and cancelled 1,059,100 Class B Shares for a total cash consideration of $34.1 million (1,319,600 Class B Shares for a total cash consideration of $39.5 million in 2019). The excess of $27.8 million of the purchase price over the carrying value of Class B Shares repurchased was recorded in reduction of retained earnings (an increase of the deficit of $31.7 million in 2019).

During the three-month period ended March 31, 2019, the Corporation issued 180,000 Class B Shares upon exercised of stock option for a cash consideration of $2.7 million. As a result of this transaction, contributed surplus was increased by $3.0 million and stock-based compensation liability was reduced by the same amount.

On May 13, 2020, the Board of Directors of the Corporation declared a dividend of $0.20 per share on Class A Shares and Class B Shares, or approximately $50.7 million, payable on June 23, 2020, to shareholders of record at the close of business on May 29, 2020.

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

12. STOCK-BASED COMPENSATION PLANS

Stock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participates, for the three-month period ended March 31, 2020:

	Outstanding options		
	Number		Weighted average exercise price
Quebecor			
As of December 31, 2019	2,504,892	$	29.21
Cancelled	(50,000)		32.20
As of March 31, 2020	**2,454,892**	**$**	**29.15**
Vested options as of March 31, 2020	**–**	**$**	**–**
Quebecor Media			
As of December 31, 2019	129,200	$	65.41
Exercised	(56,500)		63,18
As of March 31, 2020	**72,700**	**$**	**67,14**
Vested options as of March 31, 2020	**72,700**	**$**	**67,14**
TVA Group			
As of December 31, 2019 and March 31, 2020	**515,000**	**$**	**2.43**
Vested options as of March 31, 2020	**35,000**	**$**	**6.85**

During the three-month period ended March 31, 2020, 56,500 stock options of Quebecor Media were exercised for a cash consideration of $3.4 million (66,950 stock options for $3.3 million in 2019). During the three-month period ended March 31, 2019, 180,000 Class B Shares of the Corporation were issued upon exercise of stock options of Quebecor (Note 11).

Deferred share unit and performance share unit plans

The deferred share unit ("DSU") and performance share unit ("PSU") plans are based either on Quebecor Class B Shares and on TVA Group Class B Non-Voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be, and the PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. As of March 31, 2020, 149,456 DSUs based on Quebecor Class B Shares and 225,290 DSUs based on TVA Group Class B Shares were outstanding under these plans. As of March 31, 2020, there is no outstanding PSUs. During the first quarter of 2020, a cash consideration of $4.8 million was paid upon PSUs redemption ($5.4 million in 2019).

Stock-based compensation expense

For the three-month period ended March 31, 2020, a reversal of the consolidated charge related to all stock-based compensation plans was recorded in the amount of $1.9 million (a charge of $6.5 million in 2019).

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

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2018	$ (30.7)	$ (52.0)	$ (82.7)
Other comprehensive loss	(12.8)	–	(12.8)
Balance as of March 31, 2019	(43.5)	(52.0)	(95.5)
Other comprehensive income (loss)	83.4	(52.0)	31.4
Balance as of December 31, 2019	39.9	(104.0)	(64.1)
Other comprehensive income	47.9	–	47.9
Balance as of March 31, 2020	**$ 87.8**	**$ (104.0)**	**$ (16.2)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 7-year period.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The fair value of embedded derivatives related to convertible debentures is determined by option pricing models using Level 2 market inputs, including volatility, discount factors, and the underlying instrument's implicit interest rate and credit premium.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020		December 31, 2019	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (6,224.4)**	**$ (6,135.6)**	$ (5,986.1)	$ (6,376.2)
Convertible debentures[2]	**(139.8)**	**(139.8)**	(162.0)	(162.0)
Derivative financial instruments				
Foreign exchange forward contracts	**7.5**	**7.5**	(2.1)	(2.1)
Cross-currency interest rate swaps	**1,036.4**	**1,036.4**	679.8	679.8

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing fees.

2 The carrying value and fair value of convertible debentures consist of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives.

15. CONTINGENCIES

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management of the Corporation is in the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position.

On August 15, 2019, the Canadian Radio-television and Telecommunications Commission ("CRTC") issued an order finalizing the rates, retroactively to March 31, 2016, by which the large cable and telephone companies provide aggregated wholesale access to their high-speed internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation consolidated financial statements. The new proposed rates are substantially lower than interim rates and could represent a retrospective reduction in earnings of approximately $30.0 million (before income taxes) for the year 2020 and approximately $52.0 million (before income taxes) from March 31, 2016 to December 31, 2019. On September 13, 2019, a coalition of cable companies (including Videotron) and Bell Canada filed separate appeals of the CRTC's order with the Federal Court of Appeal arguing, among other things, that the order is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. The cable companies and Bell Canada also filed separate requests to stay the implementation of the order pending disposition of their appeals. On November 22, 2019, the leave to appeal was granted by the Federal Court of Appeal and the interim stay of the CRTC's order granted by this court on September 27, 2019, was extended until a final ruling by the Federal Court of Appeal is made. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

16. DISCONTINUED OPERATIONS

On January 24, 2019, Videotron sold its 4Degrees Colocation Inc. data center operations for an amount of $261.6 million, which was fully paid in cash at the date of transaction. An amount of $0.9 million relating to a working capital adjustment was also paid by Videotron during the second quarter of 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of $97.2 million, net of income taxes of $18.5 million, was accounted for in the first quarter of 2019, while an amount of $53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments.