POWER FINANCIAL CORPORATION

Reorganization

Special Meeting of Shareholders
February 11, 2020

Vote your shares today FOR:

- A simplified corporate structure
- A strategy emphasizing financial services
- Increased public float and liquidity
- Reduction in operating expenses and financing charges
- Increased net asset value and dividend
- Long-term value creation

Vote your Power Financial shares by February 7, 2020 at 9:00 a.m. (Eastern Time)

January 10, 2020

These materials are important and require your immediate attention. They require the shareholders of Power Financial Corporation to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you require further assistance, please do not hesitate to contact Power Financial Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com.

POWER FINANCIAL
CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON FEBRUARY 11, 2020

and

MANAGEMENT PROXY CIRCULAR

with respect to a plan of arrangement involving Power Financial Corporation and Power Corporation of Canada

Our special meeting of Shareholders will be held at
9:00 a.m. (Eastern time) on February 11, 2020, at
The InterContinental Hotel
360 Saint-Antoine St. W.
Montréal, Québec H2Y 3X4

As a holder of Common Shares of Power Financial Corporation, you have the right to vote your Common Shares, either by proxy or in person at the meeting.

THE DIRECTORS OF POWER FINANCIAL CORPORATION UNANIMOUSLY RECOMMEND THAT MINORITY SHAREHOLDERS VOTE **FOR** THE REORGANIZATION.

January 10, 2020

January 10, 2020

Dear fellow shareholder:

You are invited to attend a special meeting of common shareholders (the "**Meeting**") of Power Financial Corporation (the "**Company**"). The Meeting will be held on February 11, 2020 at 9:00 a.m. (Eastern time), at the InterContinental Hotel, 360 Saint-Antoine St. W., Montréal, Québec H2Y 3X4.

At the Meeting, you will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution of holders (each a "**Shareholder**") of the outstanding common shares in the capital of the Company (the "**Common Shares**") approving an arrangement under section 192 of the *Canada Business Corporations Act* (the "**Reorganization**") pursuant to which, among other things, each Common Share not currently owned by Power Corporation of Canada ("**PCC**") or its wholly-owned subsidiaries will be exchanged for (i) 1.05 subordinate voting shares in the capital of PCC and (ii) $0.01 in cash (collectively, the "**Consideration**"), as described in more detail in the accompanying management proxy circular.

The Board of Directors of the Company (the "**Board**") has unanimously approved the Reorganization following the report and favourable recommendation of the Special Committee (as such term is defined in the accompanying management proxy circular) and unanimously recommends that minority shareholders vote FOR the special resolution approving the Reorganization. The recommendations of the Special Committee and the Board are based on the factors and considerations set out in detail in the accompanying management proxy circular. Each director and executive officer of the Company intends to vote his or her Common Shares FOR the special resolution approving the Reorganization.

To become effective, the special resolution in respect of the Reorganization must be approved by (i) at least two-thirds of the votes cast on the Reorganization Resolution (as such term is defined in the accompanying management proxy circular) by Shareholders present in person or represented by proxy at the Meeting; and (ii) in accordance with the minority approval requirement of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting other than PCC and certain of its related parties (as such term is defined in MI 61-101) (the "**Required Shareholder Approval**").

The Reorganization is also subject to certain other conditions, including the receipt of the approval of the Ontario Superior Court of Justice (Commercial List) (the "**Court Approval**"). Subject to obtaining the Court Approval and satisfying or waiving the other conditions contained in the arrangement agreement dated December 12, 2019, between PCC and the Company (the "**Arrangement Agreement**"), if the Required Shareholder Approval is obtained at the Meeting, it is anticipated that the Reorganization will be completed in February 2020.

The accompanying management proxy circular provides a detailed description of the Reorganization to assist you in considering how to vote on the special resolution to be considered at the Meeting. You are urged to read this information carefully and, if you require assistance, consult your own legal, tax, financial or other professional advisor or the proxy solicitation and information agent for the Reorganization, Kingsdale Advisors, toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com.

Your vote is important regardless of the number of Common Shares you own. If you are unable to be present at the Meeting in person, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy or voting instruction form so that your Common Shares can be voted at the Meeting in accordance with your instructions. Whether or not you expect to attend the Meeting, please exercise your right to vote.

Enclosed is a letter of transmittal for registered Shareholders explaining how you can deposit your Common Shares and obtain the Consideration for those Common Shares once the Reorganization is completed. The letter of transmittal will also be available on our website at www.powerfinancial.com/en/investors/reorganization/ as well as on SEDAR at www.sedar.com or by contacting the depositary appointed in connection with the Reorganization (using the information set out on the back of the accompanying management proxy circular).

If you hold your Common Shares through an intermediary, such as a broker, investment dealer, bank or trust company, you should contact such intermediary with any questions related to voting on the special resolution to be approved at the Meeting or receiving the Consideration for your Common Shares upon the completion of the Reorganization.

To ensure your Common Shares will be represented at the Meeting, the Board urges you to complete, sign and return the enclosed proxy as soon as possible, and in any event, by no later than 9:00 a.m. (Eastern time) on February 7, 2020 or if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed Meeting. Please review the accompanying management proxy circular for additional details on how to vote your Common Shares.

If you have any questions, please contact Kingsdale Advisors, the Company's strategic shareholder advisor and proxy solicitation agent, toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com or the Company's transfer agent, Computershare Investor Services Inc., at 100 University Ave, 8th Floor, Toronto, Ontario, M5J 2Y1. Alternatively, for up-to-date information and convenience in voting please visit the website: www.powerfinancial.com/en/investors/reorganization/.

Thank you for your continued support of the Company.

Yours very truly,

"Siim A. Vanaselja"

Siim A. Vanaselja
Chairman of the Special Committee

"Paul Desmarais, Jr."

Paul Desmarais, Jr.
Executive Co-Chairman of the Board of Directors

"André Desmarais"

André Desmarais
Executive Co-Chairman of the Board of Directors

POWER FINANCIAL CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 11, 2020

The holders of common shares in the capital of Power Financial Corporation (the "Common Shares") are invited to our special meeting of shareholders (the "Meeting").

WHEN	**WHERE**
February 11, 2020 9:00 a.m. (Eastern time)	InterContinental Hotel 360 Saint-Antoine St. W. Montréal, Québec H2Y 3X4

WHAT THE MEETING IS ABOUT

The Meeting is being held pursuant to an interim order (the "**Interim Order**") of the Ontario Superior Court of Justice (Commercial List) dated January 10, 2020, for the holders (the "**Shareholders**") of Common Shares of Power Financial Corporation (the "**Company**") to consider and, if thought appropriate, to approve a special resolution (the "**Reorganization Resolution**"), the full text of which is set forth at Appendix "A" to the accompanying management proxy circular (the "**Circular**"), approving an arrangement (the "**Reorganization**") under section 192 of the *Canada Business Corporations Act* ("**CBCA**") involving, among others, the Company, its Shareholders and Power Corporation of Canada ("**PCC**"). The Reorganization contemplates, among other things, each outstanding Common Share not currently owned by PCC or its wholly-owned subsidiaries being exchanged for (i) 1.05 subordinate voting shares in the capital of PCC and (ii) $0.01 in cash (the "**Consideration**").

Shareholders may also be asked to consider other business that properly comes before the Meeting or any adjournment or postponement thereof.

YOU HAVE THE RIGHT TO VOTE

Shareholders are entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof, if they were a Shareholder at the close of business on December 27, 2019.

YOUR VOTE IS IMPORTANT

As a Shareholder, it is very important that you read this material carefully and then vote your Common Shares, either by proxy or in person at the Meeting. The accompanying Circular tells you more about how to exercise your right to vote your Common Shares. Whether or not you expect to attend the Meeting, please exercise your right to vote.

Registered Shareholders are requested to complete, date, sign and return (in the envelope provided for that purpose) the applicable accompanying form of proxy for use at the Meeting. **In order to be voted at the Meeting, proxies must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc., by mail at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 (or voted by telephone or the Internet by following the instructions on the accompanying form of proxy) not later than 9:00 a.m. (Eastern time) on February 7, 2020 or if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holiday) before any adjourned or postponed Meeting.** The deadline for deposit of proxies may be waived or extended by the chair of the Meeting at his discretion, without notice. Failure to properly complete or deposit a proxy may result in its invalidation.

Most Shareholders do not hold their Common Shares in their own names. Such Common Shares may be beneficially owned by you but registered either in the name of (i) an intermediary such as a bank, trust company, securities dealer or broker or the trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan or (ii) a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) or its nominee, of which the intermediary is a participant. If your Common Shares are shown in an account statement provided to you by your

intermediary, in almost all cases, your Common Shares will not be registered in your name in the records of the Company. Only proxies deposited by registered Shareholders can be recognized and acted upon at the Meeting. As a result, if you hold your Common Shares through a broker or other intermediary, we urge you to complete the voting instruction form or provide your voting instructions to your broker or other intermediary by other acceptable methods. Please read the instructions regarding how to vote at, or attend, the Meeting under "**Information Concerning the Meeting and Voting**" in the accompanying management proxy circular.

YOU ARE ENTITLED TO DISSENT RIGHTS

Registered Shareholders holding Common Shares are entitled to dissent in respect of the Reorganization Resolution in the manner provided in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must provide a dissent notice to the Company at its principal executive office located at 751 Victoria Square, Montréal, Québec H2Y 2J3 by mail, hand or courier to the attention of the Vice-President, General Counsel and Secretary at or before 5:00 p.m. (Eastern time) on February 7, 2020 or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Eastern time) on the date that is two business days before the adjourned or postponed Meeting is reconvened or held, as the case may be. A failure to strictly comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Shareholder's dissent rights.

Registered Shareholders who are considering exercising dissent rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the CBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Reorganization. In addition, any judicial determination of fair value may result in a delay of receipt by a dissenting Shareholder of consideration for such dissenting Shareholder's dissent shares.

In many cases, Common Shares beneficially owned by a non-registered Shareholder are registered either in the name of (i) an intermediary or (ii) a clearing agency (such as CDS) of which the intermediary is a participant. Accordingly, a non-registered Shareholder will not be entitled to exercise his, her or its dissent rights directly unless the Common Shares are re-registered in the non-registered Shareholder's name. A non-registered Shareholder who wishes to exercise dissent rights should immediately contact the intermediary with whom the non-registered Shareholder deals in respect of its Common Shares and instruct the intermediary either (i) to exercise the dissent rights on the non-registered Shareholder's behalf (which, if the Common Shares are registered in the name of CDS or other clearing agency, may require that such Common Shares first be re-registered in the name of the intermediary) or (ii) to re-register such Common Shares in the name of the non-registered Shareholder, in which case the non-registered Shareholder would be able to exercise the dissent rights directly.

QUESTIONS

If you have any questions, please contact Kingsdale Advisors, the Company's strategic shareholder advisor and proxy solicitation agent, toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com or the Company's transfer agent, Computershare Investor Services Inc., at 514-982-7555 or toll-free in North America at 1-800-564-6253.

DATED at Montréal, Québec this 10th day of January, 2020.

By order of the Board of Directors,

"Siim A. Vanaselja"	*"Paul Desmarais, Jr."*	*"André Desmarais"*
Siim A. Vanaselja Chairman of the Special Committee	Paul Desmarais, Jr. Executive Co-Chairman of the Board of Directors	André Desmarais Executive Co-Chairman of the Board of Directors

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MANAGEMENT PROXY CIRCULAR

INTRODUCTION

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth in the "Glossary" starting on page 115.

This Circular is delivered in connection with the solicitation of proxies by and on behalf of the Company for use at the Meeting and any adjournment(s) or postponement(s) thereof. The Company has not authorized any person to give any information or to make any representation in connection with the Reorganization or any other matters to be considered at the Meeting other than those contained in this Circular. If any such information or representation is given or made to you, you should not rely on it as having been authorized or as being accurate. For greater certainty, to the extent that any information provided on the Company's website or by a proxy solicitation firm, if any, is inconsistent with this Circular, you should rely on the information provided in this Circular. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, over the internet, in writing or in person. The Company has engaged a proxy solicitation firm, Kingsdale Advisors, to solicit proxies on behalf of the Company.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors.

The information concerning PCC contained in this Circular has been provided by PCC. Although the Company has no knowledge that would indicate that any statements contained herein are untrue or incomplete, the Company does not assume any responsibility for the accuracy or completeness of such information, or for any failure by PCC, any of its affiliates (other than the Company) or any of their respective Representatives to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company. The Company believes that, in accordance with the Arrangement Agreement, PCC provided the Company with all necessary information concerning PCC (including for greater certainty but not limited to, all information relating to the PCC Subordinate Voting Shares) that is required by law to be included in this Circular and that PCC ensured that such information does not contain any Misrepresentation (as such term is defined in the Arrangement Agreement).

All summaries of, and references to, the Arrangement Agreement and the Reorganization in this Circular are qualified in their entirety by, in the case of the Arrangement Agreement, the complete text of the Arrangement Agreement, a copy of which is attached at Appendix "B", and, in the case of the Plan of Arrangement, the complete text of the Plan of Arrangement, a copy of which is attached to the Arrangement Agreement at Appendix "B". **You are urged to read carefully the full text of the Arrangement Agreement and the Plan of Arrangement.**

Information contained in this Circular is given as of January 10, 2020, unless otherwise stated, and assumes no Company Options are exercised after such date.

NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

THE SECURITIES ISSUABLE IN CONNECTION WITH THE REORGANIZATION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The PCC Subordinate Voting Shares to be issued under the Reorganization have not been registered under the U.S. Securities Act, and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Reorganization to Shareholders after being advised prior to the hearing on the Final Order by PCC that PCC will rely on the Final Order, if granted, as a basis for an exemption from registration under the U.S. Securities Act for such PCC Subordinate Voting Shares pursuant to Section 3(a)(10) of the U.S. Securities Act.

This Circular has been prepared in accordance with applicable disclosure requirements under applicable Canadian laws. Shareholders in the United States should be aware that these requirements may be different from those of the United States or other jurisdictions. Shareholders in the United States should be aware that the Reorganization may have tax consequences both in Canada and in the United States. Such consequences may not be fully described in this Circular, and Shareholders are urged to consult their own tax advisors. This Circular does not address any tax considerations of the Reorganization other than certain Canadian federal income tax and United States federal income tax considerations to Shareholders. See "Certain Canadian Federal Income Tax Considerations" and "Certain United States Federal Income Tax Considerations".

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the U.S. Exchange Act. This Circular has been prepared in accordance with applicable disclosure requirements in Canada. Shareholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements and information included herein have been prepared in accordance with IFRS, and the audits of such financial statements were performed using auditing standards in Canada, and thus may not be comparable to financial statements and information of United States companies prepared in accordance with United States generally accepted accounting principles.

The enforcement by Shareholders of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Company is organized and exists under the laws of Canada; that a number of directors and officers of the Company are residents of Canada; and that all or a substantial portion of the Company's respective assets, and those of their officers and directors, may be located outside of the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon the Company, its officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

U.S. Shareholders should not assume that the courts of Canada (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

CURRENCY

All currency amounts referred to in this Circular unless otherwise stated are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Circular, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Company's current expectations, or with respect to disclosure regarding the Company Public Subsidiaries, reflect such Subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting Shareholders in understanding the Company's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and Shareholders are cautioned that such statements may not be appropriate for other purposes. These statements include, without limitation, statements regarding the tax treatment of Shareholders, the satisfaction of the conditions to consummate the Reorganization, the anticipated aggregate Cash Consideration, the expected sources of funding of the Reorganization, the process for obtaining and expectations regarding the Court Approval, the Regulatory Approvals and other approvals, the expected Effective Date of the Reorganization, the anticipated effect of the Reorganization, the expected benefits of the Reorganization, the percentage of voting shares of PCC expected to be held by Shareholders (other than PCC and its wholly-owned Subsidiaries) and the percentage of the aggregate voting rights attached to PCC's voting shares represented by the PCC Subordinate Voting Shares upon completion of the Reorganization and the PCC Participating Preferred Share Issuances, the Company's expectations with respect to Pansolo's intention with respect to exercising its Pre-Emptive Right, the consequences of the Reorganization not being completed, the continued listing of the Company First Preferred Shares on the TSX, the Company's status as a reporting issuer, the listing of the PCC Subordinate Voting Shares to be issued as Share Consideration on the TSX, the expected composition of the PCC Board and its management following completion of the Reorganization, the intentions of the Company's executive officers and directors to vote in favour of the Reorganization Resolution, the PCC Board's intentions with respect to the amount and timing of dividends on the PCC Subordinate Voting Shares and the PCC Participating Preferred Shares, PCC's and the Company's intention to redeem first preferred shares of PCC and Company First Preferred Shares, respectively as well as statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its Subsidiaries, and the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "potential", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Company's and its Subsidiaries' control, affect the operations, performance and results of the Company and its Subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the risk of failure to satisfy the conditions to completion of the Reorganization (including obtaining the Required Shareholder Approval, the Court Approval and the Regulatory Approvals), that the market price of the Common Shares may be materially adversely affected if the Reorganization is not completed or its completion is materially delayed, that the Arrangement Agreement may be terminated in certain circumstances, that a Material Adverse Effect in respect of the Company may occur, that if the Reorganization is not completed, the Company will not receive any reimbursement from PCC for the fees, costs and expenses of the Reorganization, that another attractive take-over, merger or business combination may not be available, that the exchange ratio is fixed and will not reflect changes in the market value of the PCC Subordinate Voting Shares, that the issuance of a significant number of PCC Subordinate Voting Shares could adversely affect the market price of PCC Subordinate Voting Shares, that the Company is restricted from taking certain actions while the Reorganization is pending, that the Company has not verified the reliability of the information regarding PCC included in or which may have been omitted from, this Circular, that this Circular does not address any tax considerations of the Reorganization other than certain Canadian federal income tax and certain United States federal income tax considerations to Shareholders, risks associated with the interests of certain persons in the Reorganization, that the anticipated benefits of the Reorganization may not be realized, that PCC's dual class share structure with PCC Subordinate Voting Shares provides fewer rights than those held by holders of Common Shares, risks of the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates,

monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's and its Subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's and its Subsidiaries' success in anticipating and managing the foregoing factors. For a discussion regarding such risks, see "Risk Factors".

Shareholders are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Company and its Subsidiaries. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent annual information form, annual management's discussion and analysis and interim management's discussion and analysis filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR at www.sedar.com.

QUESTIONS AND ANSWERS RELATING TO THE MEETING AND THE REORGANIZATION

The following is intended to answer certain key questions concerning the Meeting and the Reorganization and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular. All capitalized terms used in this question and answer section and not otherwise defined herein have the meanings set forth in the "Glossary" starting on page 115.

Q&A on the Reorganization

Q: Why did I receive this Circular?

A: You received this Circular because, as a Shareholder, you are being asked to consider and, if thought advisable, to approve the Reorganization Resolution.

Q: What is the Reorganization?

A: The Reorganization contemplates, among other things, each of the outstanding Common Shares not currently owned by PCC or its wholly-owned Subsidiaries being exchanged for (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash. Each Shareholder (other than PCC and its wholly-owned Subsidiaries and any Dissenting Holder) will be entitled to receive from PCC for each Common Share (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash.

The Reorganization will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement, including the Plan of Arrangement, is attached to this Circular as Appendix "B".

See "The Reorganization" starting on page 28.

Q: When and where will the Meeting be held?

A: The Meeting of the Shareholders will be held at the InterContinental Hotel, 360 Saint-Antoine St. W., Montréal, Québec H2Y 3X4, at 9:00 a.m. (Eastern time) on February 11, 2020.

Q: What will Minority Shareholders receive under the Reorganization?

A: Each Minority Shareholder (other than Dissenting Holders) will be entitled to receive from PCC for each Common Share: (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash.

Q: If the Reorganization is completed, how many PCC Subordinate Voting Shares will be issued to Shareholders at the Effective Time in connection with the Reorganization?

A: Completion of the Reorganization will result in the issuance of up to approximately 66.4% of the currently outstanding PCC Subordinate Voting Shares. As of the date of this Circular, there were 664,096,506 Common Shares issued and outstanding, of which 425,402,926 are owned, directly or indirectly, by PCC. Based on the foregoing, the aggregate number of PCC Subordinate Voting Shares to be issued to Shareholders under the Reorganization is expected to be 250,628,259 (assuming there are no Dissenting Holders).

See "The Reorganization — Effect of the Reorganization — Consideration for Common Shares".

Q: Does the Board support the Reorganization?

A: The Board has unanimously approved the Reorganization following the report and favourable recommendation of the Special Committee and unanimously recommends that Minority Shareholders vote FOR the Reorganization

Resolution. Each director and executive officer of the Company intends to vote his or her Common Shares FOR the Reorganization Resolution.

After the Board had considered, among other things, the terms and conditions of the Reorganization, the advice of RBC and Osler, the Fairness Opinion and Formal Valuations, the recommendation of the Special Committee, and a number of other factors, the Board (i) determined that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company, (ii) determined that the Reorganization is fair to the Minority Shareholders, (iii) approved the Arrangement Agreement and the Reorganization and (iv) recommended that the Minority Shareholders vote for the Reorganization Resolution.

Q: Why is the Board making this recommendation?

A: There are a number of reasons to support the Reorganization as outlined under the heading "The Reorganization — Background to and Reasons for the Reorganization", including, among others:

- **Increase in Economic Value for Minority Shareholders** – As described by RBC in its Fairness Opinion, economically the Minority Shareholders will receive an incremental 0.7% interest in the assets and liabilities of the Company they already own, plus a 36.7% interest in the Non-PFC Assets and Liabilities, without effectively paying any additional consideration for these assets and liabilities. As a result, based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, and giving effect to the 1.05 exchange ratio, the Reorganization will result in Minority Shareholders receiving PCC Subordinate Voting Shares with a NAV which is $3.12[1] per share higher than the NAV of the Common Shares as at December 11, 2019.
- **Premium to Current Trading Value of the Common Shares** – Based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, RBC assessed an expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares pro forma the Reorganization. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares equates to total consideration of $34.40 to $35.45 per Common Share for the Minority Shareholders, representing a 4.6% to 7.8% premium to the closing price and 5.3% to 8.5% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the volume weighted average trading price of the PCC Subordinate Voting Shares of $33.78 since the announcement of the Reorganization on December 13, 2019 through January 10, 2020 equates to total consideration of $35.48 per Common Share for the Minority Shareholders, representing a 7.9% premium to the closing price and 8.6% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019.
- **Simplified Corporate Structure and Expected Reduction in Trading Discount of Subordinate Voting Shares** – The Reorganization will eliminate the current dual-holding company structure of PCC and the Company and consolidate ownership of the group's industry-leading financial services operating companies. The Special Committee, based on advice from RBC, expected that this in turn would reduce the discount to NAV at which the PCC Subordinate Voting Shares have recently traded. As of market close on December 11, 2019, the Company traded at a discount to NAV of approximately 17% and PCC on a "look-through" basis, using the NAV of PCC's interest in the Company rather than the Company's trading value when calculating the NAV of PCC, traded at a discount to NAV of approximately 30%. In the Fairness Opinion, the expected market trading value of the PCC Subordinate Voting Shares following completion of the Reorganization of $32.75 to $33.75 per share assumed a market trading discount to NAV of 20% to 22%. Since the announcement of the Reorganization on December 13, 2019 through January 10, 2020, the volume

[1] RBC's Fairness Opinion indicates that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV which is $3.12 per Common Share higher than the NAV of the Common Shares as at December 11, 2019. In the Company's December 13, 2019 press release announcing the Reorganization, the Company disclosed that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV that is $4.50 per Common Share higher than the NAV of the Common Shares. The $4.50 figure in the press release, which was calculated in a manner consistent with the approach used by equity research analysts and the public reporting practices of PCC and the Company, differs from the $3.12 figure used by RBC primarily because RBC included a deduction for the capitalization of corporate general and administrative expenses of PCC. For further information on the RBC calculation of the increase in NAV of the PCC Subordinate Voting Shares, see the Fairness Opinion and Formal Valuations, attached as Appendix "C".

weighted average trading price of the PCC Subordinate Voting Shares has been $33.78. The Special Committee believes that it is possible that the PCC market trading discount to NAV may narrow further in the future.

- **Independent Fairness Opinion** – RBC, an independent financial advisor and valuator, provided an opinion that, as of December 12, 2019, subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by Minority Shareholders under the Reorganization is fair, from a financial point of view, to the Minority Shareholders. See "The Reorganization — Fairness Opinion and Formal Valuations".
- **Increased Public Float and Liquidity** – Minority Shareholders will benefit from a significantly increased public float of approximately 577 million PCC Subordinate Voting Shares outstanding pro forma the Reorganization, compared to a public float of 238 million Common Shares currently held by Minority Shareholders.
- **Operating Expense Reduction** – PCC intends to pursue value enhancing initiatives following the Reorganization. PCC anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses.
- **Finance Expense Reduction** – PCC and the Company intend to redeem an aggregate of $350 million of their respective first preferred shares with available cash, resulting in reduced annual financing costs of approximately $15 million per year.
- **Accretive to Earnings Per Share** – The Reorganization is expected to be accretive to Minority Shareholders on an earnings per share basis (taking into account the run-rate impact of the intended reduction of operating expenses by $50 million per year and financing costs by $15 million per year and applying the exchange ratio of 1.05).
- **Increase in PCC's Quarterly Dividend** – PCC intends to increase the quarterly dividend on the PCC Subordinate Voting Shares by 10% to $0.4475 per share following the closing of the Reorganization. Based on the exchange ratio of 1.05, Minority Shareholders would receive a dividend of $0.4699 per Common Share currently held, representing an approximately 3% increase over the current dividend of $0.4555 per Common Share. PCC has also agreed that if the Company has not set a record date that is prior to the Effective Time in respect of the Company First Quarter Dividend, then, following the Effective Time, PCC shall, subject to applicable Law, set a record date for a dividend that is after the Effective Time to account for the fact that no Company First Quarter Dividend was paid to Shareholders of record prior to the Effective Time.
- **Canadian Tax Deferral** – A Shareholder who is an Eligible Holder should generally be able to exchange Common Shares for the Consideration under the Reorganization on a fully or partially tax-deferred basis for Canadian income tax purposes by making an appropriate Tax Election with PCC.
- **Transaction Certainty** – The completion of the Reorganization is subject to a limited number of conditions, which the Special Committee after consultation with its legal and other advisors believed were likely to be satisfied, considering that the Parties do not anticipate any Regulatory Approvals will be required to be obtained under applicable Laws to consummate the Reorganization other than those already obtained.
- **No Fees Payable on Termination** – No termination fees are payable by the Company if the Company or PCC terminates the Arrangement Agreement. In such circumstances each Party will pay its own expenses.
- **Arrangement Agreement Terms** – The terms and conditions of the Arrangement Agreement are, in the judgment of the Special Committee following consultation with its advisors, reasonable and were the result of arm's length negotiations between PCC and the Special Committee on behalf of the Company and their respective advisors.
- **Shareholder Approval Required** – The Reorganization must be approved by (i) at least $66^2/_3\%$ of the votes cast at the Meeting by Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties

(as such terms are defined in MI 61-101). See "Certain Legal and Regulatory Matters — Securities Laws Matters — Canadian Securities Laws Matters — Minority Approval".

- **Determination of Fairness by the Court** – The Reorganization will only become effective if, after hearing from all Persons who choose to appear before it, the Court determines that the Reorganization is fair and reasonable.

Q: What level of Shareholder approval is required?

A: At the Meeting, Shareholders will be asked to vote to approve the Reorganization Resolution. The approval of the Reorganization Resolution will require the affirmative vote of:

a) at least two-thirds of the votes cast on the Reorganization Resolution by Shareholders present in person or represented by proxy at the Meeting; and
b) a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties (as such terms are defined in MI 61-101).

Q: What percentage of the voting rights will the PCC Subordinate Voting Shares represent?

A: After completion of the Reorganization and PCC Participating Preferred Share Issuances, it is expected that Shareholders (other than PCC and its wholly-owned Subsidiaries) will own in aggregate (i) approximately 36.74% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 5 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full, and (ii) approximately 36.68% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 6 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full.

After completion of the Reorganization and PCC Participating Preferred Share Issuances, the PCC Subordinate Voting Shares (including the PCC Subordinate Voting Shares issued as part of the Consideration) will represent (i) approximately 53.80% of the aggregate voting rights attached to PCC's outstanding voting shares, if Pansolo subscribes for 5 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full and (ii) approximately 53.34% of the aggregate voting rights attached to PCC's outstanding voting shares, if Pansolo subscribes for 6 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full.

Q: When does the Company expect the Reorganization to become effective?

A: The Company and PCC expect the Reorganization to be completed in February 2020, subject to receipt of all required approvals. It is anticipated that the Reorganization will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Shareholder Approval, the Court Approval and the Key Regulatory Approvals, if any. However, completion of the Reorganization is dependent on many factors and it is not possible at this time to determine precisely when or if the Reorganization will become effective.

As provided under the Arrangement Agreement, the Reorganization cannot be completed later than April 30, 2020, unless such Outside Date is extended in accordance with terms of the Arrangement Agreement.

Q: What will happen to the Company if the Reorganization is completed?

A: The Company expects that the Common Shares will be delisted from the TSX promptly following the completion of the Reorganization. The Company First Preferred Shares will remain outstanding shares of the Company and listed on the TSX following the completion of the Reorganization, and the Company's 6.9% debentures due March 11, 2033

will remain outstanding as obligations of the Company. As a result of such securities remaining outstanding, the Company will remain a reporting issuer in each of the provinces and territories of Canada.

Q: Will the PCC Subordinate Voting Shares to be issued to Minority Shareholders be traded on an exchange?

A: PCC has applied to the TSX to list the PCC Subordinate Voting Shares to be issued pursuant to the Reorganization. Listing will be subject to PCC fulfilling all of the requirements of the TSX. Once approval is received, the PCC Subordinate Voting Shares will be freely tradeable on the TSX under the symbol "POW". PCC Subordinate Voting Shares are not listed on any other exchange.

Q: Will Shareholders be entitled to fractional shares?

A: In no event will any holder of Common Shares be entitled to a fractional PCC Subordinate Voting Share. Where the aggregate number of PCC Subordinate Voting Shares to be issued to a Shareholder as consideration under or as a result of the Reorganization would result in a fraction of a PCC Subordinate Voting Share being issuable, the number of PCC Subordinate Voting Shares to be received by such Shareholder shall be rounded down to the nearest whole PCC Subordinate Voting Share and, in lieu of a fractional PCC Subordinate Voting Share, the Shareholder shall receive a cash payment from PCC (rounded down to the nearest cent) equal to (i) the fraction of a PCC Subordinate Voting Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of PCC Subordinate Voting Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to $0.01 per Common Share in cash without rounding.

Q: Are Shareholders entitled to Dissent Rights?

A: Registered Shareholders are entitled to dissent in respect of the Reorganization Resolution in the manner provided in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must provide a Dissent Notice to the Company at its principal executive office located at 751 Victoria Square Montréal, Québec H2Y 2J3 by mail, hand or courier to the attention of the Vice-President, General Counsel and Secretary at or before 5:00 p.m. (Eastern time) on February 7, 2020 or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Eastern time) on the date that is two Business Days before the adjourned or postponed Meeting is reconvened or held, as the case may be. A failure to strictly comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Shareholder's Dissent Rights.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the CBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Reorganization. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Holder of consideration for such Dissenting Holder's Dissent Shares.

In many cases, Common Shares beneficially owned by a Non-Registered Shareholder are registered either (i) in the name of an Intermediary or (ii) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise Dissent Rights directly (unless the Common Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Common Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Common Shares are registered in the name of CDS or other clearing agency, may require that such Common Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Common Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

See "Dissenting Holders' Rights".

Q: How do I vote on the Reorganization Resolution?

A: Shareholders can vote online, on the phone, in writing or in person or by proxy at the Meeting. The procedure for voting is different for Registered Shareholders and Non-Registered Shareholders.

Registered Shareholders can vote in one of the following ways:

Internet	Go to www.investorvote.com. Enter the 15-digit control number printed on the form of proxy and follow the instructions on screen.
Phone	For Canadian and USA Shareholders, call 1-866-732-8683 Toll Free. For International Shareholders, call 312-588-4290 Direct Dial. You will need to enter your 15-digit control number. Follow the interactive voice recording instructions to submit your vote.
Fax	Enter voting instructions, sign and date the form of proxy and send your completed form of proxy to: Toronto Office of Computershare Investor Services Inc., Attention: Proxy Department, 1-866-249-7775 (toll free, within Canada and the United States only), 416-263-9524 (outside Canada and the United States).
Mail	Enter voting instructions, sign and date the form of proxy and return your completed form of proxy in the enclosed postage paid envelope to: Computershare Investor Services Inc. Attention: Proxy Department 8th Floor, 100 University Avenue Toronto, ON M5J 2Y1
Hand Delivery	Enter voting instructions, sign the form of proxy and deliver your completed form of proxy to: Computershare Investor Services Inc. Attention: Proxy Department 8th Floor, 100 University Avenue Toronto, ON M5J 2Y1
In Person	You can attend the Meeting and register with Computershare Investor Services Inc. upon your arrival. Do not fill out and return your form of proxy if you intend to vote in person at the Meeting.
Questions?	Contact Kingsdale Advisors by telephone at 1-877-659-1825 (toll-free within North America), +1-416-867-2272 (for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com.

You should carefully read and consider the information contained in this Circular. Registered Shareholders who do not wish or are unable to attend the Meeting or any postponement or adjournment thereof in person are requested to complete, date, sign and return the enclosed form of proxy or, alternatively, over the internet, in each case in accordance with the instructions set out in the enclosed form of proxy and elsewhere in this Circular. In order to be voted at the Meeting, proxies must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc., by mail at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 (or voted by telephone or the Internet by following the instructions on the accompanying form of proxy) not later than 9:00 a.m. (Eastern time) on February 7, 2020 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holiday) before any postponed or adjourned Meeting. The deadline for deposit of proxies may be waived or extended

by the chair of the Meeting at his discretion, without notice. Failure to properly complete or deposit a proxy may result in its invalidation.

If you hold your Common Shares through an Intermediary, please follow the instructions on the voting instruction form ("**VIF**") or proxy form provided by such Intermediary to ensure that your vote is counted at the Meeting and contact your Intermediary for instruction.

Non-Registered Shareholders can vote in one of the following ways:

Internet	Go to www.proxyvote.com. Enter the 16-digit control number printed on the VIF and follow the instructions on screen.
Phone	For Canadian Non-Registered Shareholders, call 1-800-474-7493 (English) or 1-800-474-7501 (French). For United States Non-Registered Shareholders, call 1-800-454-8683. You will need to enter your 16-digit control number. Follow the interactive voice recording instructions to submit your vote.
Fax	For Canadian Non-Registered Shareholders, enter your voting instructions, sign and date the VIF, and return the completed VIF by fax to 905-507-7793 or 1-866-623-5305.
Mail	Enter your voting instructions, sign and date the VIF, and return the completed VIF in the enclosed postage paid envelope.
Questions?	Contact Kingsdale Advisors by telephone at 1-877-659-1825 (toll-free within North America), +1-416-867-2272 (for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com.

See "Information Concerning the Meeting and Voting".

Q: Who is soliciting my proxy?

A: This Circular is sent in connection with the solicitation by the management of the Company of proxies for use at the Meeting or any adjournment(s) or postponement(s) thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by employees of the Company in writing or by telephone at nominal cost. The Company has engaged a proxy solicitation firm, Kingsdale Advisors, to solicit proxies on behalf of the Company.

Q: Who is eligible to vote?

A: The Company has fixed 5:00 p.m. (Eastern time) on December 27, 2019, as the Record Date for the purpose of determining Shareholders entitled to receive notice of and vote at the Meeting or any postponement or adjournment thereof. Each Shareholder is entitled to one vote at the Meeting, or any postponement or adjournment thereof, for each Common Share registered in the holder's name as at the close of business on the Record Date.

Q: Does any Shareholder beneficially own 10% or more of the Common Shares?

A: To the knowledge of the directors and senior officers of the Company, as of December 27, 2019, PCC exercised control over 425,402,926 Common Shares in the aggregate, representing approximately 64.1% of the outstanding shares of such class. The Trust exercises control over Pansolo which, directly and indirectly, owns voting shares of PCC carrying a majority of the aggregate votes attached to all outstanding voting shares of PCC.

To the knowledge of the directors and senior officers of the Company, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of voting securities of the Company.

Q: What if I acquire ownership of Common Shares after the Record Date?

A: You will not be entitled to vote Common Shares acquired after the Record Date at the Meeting. Only persons owning Common Shares as of the Record Date are entitled to vote at the Meeting.

Q: Should I send in my proxy now?

A: Yes. Once you have carefully read and considered the information in this Circular, you should complete and submit the enclosed VIF or form of proxy. You are encouraged to vote well in advance of the proxy cut-off time at 9:00 a.m. (Eastern time) on February 7, 2020 to ensure your Common Shares are voted at the Meeting. If the Meeting is postponed or adjourned, your proxy must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the postponed or adjourned Meeting. Late proxies may be accepted or rejected by the chair of the Meeting in his or her discretion. The chair is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion, without notice.

Q: What happens if I send in my proxy without specifying how to vote?

A: The persons designated in the form of proxy or voting instruction form will vote for or against the Common Shares represented by such form in accordance with the instructions of the Shareholder as indicated on such form on any ballot that may be called for and, if the Shareholder has specified a choice with respect to any matter to be acted on, the Common Shares will be voted for or against, accordingly. In the absence of such instructions, Common Shares represented by a proxy will be voted for or against, in the discretion of the persons designated in the proxy, which in the case of the representatives of management named in the form of proxy will be for the Reorganization Resolution.

Q: Can I revoke my vote after I have voted by proxy?

A: Yes. A Registered Shareholder who has submitted a proxy may revoke the proxy by instrument in writing executed by the Registered Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either with Computershare Investor Services Inc. or at the registered office of the Company, located at 751 Victoria Square, Montréal, Québec, Canada, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the chair of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

A Non-Registered Shareholder may revoke previously-given voting instructions by contacting his or her Intermediary and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke voting instructions if it receives insufficient notice of revocation.

Q: Who is responsible for counting and tabulating the votes by proxy?

A: Votes by proxy are counted and tabulated by the Company's transfer agent, Computershare Investor Services Inc.

Q: What are the tax consequences of the Reorganization for Shareholders?

A: A Shareholder who is an Eligible Holder should generally be able to exchange Common Shares for the Consideration under the Reorganization on a fully or partially tax-deferred basis for Canadian income tax purposes by making an appropriate Tax Election with PCC. The exchange by a U.S. Holder (as defined below) of the Common Shares for the Consideration will be a taxable transaction for U.S. federal income tax purposes. Shareholders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of the Reorganization having

regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, territory, state, local or other jurisdiction that may be applicable to the Shareholder.

Q: Who can I contact if I have additional questions?

A: If you have any questions, please contact Kingsdale Advisors, the Company's strategic shareholder advisor and proxy solicitation agent, toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com or the Company's transfer agent, Computershare Investor Services Inc. at 100 University Ave, 8th Floor, Toronto, Ontario, M5J 2Y1.

SUMMARY

This general summary is solely for the convenience of Shareholders and is qualified in its entirety by reference to the full text and more specific details in this Circular. This summary highlights material information relating to the Reorganization, but it is not meant to be a substitute for the information contained in this Circular and the Letter of Transmittal. Therefore, the Company urges Shareholders to carefully read this Circular and the Letter of Transmittal in their entirety. The Company has included cross-references in this summary to other sections of this Circular where a Shareholder will find further discussion of the topics mentioned in this summary. Unless otherwise defined in this summary, capitalized terms have the meaning assigned to them under the heading "Glossary".

The Reorganization

The Reorganization contemplates, among other things, each of the outstanding Common Shares not currently owned by PCC or its wholly-owned Subsidiaries being exchanged for (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash. Each Shareholder (other than PCC and its wholly-owned Subsidiaries and any Dissenting Holder) will be entitled to receive from PCC for each Common Share (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash.

The Reorganization will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement, including the Plan of Arrangement, is attached to this Circular as Appendix "B".

See "The Reorganization".

The Meeting

The Meeting of the Shareholders will be held at the InterContinental Hotel, 360 Saint-Antoine St. W., Montréal, Québec H2Y 3X4, at 9:00 a.m. (Eastern time) on February 11, 2020. The business of the Meeting will be to consider and, if thought appropriate, to pass, with or without variation, the Reorganization Resolution, the full text of which is set forth at Appendix "A".

Shareholders may also be asked to consider other business that properly comes before the Meeting or any postponement or adjournment thereof. See "Information Concerning the Meeting and Voting".

The Company

The Company was continued under the CBCA in 1986 and today is a diversified international management and holding company with interests substantially in the financial services sector in Canada, the United States and Europe. The Company owns a controlling interest in each of Lifeco and IGM. These companies and their subsidiaries offer an extensive range of financial products and services to individuals and corporations in Canada, the United States and Europe.

PCC

PCC was incorporated under *The Companies Act* (Canada) in 1925 and continued under the CBCA in 1980. As of the date of this Circular, PCC controls 425,402,926 Common Shares, representing approximately 64.1% of the issued and outstanding Common Shares. Following completion of the Reorganization, PCC's strategy will emphasize financial services, including the businesses of the Company.

PCC anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses.

PCC has indicated that, following completion of the Reorganization, it intends to redeem and cause the Company to redeem an aggregate of $350 million of their respective first preferred shares with available cash, which PCC expects will result in reduced annual financing costs of approximately $15 million per year. The remaining first preferred

shares of PCC and Company First Preferred Shares will be considered a permanent component of the pro forma capital structure.

Background to and Reasons for the Reorganization

The provisions of the Reorganization are the result of arm's length negotiations conducted between the Special Committee and PCC and their respective Representatives.

See "The Reorganization — Background to and Reasons for the Reorganization".

Key Reasons to Support the Reorganization

There are a number of reasons to support the Reorganization as outlined under the heading "The Reorganization — Background to and Reasons for the Reorganization", including, among others:

- *Increase in Economic Value for Minority Shareholders* – As described by RBC in its Fairness Opinion, economically the Minority Shareholders will receive an incremental 0.7% interest in the assets and liabilities of the Company they already own, plus a 36.7% interest in the Non-PFC Assets and Liabilities, without effectively paying any additional consideration for these assets and liabilities. As a result, based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, and giving effect to the 1.05 exchange ratio, the Reorganization will result in Minority Shareholders receiving PCC Subordinate Voting Shares with a NAV which is $3.12[2] per share higher than the NAV of the Common Shares as at December 11, 2019.

- *Premium to Current Trading Value of the Common Shares* – Based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, RBC assessed an expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares pro forma the Reorganization. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares equates to total consideration of $34.40 to $35.45 per Common Share for the Minority Shareholders, representing a 4.6% to 7.8% premium to the closing price and 5.3% to 8.5% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the volume weighted average trading price of the PCC Subordinate Voting Shares of $33.78 since the announcement of the Reorganization on December 13, 2019 through January 10, 2020 equates to total consideration of $35.48 per Common Share for the Minority Shareholders, representing a 7.9% premium to the closing price and 8.6% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019.

- *Simplified Corporate Structure and Expected Reduction in Trading Discount of Subordinate Voting Shares* – The Reorganization will eliminate the current dual-holding company structure of PCC and the Company and consolidate ownership of the group's industry-leading financial services operating companies. The Special Committee, based on advice from RBC, expected that this in turn would reduce the discount to NAV at which the PCC Subordinate Voting Shares have recently traded. As of market close on December 11, 2019, the Company traded at a discount to NAV of approximately 17% and PCC on a "look-through" basis, using the NAV of PCC's interest in the Company rather than the Company's trading value when calculating the NAV of PCC, traded at a discount to NAV of approximately 30%. In the Fairness Opinion, the expected market trading value of the PCC Subordinate Voting Shares following completion of the Reorganization of $32.75 to $33.75 per share assumed a market trading discount to NAV of 20% to 22%. Since the announcement of the Reorganization on December 13,

[2] RBC's Fairness Opinion indicates that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV which is $3.12 per Common Share higher than the NAV of the Common Shares as at December 11, 2019. In the Company's December 13, 2019 press release announcing the Reorganization, the Company disclosed that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV that is $4.50 per Common Share higher than the NAV of the Common Shares. The $4.50 figure in the press release, which was calculated in a manner consistent with the approach used by equity research analysts and the public reporting practices of PCC and the Company, differs from the $3.12 figure used by RBC primarily because RBC included a deduction for the capitalization of corporate general and administrative expenses of PCC. For further information on the RBC calculation of the increase in NAV of the PCC Subordinate Voting Shares, see the Fairness Opinion and Formal Valuations, attached as Appendix "C".

2019 through January 10, 2020, the volume weighted average trading price of the PCC Subordinate Voting Shares has been $33.78. The Special Committee believes that it is possible that the PCC market trading discount to NAV may narrow further in the future.

- *Independent Fairness Opinion* – RBC, an independent financial advisor and valuator, provided an opinion that, as of December 12, 2019, subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by Minority Shareholders under the Reorganization is fair, from a financial point of view, to the Minority Shareholders. See "The Reorganization — Fairness Opinion and Formal Valuations".

- *Increased Public Float and Liquidity* – Minority Shareholders will benefit from a significantly increased public float of approximately 577 million PCC Subordinate Voting Shares outstanding pro forma the Reorganization, compared to a public float of 238 million Common Shares currently held by Minority Shareholders.

- *Operating Expense Reduction* – PCC intends to pursue value enhancing initiatives following the Reorganization. PCC anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses.

- *Finance Expense Reduction* – PCC and the Company intend to redeem an aggregate of $350 million of their respective first preferred shares with available cash, resulting in reduced annual financing costs of approximately $15 million per year.

- *Accretive to Earnings Per Share* – The Reorganization is expected to be accretive to Minority Shareholders on an earnings per share basis (taking into account the run-rate impact of the intended reduction of operating expenses by $50 million per year and financing costs by $15 million per year and applying the exchange ratio of 1.05).

- *Increase in PCC's Quarterly Dividend* – PCC intends to increase the quarterly dividend on the PCC Subordinate Voting Shares by 10% to $0.4475 per share following the closing of the Reorganization. Based on the exchange ratio of 1.05, Minority Shareholders would receive a dividend of $0.4699 per Common Share currently held, representing an approximately 3% increase over the current dividend of $0.4555 per Common Share. PCC has also agreed that if the Company has not set a record date that is prior to the Effective Time in respect of the Company First Quarter Dividend, then, following the Effective Time, PCC shall, subject to applicable Law, set a record date for a dividend that is after the Effective Time to account for the fact that no Company First Quarter Dividend was paid to Shareholders of record prior to the Effective Time.

- *Canadian Tax Deferral* – A Shareholder who is an Eligible Holder should generally be able to exchange Common Shares for the Consideration under the Reorganization on a fully or partially tax-deferred basis for Canadian income tax purposes by making an appropriate Tax Election with PCC.

- *Transaction Certainty* – The completion of the Reorganization is subject to a limited number of conditions, which the Special Committee after consultation with its legal and other advisors believed were likely to be satisfied, considering that the Parties do not anticipate any Regulatory Approvals will be required to be obtained under applicable Laws to consummate the Reorganization other than those already obtained.

- *No Fees Payable on Termination* – No termination fees are payable by the Company if the Company or PCC terminates the Arrangement Agreement. In such circumstances each Party will pay its own expenses.

- *Arrangement Agreement Terms* – The terms and conditions of the Arrangement Agreement are, in the judgment of the Special Committee following consultation with its advisors, reasonable and were the result of arm's length negotiations between PCC and the Special Committee on behalf of the Company and their respective advisors.

- *Shareholder Approval Required* – The Reorganization must be approved by (i) at least $66^2/_3$% of the votes cast at the Meeting by Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat,

and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties (as such terms are defined in MI 61-101). See "Certain Legal and Regulatory Matters — Securities Laws Matters — Canadian Securities Laws Matters — Minority Approval".

- *Determination of Fairness by the Court* – The Reorganization will only become effective if, after hearing from all Persons who choose to appear before it, the Court determines that the Reorganization is fair and reasonable.

See "The Reorganization — Background to and Reasons for the Reorganization".

Recommendation of the Special Committee

In making its determinations and recommendations, the Special Committee considered and relied upon a number of substantive factors, carefully considered all aspects of the Arrangement Agreement and the Reorganization, and considered a variety of uncertainties, risks and other potentially adverse consequences concerning the Reorganization and the Arrangement Agreement.

After careful consideration of the terms and conditions of the Reorganization, the advice of the Special Committee's financial and legal advisors, including the Fairness Opinion and Formal Valuations, and a number of other factors, the Special Committee unanimously determined that the Reorganization is (i) in the best interests of the Company and (ii) fair to the Minority Shareholders. The Special Committee also resolved to recommend that the Board (i) determine that the Reorganization is in the best interests of the Company, (ii) determine that the Reorganization is fair to the Minority Shareholders, (iii) approve the Reorganization and (iv) recommend that the Minority Shareholders vote in favor of the Reorganization.

See "The Reorganization — Background to and Reasons for the Reorganization".

Recommendation of the Disinterested Directors

The Disinterested Directors unanimously determined that the Reorganization is (i) in the best interests of the Company and (ii) fair to the Minority Shareholders. The Disinterested Directors also resolved to recommend that the Board (i) determine that the Reorganization is in the best interests of the Company, (ii) determine that the Reorganization is fair to the Minority Shareholders, (iii) approve the Reorganization and (iv) recommend that the Minority Shareholders vote for the Reorganization Resolution.

Recommendation of the Board

After the Board had considered, among other things, the terms and conditions of the Reorganization, the advice of RBC and Osler, the oral Fairness Opinion and Formal Valuations, the recommendation of the Special Committee, and a number of other factors, the Board (i) determined that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company, (ii) determined that the Reorganization is fair to the Minority Shareholders, (iii) approved the Arrangement Agreement and the Reorganization and (iv) recommended that the Minority Shareholders vote for the Reorganization Resolution.

In adopting the Special Committee's recommendations and the recommendations of the Disinterested Directors and concluding (i) that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company and (ii) that the Reorganization is fair to Minority Shareholders, the Board consulted with outside financial and legal advisors, considered and relied upon the same factors and considerations that the Special Committee relied upon, as described above, and adopted the Special Committee's analysis in its entirety.

Fairness Opinion

In connection with the Reorganization, the Special Committee received a fairness opinion from RBC to the effect that, as of December 12, 2019, and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Minority Shareholders under the Reorganization is fair from a financial point of view to such Minority Shareholders. A summary of the Fairness Opinion is included in this Circular, and the full text of the Fairness Opinion, which sets forth among other things, certain assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken by RBC in connection with the Fairness Opinion, is attached at Appendix "C". The Fairness Opinion was provided solely for the use of the Special Committee in connection with its consideration of the Reorganization and is not a recommendation as to how Shareholders should vote in respect of the Reorganization Resolution.

See "The Reorganization — Fairness Opinion and Formal Valuations".

Formal Valuations

On December 12, 2019, in connection with the Reorganization, the Special Committee received the Formal Valuations from RBC, independent financial advisor to the Special Committee, as to the valuation of the Common Shares and the PCC Subordinate Voting Shares as at December 12, 2019.

RBC concluded that, as of December 12, 2019, and subject to the respective assumptions, limitations and qualifications contained in the Formal Valuations, the value of the Common Shares on an en bloc basis was in the range of $46.50 to $55.00 per share and the value of the PCC Subordinate Voting Shares, pro forma the completion of the Reorganization, on an expected trading value basis, was in the range of $32.75 to $33.75 per share. As required under MI 61-101, RBC prepared the formal valuation of the Common Shares on an en bloc basis, without including a downward adjustment to reflect the liquidity of the Common Shares, the effect of the Reorganization on the Common Shares or the fact that the Common Shares do not form part of a controlling interest. RBC did not consider it appropriate to value the PCC Subordinate Voting Shares on an en bloc basis as the Minority Shareholders receiving PCC Subordinate Voting Shares under the Reorganization would not be able to effect a sale of 100% of PCC, making it inappropriate to assess the value of the PCC Subordinate Voting Shares that are based on a change of control transaction.

RBC is independent of all "interested parties" (as defined in MI 61-101) to the Reorganization, in accordance with the requirements of MI 61-101. Neither RBC nor any of its "affiliated entities" (as defined in MI 61-101): (a) is an "associated entity" or "affiliated entity" or "issuer insider" of any "interested party" (as such terms are defined in MI 61-101); (b) is an advisor to any "interested party" in connection with the Reorganization (except in connection with the Fairness Opinion and Formal Valuations); (c) is a manager or co-manager of a soliciting dealer group for the Reorganization (or a member of the soliciting dealer group for the Reorganization providing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to the other members of the group); (d) is the external auditor of the Company or any "interested party"; or (e) will receive compensation that will depend in whole or in part on the conclusions reached in the Formal Valuation and the Fairness Opinion or the outcome of the Reorganization or has any financial interest in the completion of the Reorganization.

See "The Reorganization — Fairness Opinion and Formal Valuations".

Interests of Certain Persons in the Reorganization

In considering the recommendations of the Board with respect to the Reorganization, the Shareholders should be aware that certain directors and executive officers have certain interests in connection with the Reorganization as further described herein that may be in addition to, or separate from, those of the Shareholders generally in connection with the Reorganization. See "The Reorganization — Interests of Certain Persons in the Reorganization".

Certain officers and directors of PCC and the Company have an interest, or are deemed to have an interest, in the Reorganization which precludes their votes from being counted for the purposes of "minority approval" in accordance with MI 61-101, as described below.

The Board is aware of these interests and considered them along with other matters described herein.

Voting and Support Agreements

On December 12, 2019, certain directors and executive officers of the Company entered into the Voting and Support Agreements in connection with the Reorganization.

The Supporting Shareholders beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 514,465 Common Shares as at December 27, 2019 (9,817,127 Common Shares on a fully diluted basis after exercises of in-the-money Company Options).

If the Reorganization is completed, all of the Common Shares held by such Supporting Shareholders will be exchanged for the Consideration on the same terms as public Shareholders on a per security basis.

See "The Reorganization — Voting and Support Agreements".

Required Shareholder Approval

At the Meeting, Shareholders will be asked to vote to approve the Reorganization Resolution. The approval of the Reorganization Resolution will require the affirmative vote of:

(a) at least two-thirds of the votes cast on the Reorganization Resolution by Shareholders present in person or represented by proxy at the Meeting; and

(b) a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties (as such terms are defined in MI 61-101).

To the knowledge of the directors and senior officers of the Company after reasonable inquiry, as at the date of this Circular, the Shareholders whose votes are required to be excluded for purposes of "minority approval" contemplated by clause (b) are those Persons listed in the table under "Certain Legal and Regulatory Matters — Securities Laws Matters — Canadian Securities Laws Matters — Minority Approval — Voting Participation".

To the knowledge of the directors and senior officers of the Company after reasonable inquiry, as at the date of this Circular, the Shareholders whose votes are required to be excluded for purposes of "minority approval", as contemplated by clause (b) above, beneficially owned, or exercised control or direction over, an aggregate 431,025,372 Common Shares representing approximately an aggregate 64.9% of the outstanding Common Shares.

See "Certain Legal and Regulatory Matters — Securities Laws Matters — Canadian Securities Laws Matters — Minority Approval" and "The Reorganization — Required Shareholder Approval".

Consideration to be Received by Shareholders Under the Reorganization

Each Shareholder (other than PCC and its wholly-owned Subsidiaries and any Dissenting Holder) will be entitled to receive from PCC for each Common Share: (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash. As of the date of this Circular, there were 664,096,506 Common Shares issued and outstanding, of which 425,402,926 are beneficially owned, directly or indirectly, by PCC or its wholly-owned Subsidiaries. Based on the foregoing, the aggregate number of PCC Subordinate Voting Shares to be issued to Shareholders under the Reorganization is

expected to be 250,628,259 (assuming there are no Dissenting Holders). See "The Reorganization — Effect of the Reorganization — Consideration for Common Shares".

The rights attaching to PCC Subordinate Voting Shares differ from those attaching to the Common Shares. See Appendix "G" for a comparison of rights of holders of Common Shares to the rights of holders of PCC Subordinate Voting Shares as well as the rights of holders of PCC Participating Preferred Shares.

After completion of the Reorganization and the PCC Participating Preferred Share Issuances, it is expected that Shareholders (other than PCC and its wholly-owned Subsidiaries) will own in aggregate (i) approximately 36.74% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 5 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full, and (ii) approximately 36.68% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 6 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full.

See "The Reorganization — Effect of the Reorganization — Shareholders' Interest in PCC Post- Reorganization" and "Certain Legal and Regulatory Matters — Pre-Emptive Right".

Treatment of Company Options and Company Equity Awards

In accordance with the Plan of Arrangement, PCC will assume the Company Option Plan and each Company Option outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**Company Replacement Option**") which shall entitle the holder to purchase PCC Subordinate Voting Shares from PCC. The number of PCC Subordinate Voting Shares which the holder shall be entitled to purchase under such Company Replacement Option shall be such number of PCC Subordinate Voting Shares as is equal to the product obtained when (i) 1.05 is multiplied by (ii) the number of Common Shares subject to such Company Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of PCC Subordinate Voting Shares). The exercise price per PCC Subordinate Voting Share shall, subject to the terms of the Arrangement Agreement, be the quotient obtained when (i) the exercise price per Common Share payable under such Company Option immediately prior to the Effective Time is divided by (ii) 1.05 (such quotient to be rounded up to the nearest whole cent).

Each Company Equity Award granted by the Company shall be continued on the same terms and conditions as were applicable immediately prior to the Effective Time except that the terms of the Company Equity Awards shall be amended so as to (i) equitably adjust the performance vesting conditions attached to any Company Equity Awards that are subject to such vesting conditions to give effect to the transactions contemplated by the Arrangement Agreement; (ii) adjust the number of Company Equity Awards by multiplying each Company Equity Award by 1.05; and (iii) substitute PCC Subordinate Voting Shares for Common Shares, but subject to any adjustment required to that award by the relevant equity plan governing such Company Equity Award or grant documentation as a result of the Arrangement Agreement (as defined below) or the Reorganization. All other terms and conditions of such award, including the term to expiry and conditions to and manner of exercising, will be the same as the Company Equity Award and shall be governed by the terms of the Company Equity Plan and any document evidencing a Company Equity Award shall thereafter evidence and be deemed to evidence such an amended award.

See "The Reorganization — Effect of the Reorganization".

Pre-Emptive Right

In accordance with the pre-emptive right in favour of holders of PCC Participating Preferred Shares included in PCC's articles of continuance, PCC, effective on the trading day immediately prior to the Effective Date, will offer, subject to the terms and conditions of such offer, holders of PCC Participating Preferred Shares of record as at 5:00 p.m. (Eastern time) on December 27, 2019 a Pre-Emptive Right to acquire from PCC *pro rata* to their respective holdings thereof (disregarding fractions) an aggregate number of PCC Participating Preferred Shares equal to 12% of the total number of PCC Subordinate Voting Shares proposed to be issued pursuant to the Reorganization (calculated on the

basis of the number of Common Shares issued and outstanding as of December 12, 2019), being approximately 30 million PCC Participating Preferred Shares, for a consideration per PCC Participating Preferred Share equal to the stated capital amount per share for which such PCC Subordinate Voting Shares are to be issued. The PCC Board, in accordance with PCC's articles of continuance, has determined that the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued pursuant to the Reorganization will be equal to the quotient obtained when (i) the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the Effective Date minus $0.01, is divided by (ii) 1.05.

A notice of offer detailing, among other things, the terms and conditions of the Pre-Emptive Right Offer and how eligible holders of PCC Participating Preferred Shares may elect to exercise their Pre-Emptive Right is expected to be mailed to such holders and filed with applicable Canadian securities regulatory authorities and made available on PCC's SEDAR profile at www.sedar.com, and posted on PCC's website at www.powercorporation.com/en/investors/reorganization/, in mid-January 2020. Eligible holders who validly exercise their Pre-Emptive Right are expected to be provided with the option to elect to receive the PCC Participating Preferred Shares for which they have validly subscribed (i) on the trading day before the Effective Date or (ii) on or about 30 days following the Effective Date. The Pre-Emptive Right Offer is expected to be subject to several conditions, including that all of the conditions contained in the Arrangement Agreement have been satisfied or waived by PCC (in its sole discretion) on or prior to the initial issuance of the PCC Participating Preferred Shares pursuant to the Pre-Emptive Right (other than the Pansolo Issuance and those conditions that cannot by their terms be satisfied prior to the Effective Time).

Pansolo has indicated that it intends to acquire, and has entered into a voting and support agreement dated December 12, 2019 with the Company and PCC pursuant to which it has agreed, among other things, subject to the terms and conditions thereof, to acquire 5 million to 6 million of the approximately 30 million PCC Participating Preferred Shares it is entitled to purchase pursuant to the Pre-Emptive Right on the trading day before the Effective Date, so as to own, together with the entities controlled by Pansolo, approximately 48.4 million PCC Subordinate Voting Shares and 53.7 million to 54.7 million PCC Participating Preferred Shares to which the attached votes would represent in aggregate 50.2% to 50.6% of the total votes attached to all PCC voting shares to be outstanding (assuming, in each case, no other holder of PCC Participating Preferred Shares exercises their Pre-Emptive Right).

See "Certain Legal and Regulatory Matters — Pre-Emptive Right".

Certain Legal and Regulatory Matters

Completion of the Reorganization is subject to the conditions precedent contained in the Arrangement Agreement having been satisfied, including receipt of the Required Shareholder Approval at the Meeting, the Key Regulatory Approvals, if any, and the Final Order.

See "Certain Legal and Regulatory Matters".

On January 10, 2020, prior to the mailing of this Circular, the Interim Order was granted providing for the calling and holding of the Meeting and certain other procedural matters. A copy of the Interim Order is attached as Appendix "E". It is expected that, subject to the approval of the Reorganization Resolution by the Shareholders at the Meeting, an application will be made to the Court for the hearing on the Final Order shortly after the Meeting. At the hearing on the Final Order, the Court will determine whether to approve the Reorganization in accordance with the legal requirements and the evidence before the Court.

Except as otherwise provided in the Arrangement Agreement, the Company will file the Articles of Arrangement with the Director, and cause the Effective Date to occur, no later than the third Business Day following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the closing conditions in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

The Company and PCC expect the Reorganization to be completed in February 2020, subject to receipt of all required approvals. It is anticipated that the Reorganization will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Shareholder Approval, the Court Approval and the Key Regulatory Approvals, if any. However, completion of the Reorganization is dependent on many factors and it is not possible at this time to determine precisely when or if the Reorganization will become effective. As provided under the Arrangement Agreement, the Reorganization cannot be completed later than April 30, 2020, unless such Outside Date is extended in accordance with terms of the Arrangement Agreement. See "Summary of Arrangement Agreement — Termination".

Completion of the Reorganization will result in the issuance of up to approximately 66.4% of the currently outstanding PCC Subordinate Voting Shares. Section 611(c) of the TSX Company Manual requires that shareholder approval be obtained where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer outstanding, on a non-diluted basis. Pursuant to Section 604(d) of the TSX Company Manual, holders of more than 50% of the votes attached to PCC voting shares have delivered to the TSX their written consent to the issuance of PCC Subordinate Voting Shares pursuant to the Reorganization and such consent has been provided to the TSX to satisfy the shareholder approval requirement for the issuance of the PCC Subordinate Voting Shares to Shareholders other than PCC and its wholly-owned Subsidiaries pursuant to the Reorganization.

On December 12, 2019, the Company, PCC and Pansolo entered into the Pansolo Voting and Support Agreement pursuant to which, among other things, Pansolo agreed to provide evidence of its approval of the Reorganization (and any actions required in furtherance thereof, including the issuance of PCC Subordinate Voting Shares pursuant to the Reorganization) and the PCC Participating Preferred Share Issuances to the TSX, subject to the terms and conditions therein.

See "Certain Legal and Regulatory Matters — Required PCC Shareholder Approval".

Securities Laws Matters

The Company expects that the Common Shares will be delisted from the TSX promptly following the completion of the Reorganization. The Company First Preferred Shares will remain outstanding shares of the Company and listed on the TSX following the completion of the Reorganization, and the Company's 6.9% debentures due March 11, 2033 will remain outstanding as obligations of the Company. As a result of such securities remaining outstanding, the Company will remain a reporting issuer in each of the provinces and territories of Canada.

See "Certain Legal and Regulatory Matters — Securities Laws Matters — Stock Exchange Delisting and Reporting Issuer Status".

Regulatory Approvals

Under regulations that are applicable to PCC, the Company and certain of their Subsidiaries, the Reorganization triggers the obligation to obtain prior approval of Central Bank of Ireland (the "**CBI**") and Barbados' Financial Services Commission (the "**FSC**"). PCC filed an application with the CBI for approval of the transactions contemplated by the Reorganization and received the approval of the CBI on December 3, 2019. PCC also filed an application with the FSC for approval of the transactions contemplated by the Reorganization and received the approval of the FSC on December 2, 2019.

There is a condition to the completion of the Reorganization in favour of each of the Company and PCC that the Key Regulatory Approvals be made, given or obtained on terms acceptable to the Company and PCC, each acting reasonably, and that each such Key Regulatory Approval is in force and not modified or withdrawn. Neither the Company nor, to the Company's knowledge, PCC, expect any Regulatory Approvals to be required in connection with the transactions contemplated by the Reorganization other than those already received.

See "Certain Legal and Regulatory Matters — Regulatory Approvals".

Non-Solicitation Provisions

Pursuant to the Arrangement Agreement, the Company agreed not to, directly or indirectly, nor through any Representatives, (i) solicit, initiate, or knowingly encourage, assist or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary, as applicable, or entering into any form of agreement, arrangement or understanding (other than a confidentiality and standstill agreement permitted by and in accordance the Arrangement Agreement)) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; (ii) enter into, continue or otherwise engage or participate in any discussions or negotiations with any Person (other than PCC) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal; (iv) accept or enter into, or propose to accept or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance the Arrangement Agreement) or any other Contract or agreement in principle requiring the Company to abandon, terminate or fail to consummate the Reorganization or any other transactions contemplated by the Arrangement Agreement or to breach its obligations thereunder; or (v) fail to enforce, or grant any waiver under, any standstill or similar agreement with any Person.

See "Summary of Arrangement Agreement — Additional Covenants Regarding Non-Solicitation".

Right to Match

Pursuant to the Arrangement Agreement, the Company agreed that if the Company receives an Acquisition Proposal that constitutes a Superior Proposal, the Board may, subject to compliance with applicable provisions in the Arrangement Agreement, withdraw, amend, modify or qualify, in a manner adverse to PCC, the Board Recommendation or enter into a definitive agreement with respect to such Acquisition Proposal, if and only if: (i) the Required Shareholder Approval has not been obtained; (ii) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction; (iii) the Company has complied with the terms of the Arrangement Agreement, including the non-solicitation covenants; (iv) the Company has provided PCC with a notice in writing that there is a Superior Proposal, together with a copy of the proposed definitive agreement for the Superior Proposal and all supporting material not less than five Business Days prior to the proposed acceptance, approval or execution of the Proposed Agreement by the Company; (v) five Business Days have elapsed from the date PCC received the notice and documentation referred to in (iv) above and during this five Business Day Matching Period, PCC has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Reorganization in order for such Acquisition Proposal to cease to be a Superior Proposal and, if PCC has offered to amend the Arrangement Agreement and the Reorganization, the Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal is a Superior Proposal compared to any such proposed amendments to the terms of the Arrangement Agreement and the Reorganization by PCC; and (vi) after the Matching Period, the Board determines, after consultation with its outside legal counsel and financial advisors, that the Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Reorganization as proposed to be amended by PCC and the Board has determined in good faith, after consultation with its outside legal counsel, that it is necessary for the Company to enter into a definitive agreement with respect to such Superior Proposal and/or make a Change in Recommendation in order to properly discharge its fiduciary duties.

See "Summary of Arrangement Agreement — Additional Covenants Regarding Non-Solicitation — Right to Match".

Dissenting Holders' Rights

Registered Shareholders holding Common Shares are entitled to dissent in respect of the Reorganization Resolution in the manner provided in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must provide a Dissent Notice to the Company at its principal executive office located at 751 Victoria Square Montréal, Québec H2Y 2J3 by mail, hand or courier to the attention of the Vice-President, General Counsel and Secretary at or before 5:00 p.m. (Eastern time) on February 7, 2020 or, in

the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Eastern time) on the date that is two Business Days before the adjourned or postponed Meeting is reconvened or held, as the case may be. A failure to strictly comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Shareholder's Dissent Rights.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the CBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Reorganization. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Holder of consideration for such Dissenting Holder's Dissent Shares.

In many cases, Common Shares beneficially owned by a Non-Registered Shareholder are registered either (i) in the name of an Intermediary or (ii) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise Dissent Rights directly (unless the Common Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Common Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Common Shares are registered in the name of CDS or other clearing agency, may require that such Common Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Common Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

See "Dissenting Holders' Rights".

Certain Canadian Federal Income Tax Considerations

This Circular contains a summary of the principal Canadian federal income tax considerations relevant to Shareholders with respect to the Reorganization and the comments below are qualified in their entirety by reference to such summary. See "Certain Canadian Federal Income Tax Considerations".

A Shareholder who is an Eligible Holder should generally be able to exchange Common Shares for the Consideration under the Reorganization on a fully or partially tax-deferred basis by making an appropriate Tax Election with PCC. A Shareholder who does not make a Tax Election, who holds Common Shares as capital property and who is resident in Canada for purposes of the Tax Act will generally realize a capital gain (or a capital loss) equal to the amount by which the aggregate fair market value of the Consideration received by the Shareholder under the Reorganization, net of any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base to the Shareholder of the Common Shares so exchanged.

A Shareholder who is not resident in Canada for the purposes of the Tax Act will generally not be subject to tax under the Tax Act on any capital gain realized on the exchange of such Shareholder's Common Shares for the Consideration under the Reorganization, unless the Common Shares are "taxable Canadian property", as defined in the Tax Act, to such Shareholder and such gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable tax convention.

For a more detailed discussion of the Canadian federal income tax consequences of the Reorganization, including having regard to the Canadian federal income tax consequences of the exercise of Dissent Rights, please see the discussion under the heading "Certain Canadian Federal Income Tax Considerations". Shareholders should consult their own tax advisors with respect to such tax consequences having regard to their particular circumstances.

Certain United States Federal Income Tax Considerations

For discussion of the United States federal income tax consequences of the Reorganization, please see the discussion under the heading "Certain United States Federal Income Tax Considerations".

Other Tax Considerations

This Circular does not address any tax considerations of the Reorganization other than certain Canadian federal income tax and United States federal income tax considerations to Shareholders. The tax implications of the Reorganization for Shareholders who are resident in or otherwise subject to tax in jurisdictions other than Canada or the United States may be materially different than as set out under the heading "Certain Canadian Federal Income Tax Considerations" and "Certain United States Federal Income Tax Considerations", respectively. Accordingly, Shareholders who are resident in or otherwise subject to tax in jurisdictions other than Canada or the United States are urged to consult their own independent tax advisors with respect to the relevant tax implications of the Reorganization and for advice regarding the specific tax considerations applicable to them, including, without limitation, any associated filing requirements, in such jurisdictions.

The summaries contained in this Circular are not intended to be, nor should they be construed to be, legal or tax advice. All Shareholders should consult their own independent tax advisors regarding relevant federal, state, provincial, territorial, local or other tax considerations of the Reorganization having regard to their own circumstances. See "Risk Factors".

Risk Factors

The risk factors described under "Risk Factors" should be carefully considered by Shareholders in evaluating whether to vote in favour of the Reorganization Resolution.

INFORMATION CONCERNING THE MEETING AND VOTING

Solicitation of Proxies

This Circular is sent in connection with the solicitation by the management of the Company of proxies for use at the Meeting or any adjournment(s) or postponement(s) thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by employees of the Company in writing or by telephone at nominal cost. The Company has engaged a proxy solicitation firm, Kingsdale Advisors, to solicit proxies on behalf of the Company. The costs of the proxy solicitation firm engaged to solicit proxies will be approximately $100,000 plus disbursements. The Company has agreed to indemnify such proxy solicitation firm against certain liabilities arising out of or in connection with such engagement. The costs of solicitation will be borne by the Company.

Voting Instructions for Registered Shareholders

A shareholder is a Registered Shareholder if shown as a Shareholder on the Record Date on the Shareholder list kept by Computershare Investor Services Inc., as registrar and transfer agent of the Company for the Common Shares, in which case a share certificate or statement from a direct registration system will have been issued to the Shareholder which indicates the Shareholder's name and the number of Common Shares owned by the Shareholder. Registered Shareholders will receive with this Circular a form of proxy from Computershare Investor Services Inc. representing the Common Shares held by the Registered Shareholder.

If a Registered Shareholder Does Not Wish to Attend the Meeting

In order to be voted at the Meeting, or any adjournment or postponement thereof, proxies from Registered Shareholders must be properly executed and received by or deposited with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 (or voted by telephone or the Internet by following the instructions on the accompanying form of proxy), no later than 9:00 a.m. on February 7, 2020 or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed Meeting.

If a Registered Shareholder Wishes to Vote in Person at the Meeting

Registered Shareholders who wish to attend the Meeting and vote in person should not complete or return the proxy. Such Registered Shareholders should register with Computershare Investor Services Inc. upon arrival at the Meeting, and may be asked to present valid picture identification to gain admission to the Meeting.

If a Registered Shareholder Wishes to Revoke a Proxy

A Registered Shareholder who has submitted a proxy may revoke the proxy by instrument in writing executed by the Registered Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either with Computershare Investor Services Inc. or at the registered office of the Company, located at 751 Victoria Square, Montréal, Québec, Canada, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

Voting Instructions for Non-Registered Shareholders

A Shareholder is a Non-Registered Shareholder (or beneficial owner) if (i) an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of RRSPs, RRIFs, RESPs and similar plans) or (ii) a clearing agency (such as CDS Clearing and Depository Services Inc.), of which the intermediary is a participant, holds the Shareholder's Common Shares on behalf of the Shareholder (in each case, an "**Intermediary**").

In accordance with NI 54-101, the Company is distributing copies of materials related to the Meeting to Intermediaries for distribution to Non-Registered Shareholders, and such Intermediaries are to forward the materials related to the Meeting to each Non-Registered Shareholder. Such Intermediaries often use a service company (such as Broadridge Investor Communication Solutions in Canada ("**Broadridge**")), to permit the Non-Registered Shareholder to direct the voting of the Common Shares held by the Intermediary, on behalf of the Non-Registered Shareholder. The Company is paying Broadridge to deliver, on behalf of the Intermediaries, a copy of the materials related to the Meeting to each "objecting beneficial owner" and each "non-objecting beneficial owner" (as such terms are defined in NI 54-101).

The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable VIF in lieu of the form of proxy. The Company may use Broadridge's QuickVote™ service to assist Non-Registered Shareholders with voting their Common Shares. Certain Shareholders who have not objected to the Company knowing who they are may be contacted by Kingsdale Advisors to conveniently obtain a vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

Should you have any questions on how to complete the request for voting instructions, please contact your Intermediary, or if you require further assistance, please do not hesitate to contact Kingsdale Advisors, the Company's strategic shareholder advisor and proxy solicitation agent toll free at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com.

If a Non-Registered Shareholder Does Not Wish to Attend the Meeting

Non-Registered Shareholders who do not wish to attend the Meeting should carefully follow the instructions on the voting instruction form that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary. Non-Registered Shareholders of the Company should submit voting instructions to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Company.

If a Non-Registered Shareholder Wishes to Vote and Attend the Meeting

Since the Company generally does not have access to the names of its Non-Registered Shareholders, Non-Registered Shareholders who wish to attend the Meeting and vote in person should insert their own name in the blank space provided in the voting instruction form to appoint themselves as proxyholders and then follow their Intermediary's instructions for returning the voting instruction form.

Non-Registered Shareholders who have appointed themselves as proxyholders and who wish to attend the Meeting and vote in person should not complete the voting section of the voting instruction form. Such Non-Registered Shareholders should register with Computershare Investor Services Inc. upon arrival at the Meeting, and may be asked to present valid picture identification and proof of share ownership to gain admission to the Meeting.

Non-Registered Shareholders who have submitted their voting instructions to their Intermediary, but nonetheless wish to attend the Meeting are welcome to do so. Such Non-Registered Shareholders should register with Computershare Investor Services Inc. upon arrival at the Meeting, and may be asked to present valid picture identification and proof of share ownership to gain admission to the Meeting. Such Shareholders should not complete and sign any ballot that may be called for at the Meeting as their voting instructions will already have been followed.

If a Non-Registered Shareholder Wishes to Revoke Voting Instructions

A Non-Registered Shareholder may revoke previously-given voting instructions by contacting his or her Intermediary and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke voting instructions if it receives insufficient notice of revocation.

Voting by Proxy

Shareholders Can Choose any Person or Company as their Proxyholder

Each of the persons named in the form of proxy as proxyholder is a representative of management of the Company and is a Director and/or officer of the Company. **Every Shareholder has the right to appoint some other person or company of their choice (who need not be a Shareholder) to attend and act on their behalf at the Meeting, or any adjournment or postponement thereof, and may do so by inserting such other proxyholder's name in the blank space provided for that purpose in the form of proxy or voting instruction form.**

How Proxyholders Will Vote

The persons designated in the form of proxy or voting instruction form will vote for or against the Common Shares represented by such form in accordance with the instructions of the Shareholder as indicated on such form on any ballot that may be called for and, if the Shareholder has specified a choice with respect to any matter to be acted on, the Common Shares will be voted for or against, accordingly. In the absence of such instructions, Common Shares represented by a proxy will be voted for or against, in the discretion of the persons designated in the proxy, which in the case of the representatives of management named in the form of proxy will be for the Reorganization Resolution.

Record Date

The Company has fixed 5:00 p.m. (Eastern time) on December 27, 2019, as the Record Date for the purpose of determining Shareholders entitled to receive notice of and vote at the Meeting or any adjournment or postponement thereof.

Voting Securities and Principal Holders Thereof

On December 27, 2019, there were outstanding 664,096,506 Common Shares. Each holder of Common Shares is entitled to one vote at the Meeting, or any adjournment or postponement thereof, for each Common Share registered in the holder's name as at the close of business on the Record Date.

To the knowledge of the directors and senior officers of the Company, as of December 27, 2019, PCC exercises control over 425,402,926 Common Shares in the aggregate, representing approximately 64.1% of the outstanding shares of such class, and the Trust exercises control over Pansolo which, directly and indirectly, owns voting shares of PCC carrying a majority of the aggregate votes attached to all outstanding voting shares of PCC.

To the knowledge of the directors and senior officers of the Company, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of voting securities of the Company.

THE REORGANIZATION

Background to and Reasons for the Reorganization

The provisions of the Arrangement Agreement are the result of arm's length negotiations between the Special Committee and PCC, and their respective advisors. The following is a summary of the material events, meetings, negotiations and discussions between the Special Committee and PCC that preceded the execution of the Arrangement Agreement on December 12, 2019. The Special Committee met formally in person and by telephone 17 times from November 7, 2019 until the announcement of the Reorganization. In addition, members of the Special Committee engaged in discussions with each other and with representatives of RBC and Osler on numerous other occasions.

On November 4, 2019, Mr. Paul Desmarais, Jr., in his capacity as Co-CEO of PCC, contacted each of Mr. Siim A. Vanaselja, Ms. Susan J. McArthur, Mr. Marc A. Bibeau and Mr. Gérald Frère (the "**Disinterested Directors**") to advise them that PCC was considering a proposal regarding a potential reorganization involving the Company and he expected it would be presented to the Board at its regularly scheduled meeting on November 7, 2019. Mr. Paul

Desmarais, Jr. explained that he wanted each of the Disinterested Directors to be aware of the proposal as the eight directors of the Company who are also directors of PCC (the "**Non-Disinterested Directors**") were recently made aware of it and he wanted to ensure equal information and transparency for the Disinterested Directors.

At a regularly scheduled Board meeting held on November 7, 2019, Messrs. Paul Desmarais, Jr. and André Desmarais, in their capacities as Co-CEOs of PCC, delivered to the Board a proposal from PCC pursuant to which each outstanding Common Share not already owned by PCC or its wholly-owned subsidiaries would be exchanged for 1.0002 PCC Subordinate Voting Shares as well as $0.01 per Common Share pursuant to a statutory arrangement, with the result that the Minority Shareholders would own PCC Subordinate Voting Shares representing, indirectly, (a) approximately the same percentage of PCC (and, indirectly, of Lifeco, IGM and Pargesa Holding SA) on a pro forma basis following the Reorganization as they did in the Company prior to the Reorganization, and (b) a pro rata interest in PCC's assets and liabilities excluding shares of the Company (the "**Non-PFC Assets and Liabilities**").

Mr. Paul Desmarais, Jr. explained to the Board that he and Mr. André Desmarais, as Co-CEO's of PCC, had been considering a possible transaction involving the reorganization of PCC and the Company. Such a reorganization would allow PCC and the Company to emphasize financial services and eliminate the dual holding company structure, which would be expected to result in value creation for shareholders of both the Company and PCC. He noted that shareholders of both the Company and PCC and other market participants had been suggesting the elimination of the dual-holding company structure for some time as a means to, among other things, simplify the corporate structure, increase the public float and liquidity and reduce expenses, which would be expected to create value for shareholders of both companies.

Mr. Paul Desmarais, Jr. noted that, as the management teams of both PCC and the Company significantly overlap, he had made the senior members of each management team aware of the consideration of a possible reorganization and had asked for their input but that he and Mr. André Desmarais, as Co-CEO's of PCC, had not made a decision to propose any form of reorganization to the PCC board of directors until just prior to a PCC board meeting held on November 4, 2019.

Mr. Paul Desmarais, Jr. advised that, due to the potential conflict inherent in the Reorganization for the management teams of both PCC and the Company, the assessment of the Reorganization on behalf of the Company would have to be undertaken exclusively by a special committee comprised of Disinterested Directors.

Mr. Paul Desmarais, Jr. then noted that he and Mr. André Desmarais were contemplating retirement were the Reorganization to be completed. With the proposed emphasis of PCC and the Company on financial services, they suggested that it would be appropriate for Mr. R. Jeffrey Orr, CEO of the Company, to become CEO of PCC. This decision regarding possible retirements was also made just prior to the PCC board meeting held on November 4, 2019.

Mr. Paul Desmarais, Jr. further observed that, while he was confident that Mr. Orr would always act in the best interests of the Company, the directors of the Company and the members of a special committee of Disinterested Directors would need to be cognizant of all potential conflicts, including Mr. Orr's position as a director of PCC and his potential succession as CEO of PCC, when engaging the assistance of management in connection with the Reorganization. He further noted that no discussions had been had with Mr. Orr regarding possible compensation as CEO of PCC and that such matters would be considered by the PCC Compensation Committee, were the Reorganization to be completed and Mr. Orr was appointed CEO of PCC.

Messrs. Paul Desmarais, Jr. and André Desmarais requested that representatives of BMO Capital Markets ("**BMO**") and Goldman Sachs Canada Inc. ("**Goldman Sachs**"), financial advisors to PCC, and Blake, Cassels & Graydon LLP ("**Blakes**") attend the November 7, 2019 meeting of the Board at which the Reorganization was first presented to the Board. Messrs. Paul Desmarais, Jr. and André Desmarais were of the view that, for transparency purposes, it was important for the Disinterested Directors to receive the same information regarding the Reorganization as was received by the Non-Disinterested Directors. Blakes has been longstanding corporate, regulatory and tax counsel to each of PCC and the Company. Blakes, together with Goodmans LLP, was retained as transactional counsel by PCC for the Reorganization. It was expected that the Special Committee would retain independent counsel in order to assist it with the consideration and arm's length negotiation of the Reorganization.

At the Board meeting held on November 7, 2019, Mr. Stéphane Lemay, Vice-President, General Counsel and Secretary of the Company, summarized the conflict of interest and independence issues for the Company's directors under corporate law and matters of independence in the context of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), including possible special committee membership considerations in that regard. He then reviewed cross-directorships of all of the directors. The Board discussed and considered these matters and then established the Special Committee, consisting of Mr. Siim A. Vanaselja, Ms. Susan J. McArthur and Mr. Marc A. Bibeau to (i) review the proposal made to effect the Reorganization, (ii) evaluate the Reorganization and any other alternatives available to the Company which may be in the best interests of the Company, including maintenance of the status quo (each such alternative, a "**Potential Alternative**"), (iii) oversee any related negotiations with PCC, and (iv) make recommendations to the Board respecting the Reorganization or a Potential Alternative. The Special Committee was also given the power to engage independent legal counsel.

In selecting Mr. Vanaselja, Ms. McArthur and Mr. Bibeau to act as members of the Special Committee, the Board considered, among other things, their other directorships and determined that none of them had a relationship that could, in the view of the Board, reasonably interfere with the exercise of their judgement in respect of the Reorganization. None of Mr. Vanaselja, Ms. McArthur or Mr. Bibeau were or are directors, officers or employees of PCC and all of them were and are independent directors of the Company under National Instrument 52-110 – *Audit Committee* ("**NI 52-110**") and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Mr. Vanaselja and Ms. McArthur were and are also independent directors of Lifeco, a publicly traded company controlled by the Company, and Mr. Bibeau and Ms. McArthur were and are also independent directors of IGM, a publicly traded company controlled by the Company, in each case within the meaning of NI 52-110 and NI 58-101. In fact, it was this independence that was one of the factors considered when each was nominated to the Board of the Company and the boards of directors of Lifeco and/or IGM.

The Company is required under MI 61-101 to obtain a formal valuation in connection with the Reorganization. Under MI 61-101, "[T]he board of directors of the issuer or an independent committee [as defined in MI 61-101] shall determine who the valuator will be, and supervise the preparation of the formal valuation". Under the "deeming" provisions of MI 61-101, the Special Committee members were deemed not independent for the purposes of MI 61-101 as a result of being directors of Lifeco and/or IGM. Each of Lifeco and IGM, as companies controlled by the Company which in turn is controlled by PCC, is indirectly a "subsidiary" of PCC under MI 61-101. Thus, even though Lifeco and IGM are directly controlled by the Company, those directorships cause such directors to be deemed not independent of PCC under MI 61-101. In addition, Ms. McArthur had very recently been appointed an independent director of Sagard Holdings ULC, a wholly-owned subsidiary of PCC, but resigned on November 5, 2019 and had not been paid any compensation. Consequently, only Mr. Gérald Frère qualified as an independent director of the Company within the meaning of MI 61-101. As the Board determined it would be impractical for Mr. Frère, who resides in Europe, to be the sole member of an independent committee established for the purposes of designating the valuator and supervising the valuation, the Board proposed that it would determine the valuator and supervise the preparation of the valuation, as permitted under MI 61-101 but with certain substantive and procedural safeguards to ensure an independent process. The Board determined that the formal mandate of the Special Committee, including the manner in which the Board would determine the valuator and supervise the preparation of the valuation, would be developed by the Special Committee in consultation with the Special Committee's independent legal counsel, and subsequently approved by the Board, with recusals by the Non-Disinterested Directors as necessary.

The Special Committee held its initial meeting on November 7, 2019 and, among other things, determined that Mr. Vanaselja would act as Chair of the Special Committee, discussed the development of its mandate, alternatives for independent legal counsel and alternatives for possible financial advisors and/or an independent valuator, and agreed to consider further with independent counsel any potential conflicts or concerns regarding any existing circumstances or relationships that would impact the members of the Special Committee's assessment of the Reorganization in compliance with their fiduciary duties. After further consideration and based on considering conflicts that might exist and personal experience of members of the Special Committee, the Special Committee later in the day engaged Osler, Hoskin & Harcourt LLP ("**Osler**") as independent legal counsel to the Special Committee and proposed to engage RBC as valuator and financial advisor in connection with the Reorganization, subject to confirmation that RBC qualified as independent.

The Special Committee and Osler subsequently obtained information regarding, and considered the nature and extent of, RBC's previous mandates for PCC, the Company and its affiliates including Lifeco and IGM. The Special Committee recognized that RBC's mandates for Lifeco and IGM, each a publicly traded senior TSX-listed issuer, were awarded by Lifeco's and IGM's board of directors and senior management, respectively, and not by the Company or PCC. The Special Committee assessed all such mandates and determined that they were not material and would not reasonably interfere with the exercise of RBC's independent judgment in respect of the Reorganization. RBC also orally confirmed its qualifications to act as the independent valuator pursuant to MI 61-101, which was subsequently confirmed in its engagement letter. As a result of the foregoing, the Special Committee determined that RBC was independent as a matter of fact. See "The Reorganization — Fairness Opinion and Formal Valuations".

On November 11, 2019, the Special Committee met with representatives of RBC and Osler. Mr. Vanaselja began the meeting by providing an overview of the Reorganization and the formation of the Special Committee. Mr. Vanaselja noted that Pansolo, a corporation controlled by the Trust, intended to exercise its Pre-Emptive Right in order to own approximately 50.5% of the voting power of PCC's voting shares. Mr. Vanaselja then discussed the strategic rationale underlying the Reorganization, including the increase in NAV for Minority Shareholders as well as the potential decrease in the current discount to net asset value at which the PCC Subordinate Voting Shares trade.

RBC then provided an overview of the valuation process and RBC's likely approach to the valuation. As structured, the Reorganization would be a "business combination" of the Company under MI 61-101 and would be subject to a valuation of the Common Shares prepared on an "en bloc" basis without giving effect to a minority discount, as required by MI 61-101. In addition, RBC would also be required to value the PCC Subordinate Voting Shares that would be offered as consideration for the Common Shares, which would not typically be determined on an "en bloc" basis but would rather reflect the pro forma expected market trading price of the PCC Subordinate Voting Shares assuming completion of the Reorganization. In light of the different approaches to the valuations of the Common Shares and the PCC Subordinate Voting Shares, RBC noted that the valuation of the PCC Subordinate Voting Shares to be received by the Minority Shareholders could be significantly below the per share en bloc valuation of the Common Shares.

RBC noted that the Reorganization could also be viewed from the perspective that Minority Shareholders would retain their approximate indirect interest in all of the Company's assets and liabilities and would acquire an additional interest in all of the Non-PFC Assets and Liabilities for effectively no consideration. Viewed in this light, the Reorganization could be seen as favorable to the Minority Shareholders, notwithstanding the results of the formal valuations of the Common Shares and PCC Subordinate Voting Shares. The members of the Special Committee and RBC then discussed how best to approach and assess the fairness of the Reorganization from a financial point of view.

At the November 11, 2019 meeting, Osler discussed the independence tests under MI 61-101 for the establishment of an independent committee to determine the valuator and supervise the valuation and the Board's proposed approach to complying with MI 61-101 by having the Board determine the valuator and supervise the preparation of the formal valuation, with recusals by the Non-Disinterested Directors as necessary. The Special Committee and Osler determined that the Board's proposed approach could be adopted, provided that the Special Committee functioned independently, the Non-Disinterested Directors recused themselves from any deliberations or votes related to the determination of the valuator and the supervision of the formal valuation, and that the Special Committee's process was functionally equivalent to the process that would have been followed had the Special Committee determined the valuator and supervised the valuation. The Special Committee instructed Osler to draft the mandate for the Special Committee to reflect the foregoing and to confirm the proposed approach and terms of the mandate with Blakes.

Osler also briefed the members of the Special Committee regarding their duties under applicable laws, including their obligation to protect the interests of the Minority Shareholders and to consider the impact of the Reorganization on the Company's other stakeholders.

On November 13, 2019, representatives of RBC met with PCC's financial advisors, BMO and Goldman Sachs, to discuss the initial diligence materials that were provided and the information that would be available to RBC in the data room.

Between November 13 and 17, 2019, Osler and Blakes engaged in discussions in respect of appropriate protocols for the Board's determination of the valuator and supervision of the preparation of the formal valuation and the related development of the Special Committee's mandate, all in order to comply with MI 61-101, and certain information protocols related to confidential information and certificates to be provided by PCC, the Company, Lifeco and IGM under RBC's engagement letter.

On November 14, 2019, the Special Committee met to review and consider its mandate. The Special Committee also reviewed the engagement of RBC as valuator for purposes of the Reorganization and the proposed protocols pursuant to which the Board would determine the valuator and supervise the preparation of a formal valuation in accordance with MI 61-101, with recusals by the Non-Disinterested Directors as necessary. The Special Committee also considered the quantum and structure of RBC's negotiated proposed fee and determined that it was appropriate in the circumstances. The Special Committee determined to recommend that the Board approve the Special Committee's mandate and that RBC be engaged as valuator in connection with the Reorganization.

The Board met on November 15, 2019. Following the recommendation of the Special Committee, the Board approved the mandate of the Special Committee. The Non-Disinterested Directors then recused themselves from the meeting and, following the recommendation of the Special Committee, the Disinterested Directors approved the engagement of RBC as valuator. Under the terms of its mandate, the Special Committee was empowered to, among other things:

- review and assess the Reorganization;
- recommend to the Board the valuator to be retained in connection with the Reorganization, provided that all members of the Board other than the Disinterested Directors would recuse themselves from such determination;
- assess the adequacy and/or fairness of the consideration to be received by Minority Shareholders pursuant to the Reorganization or any Potential Alternative;
- assist the Board in supervising the valuator in compliance with MI 61-101, it being acknowledged that (i) the valuator would report to the Special Committee; (ii) the Special Committee would review with the valuator the key factors, methodologies and assumptions used in preparing such valuation and the valuation conclusions therein (collectively, "**Valuation Financial Information**"); and (iii) the Special Committee would report from time to time to the Board so that the Board may fulfill its obligation to supervise the valuator in compliance with MI 61-101, provided that (A) the Special Committee would determine what information, presentations and conclusions or determinations, preliminary or otherwise, of the valuator, may be disclosed to, or shared with, the Board and (B) the directors other than the Disinterested Directors would recuse themselves from any substantive discussions, directions and deliberations regarding the valuation and the Valuation Financial Information, unless otherwise requested by the Special Committee;
- consider whether the Company should engage in a process to identify one or more Potential Alternatives or to respond to any Potential Alternative that may be proposed;
- assess, review and consider the proposed structure and terms and conditions of the Reorganization or any Potential Alternatives; supervise the conduct of, and, if necessary or appropriate, conduct any negotiations or discussions on behalf of, the Company with respect to the Reorganization or any Potential Alternatives;
- supervise the preparation of and review any documentation and public disclosure of or by the Company related to the Reorganization or any Potential Alternatives; consider and make recommendations to the Board with respect to the Reorganization or any Potential Alternatives and processes related thereto; and
- after consulting with management of the Company, to negotiate and enter into agreements, arrangements or protocols on behalf of the Company as the Special Committee considers necessary or desirable with respect to the valuator's access to information relating to PCC and its subsidiaries and other material investments.

In carrying out its mandate, the Special Committee was empowered to retain legal counsel and financial advisors of its choosing at the Company's expense.

The Company holds 66.9% of the outstanding common shares of Lifeco and 62.1% of the outstanding common shares of IGM, in each case, directly or through wholly-owned Subsidiaries, which are collectively the principal assets of the Company. The Company recognized that information from Lifeco and IGM would accordingly be necessary for the work of the Special Committee and RBC as its financial advisor and valuator. Each of Lifeco and IGM is a senior TSX-listed issuer with significant public shareholdings, a reporting issuer under Canadian securities legislation subject to continuous disclosure obligations, has a management team separate from the Company and has a board of directors the majority of which are independent of the Company. Lifeco and IGM had and have no legal or other obligation to provide information to the Company beyond information that is publicly available to all shareholders. The Company requested that Lifeco and IGM provide information necessary to enable RBC to complete its valuation work in connection with the Reorganization.

On November 17, 2019, the Special Committee was advised that Lifeco and IGM would provide confidential information to RBC and the Company in connection with the Reorganization but only if the Company entered into non-disclosure agreements ("**NDAs**") with PCC and each of Lifeco and IGM, respectively, that, among other things, prohibited RBC from disclosing any confidential information of Lifeco or IGM without Lifeco's or IGM's consent, respectively. The approach that PCC, Lifeco and IGM proposed meant that, while RBC would be able to take the confidential information into account in the preparation of the valuation, RBC would be unable to disclose the confidential information underlying its analysis in the valuation.

Osler advised that the Special Committee could, in the circumstances, agree on behalf of the Company to enter the proposed NDAs in order to allow RBC to gain diligence access to Lifeco's and IGM's non-public confidential information while acknowledging that RBC would not disclose the confidential information of Lifeco and IGM in its formal valuation without the consent of Lifeco and IGM, respectively. Osler advised the Special Committee of three factors for consideration in determining whether to proceed on this basis:

1. The Company does not have access to all relevant Lifeco and IGM information and does not have the legal right to compel Lifeco and IGM, as public companies, to provide it to the Company or to allow RBC to access or disclose such information;

2. Rule 29.22 of the IIROC Dealer Member Rules ("**Rule 29.22**") permits the Special Committee to determine that the perceived detriment to an interested party, the issuer or its security holders of the disclosure of commercially or competitively sensitive information in the formal valuation outweighs the benefit of disclosure of such information to the readers of the formal valuation; and

3. Based on the advice of RBC, a valuation of Lifeco and IGM could be viewed to be less relevant to the Minority Shareholders than the valuation of the Non-PFC Assets and Liabilities, which would not generally be subject to the same disclosure constraints, given that the Minority Shareholders are not effectively disposing of their indirect interests in Lifeco and IGM but will retain approximately or increase their indirect interests in Lifeco and IGM under the Reorganization and receive an interest in the Non-PFC Assets and Liabilities for effectively no additional consideration. Accordingly, the potential limitations on the disclosure of certain confidential information of Lifeco and IGM that might affect the value of the Lifeco and IGM shares that the Minority Shareholders currently indirectly own and will at minimum retain (and may increase in the Reorganization) would not adversely impact the ability of the Minority Shareholders to make an informed and reasoned judgment as to the desirability of the Reorganization.

The Special Committee determined that in light of the analysis set out above, it was prepared to proceed with the information sharing and disclosure protocols proposed by PCC, Lifeco and IGM, and to make the determination contemplated by Rule 29.22 if necessary, and authorized the Company to enter into the NDAs.

The Special Committee met again later in the day on November 17, 2019 to further discuss these matters. The Special Committee noted that the Reorganization, as structured, was legally a business combination of the Company under

MI 61-101, which required a formal valuation to be prepared which valued the Company's Common Shares en bloc with no minority discount. In economic substance, however, the transaction could also be viewed as a capital reorganization in which the Minority Shareholders would retain approximately or increase their current interest in the Company's assets and liabilities as well as receive an additional interest in the Non-PFC Assets and Liabilities for effectively no additional consideration.

Given that the Reorganization could be better viewed as a capital reorganization with Minority Shareholders retaining approximately or increasing their current interest in the Company's assets and liabilities, the Special Committee asked Osler to consider whether it was possible to structure the transaction in another manner that achieved the same economic outcome but that did not require a formal valuation to be prepared, as the Special Committee was concerned that the valuation raised potential disclosure issues related to Lifeco and IGM, would not provide particularly useful information to Minority Shareholders about the merits of the Reorganization and could be confusing given the use of different methodologies to value the Common Shares and the PCC Subordinate Voting Shares.

On November 20, 2019, representatives of RBC participated in a videoconference with senior management of PCC and the Company to discuss the transaction background and the strategy of PCC and the Company.

On November 21, 2019, representatives of RBC met with management of IGM to discuss IGM's performance, results and outlook.

On November 25, 2019, the Special Committee met and received an update from RBC regarding RBC's ongoing valuation work and also discussed negotiation strategy. The Special Committee also considered a proposed alternative structure (the "**Alternative Structure**") whereby the Company would acquire PCC through a share exchange transaction, which would preserve the objective of combining PCC and the Company and eliminate the dual-holding company structure without triggering the requirement for an en bloc formal valuation of the Common Shares. The Special Committee instructed Osler to discuss the Alternative Structure with Blakes.

Other than the Alternative Structure and certain other alternative transaction structures designed to achieve the same economic outcome as the Reorganization that also did not require a formal valuation to be prepared, the Special Committee determined to not consider any other Potential Alternatives. Given that PCC was not pursuing a sale of the Company, the Special Committee's focus was on determining whether a capital reorganization involving the elimination of the dual holding company structure could be achieved in a manner that was in the best interests of the Company and the Minority Shareholders. The Special Committee also considered the status quo and determined that to be a clear and viable option if the Reorganization or Alternative Structure could not be negotiated on terms acceptable to the Special Committee. The Special Committee recognized that under either the status quo or following completion of the Reorganization, Minority Shareholders would hold shares in a company controlled, directly or indirectly, by Pansolo, a corporation controlled by the Trust.

On November 25, 2019, representatives of RBC met with management of Pargesa Holding SA and certain of the platforms and entities that comprise the Non-PFC Assets and Liabilities to discuss the performance, results and outlook for Pargesa Holding SA and the Non-PFC Assets and Liabilities.

On November 26, 2019, Osler presented the Alternative Structure to Blakes.

On November 28, 2019, representatives of RBC met with management of Lifeco to discuss Lifeco's performance, results and outlook. Later that day, BMO advised RBC and Blakes advised Osler that the Alternative Structure raised a number of regulatory, tax, contractual, business, governance, timing issues and other risks that made it inadvisable for the Company and PCC to pursue the Alternative Structure.

On November 29, 2019, the Board met with only the Disinterested Directors present. The Non-Disinterested Directors had all recused themselves as the topic related to the appointment of the valuator and oversight of the valuation. Mr. Vanaselja provided an overview of the Special Committee's activities since the Board last met as well as the status of the formal valuations. The Disinterested Directors then formally approved the RBC engagement letter.

After reviewing materials provided in the data room, which was opened November 17, 2019, and after meeting with the Company, PCC, Lifeco, and IGM management teams as described herein, RBC made numerous follow up information requests through representatives of BMO and Goldman Sachs in order to further their work on the formal valuations.

On December 1, 2019, representatives of RBC participated in a conference call with management of the Company as well as representatives of BMO and Goldman Sachs to discuss the Company's performance, results and outlook and certain corporate initiatives under consideration and development.

On December 2, 2019, Blakes sent initial drafts of the Arrangement Agreement, Plan of Arrangement and Voting and Support Agreements to Osler.

On December 4, 2019, BMO advised RBC that PCC intended to increase the current PCC dividend per share to the amount of the current Company dividend per share and to pay such dividends in line with the Company dividend payment schedule. BMO provided a list of proposed PCC record and dividend dates to achieve this.

On December 5, 2019, the Special Committee met to receive RBC's preliminary valuation analysis and preliminary perspectives on fairness. The Special Committee considered potential exchange ratios, the historical exchange ratios of PCC and the Company, the expected trading discount to net asset value ("**NAV**") of the PCC Subordinate Voting Shares following completion of the Reorganization and the shareholder base of both PCC and the Company. The Special Committee also considered PCC's planned strategic emphasis on financial services and further initiatives to benefit shareholders in conjunction with the Reorganization, including implementation of a significant near-term operating cost reduction plan, reduced financing costs and a PCC dividend increase.

Osler then provided the Special Committee with an overview of PCC's dual class share structure (the "**PCC DCS**") and certain public commentary regarding best practices for companies with dual class share structures. Osler noted that PCC is one of the few TSX-listed companies "grandfathered" by the TSX and not required to have "coattail provisions", as PCC's multiple voting share structure pre-dated the introduction by the TSX of coattail requirements in 1987 for the new listings of subordinate voting shares. Those coattail requirements are intended to result in owners of subordinate voting shares and owners of multiple voting shares being treated equally in connection with a formal take-over bid for the multiple voting shares. The Special Committee did take note of the fact, however, that Pansolo currently holds a meaningful percentage of PCC's voting shares of approximately 22.8%, which following completion of the Reorganization and the exercise of the Pre-Emptive Right would be approximately 15.0% to 15.1%.

The Special Committee considered potential counterproposals to the proposed exchange ratio of 1.0002, but determined to first discuss the provisions associated with the PCC DCS. The Special Committee determined that amendments to the PCC DCS, if any, would impact the exchange ratio at which the Special Committee would be prepared to recommend a transaction.

On December 6, 2019, Mr. Vanaselja spoke with Mr. Paul Desmarais, Jr. regarding the PCC DCS. Mr. Vanaselja described to Mr. Paul Desmarais, Jr. the Special Committee's perspectives regarding the transaction, and advised that, in the Special Committee's view, there was clear benefit to PCC from eliminating the dual-holding company structure. Mr. Vanaselja also advised Mr. Paul Desmarais, Jr. that the value proposition for the Minority Shareholders was more complicated because of the move from the Company's single class share structure to the PCC DCS.

Mr. Vanaselja then requested that, in connection with the Reorganization, the following changes to the PCC DCS be adopted: (i) standard coattails; (ii) provisions that would prevent the sale or monetization of the PCC Participating Preferred Shares on a different basis than the Subordinate Voting Shares and that would provide that in the event the PCC DCS were to be collapsed by an exchange of the PCC Participating Preferred Shares into PCC Subordinate Voting Shares, the exchange would need to be done on a one for one basis; and (iii) a sunset provision that would provide for a collapse of the PCC DCS following dilution of Pansolo, a corporation controlled by the Trust, below a specified percentage.

Mr. Paul Desmarais, Jr. responded by noting that the PCC DCS had been in place since the 1920s and pre-dated his family's ownership interest in the Company, was in place at the time of listing of the PCC shares on the TSX, has been properly publicly disclosed, and the PCC Participating Preferred Shares are listed on the TSX and are also held by persons other than Pansolo. Mr. Paul Desmarais, Jr. also noted that the PCC Participating Preferred Shares represented approximately 11% of the total outstanding Participating Preferred Shares and Subordinate Voting Shares prior to giving effect to the Reorganization and any premium paid to the PCC Participating Preferred Shares would not be expected to be material in the context of a sale of all of PCC. Mr. Paul Desmarais, Jr. concluded by saying that he did not believe Pansolo, a corporation controlled by the Trust, would support any changes to the capital structure of PCC in connection with the Reorganization. Mr. Vanaselja said that the Special Committee would need to take this into account in determining an acceptable exchange ratio, and noted that the Special Committee did not think an exchange ratio of 1.0002 was acceptable. Mr. Paul Desmarais, Jr. and Mr. Vanaselja agreed that further discussions amongst the financial advisors would be appropriate to discuss the exchange ratio, following which the Special Committee would make a counterproposal.

On December 7, 2019, the Special Committee met to consider the outcome of Mr. Vanaselja's discussion with Mr. Paul Desmarais, Jr., to receive a report on RBC's discussions with BMO, and to consider the Special Committee's negotiating strategy. The Special Committee considered counterproposals to the proposed exchange ratio of 1.0002 taking into account the fact that Pansolo, a corporation controlled by the Trust, was unwilling to support any changes to the capital structure of PCC. RBC presented a detailed exchange ratio analysis that included an analysis of trading prices and premiums based on various exchange ratios and potential future trading discounts to NAV of the PCC Subordinate Voting Shares following completion of the transaction. In addition, RBC discussed the implied market capitalization created at various exchange ratios for the PCC shareholders and the Minority Shareholders and the relative sharing of any increase in market capitalization.

On December 8, 2019 at 12:00 noon, the Special Committee met to further consider its negotiating strategy as well as the economic effects of different exchange ratios. Following these discussions, the Special Committee authorized Mr. Vanaselja to propose an exchange ratio of 1.07 to Mr. Paul Desmarais, Jr.

Later that day, Mr. Vanaselja presented the Special Committee's counterproposal of a 1.07 exchange ratio to Mr. Paul Desmarais, Jr. Mr. Paul Desmarais, Jr. rejected the 1.07 exchange ratio counterproposal, stating that at a 1.0002 exchange ratio the increase in NAV for Minority Shareholders, combined with certain initiatives at PCC, created sufficient value for Minority Shareholders to make the Reorganization attractive. Mr. Paul Desmarais, Jr. advised Mr. Vanaselja that PCC was prepared to enter into an agreement at an exchange ratio of 1.01 or 1.02.

The Special Committee reconvened at 4:30 p.m., at which time Mr. Vanaselja reported the results of his discussion with Mr. Paul Desmarais, Jr. Following extensive discussion among the Special Committee members and the advisors, including advice from RBC, the Special Committee authorized Mr. Vanaselja to propose an exchange ratio of 1.04 to Mr. Paul Desmarais, Jr. as the lowest exchange ratio the Special Committee would be prepared to recommend to Minority Shareholders.

Mr. Vanaselja then presented the Special Committee's counterproposal of an exchange ratio of 1.04 to Mr. Paul Desmarais, Jr. Following this discussion, Mr. Paul Desmarais, Jr. consulted with PCC's advisors and later re-engaged with Mr. Vanaselja for a further discussion. Mr. Paul Desmarais, Jr. said that, subject to the PCC Board's approval, PCC was willing to improve its initial offer in the interests of finalizing a deal that would create long term value for all shareholders of the Company and PCC, and that accordingly, PCC would be willing to accept the Special Committee's proposed exchange ratio of 1.04.

The Special Committee reconvened at 8:00 p.m., where Mr. Vanaselja reported that PCC was willing to proceed with a transaction at an exchange ratio of 1.04. Osler then discussed the material outstanding issues in the draft Arrangement Agreement and Voting and Support Agreements. Following the meeting, Osler sent a revised draft of the Arrangement Agreement to Blakes, and subsequently sent Blakes revised drafts of the Plan of Arrangement and Voting and Support Agreements.

On December 9, 2019, the Special Committee met to discuss PCC's proposed revised dividend policy and timetable, as advised by BMO on December 4, 2019. RBC advised that the timing of the proposed record date for the PCC

dividend being before the Effective Time would decrease the net asset value of the PCC Subordinate Voting Shares by approximately the amount of the dividend, with the result that the agreed upon exchange ratio of 1.04 did not reflect the economics that the Special Committee believed it had agreed to. The Special Committee requested that RBC have a discussion with BMO to better understand PCC's perspective regarding the treatment of dividends in connection with the Reorganization.

On December 10, 2019, Mr. Vanaselja spoke with Mr. Paul Desmarais, Jr. about the PCC dividend and its impact on the exchange ratio. RBC and BMO subsequently had discussions about this issue. The Special Committee met twice on December 10, 2019 to consider these matters. The Special Committee concluded that it would only be prepared to proceed on the condition that there was either no record date for a dividend for PCC shareholders prior to the Effective Time, or the exchange ratio was increased.

On the morning of December 11, 2019, Mr. Vanaselja conveyed the Special Committee's position to Mr. Paul Desmarais, Jr. Mr. Vanaselja was advised that PCC's senior management was prepared to recommend to the PCC board of directors an increase in the exchange ratio to 1.05, on the basis of a proposed record date of February 5, 2020 for PCC's first quarter dividend. The Special Committee met twice later that day to discuss both the treatment of dividends as well as open issues in the draft Arrangement Agreement. RBC reported to the Special Committee that PCC's revised proposal of an exchange ratio of 1.05 with a first quarter dividend paid to PCC shareholders with a record date prior to the Effective Time was substantially the same economically to Minority Shareholders as an exchange ratio of 1.04 with no such dividend.

Following discussion, the Special Committee decided to proceed with PCC's revised proposal and Mr. Vanaselja subsequently conveyed this to Mr. Paul Desmarais, Jr. In order to ensure that Minority Shareholders receive a customary first quarter dividend, the Special Committee negotiated the following provision for inclusion in the Arrangement Agreement: if the Company has not set a record date that is prior to the Effective Time in respect of a dividend in the amount of $0.4555 per Common Share that the Company would ordinarily declare during the month of March (the "**Company First Quarter Dividend**"), then, following the Effective Time, PCC shall, subject to applicable Law, set a record date for a dividend that is after the Effective Time to account for the fact that no Company First Quarter Dividend was paid to Shareholders of record prior to the Effective Time. The Special Committee also took note of the fact that PCC intends to increase the quarterly dividend on the PCC Subordinate Voting Shares following the closing of the Reorganization such that the Minority Shareholders would receive an equivalent or higher dividend than the current dividend of $0.4555 per Common Share.

During the remainder of December 11, 2019 and the morning of December 12, 2019, Osler and Blakes negotiated the Arrangement Agreement, Plan of Arrangement and Voting and Support Agreements.

On December 12, 2019, the PCC Board met to consider the terms of the Reorganization and the proposed new exchange ratio, the Arrangement Agreement, Plan of Arrangement and Voting and Support Agreements and to receive reports from its own advisors.

On December 12, 2019, the Special Committee convened to receive the oral Fairness Opinion and Formal Valuations. RBC concluded that, as of December 12, 2019, and subject to the assumptions, limitations, and qualifications included in the formal valuation of the Common Shares and the formal valuation of the PCC Subordinate Voting Shares, respectively, that the value of the Common Shares on an en bloc basis was in the range of $46.50 to $55.00 per share and the value of the PCC Subordinate Voting Shares, pro forma the completion of the Reorganization, on an expected market trading value basis, was in the range of $32.75 to $33.75 per share. RBC then provided its oral opinion (the "**Fairness Opinion**") to the Special Committee that, as of December 12, 2019, and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by the Minority Shareholders under the Reorganization is fair from a financial point of view to the Minority Shareholders.

In assessing the fairness of the Consideration under the Reorganization from a financial point of view to the Minority Shareholders, RBC did not consider it appropriate to compare the value of the Consideration, which was determined on an expected market trading value basis, to the value of the Common Shares, which was determined on an "en bloc" basis, for the following reasons:

(i) approximately 88% of PCC's NAV prior to the Reorganization is represented by its ownership of approximately 64% of the Common Shares;

(ii) upon completion of the Reorganization, Minority Shareholders will continue to own a slightly higher percentage of the assets and liabilities of the Company than they currently own, and will also own that same percentage of the Non-PFC Assets and Liabilities; and

(iii) economically, Minority Shareholders are collectively receiving an incremental 0.7% interest in the assets and liabilities of the Company they already own, plus a 36.7% interest in the Non-PFC Assets and Liabilities.

In considering the fairness of the Consideration under the Reorganization from a financial point of view to the Minority Shareholders, RBC viewed the Reorganization as economically equivalent to the Minority Shareholders acquiring the assets and liabilities of PCC other than the Common Shares held by PCC and, therefore, RBC principally considered and relied upon the following:

(i) a comparison of the consideration to be paid by the Company for the Non-PFC Assets and Liabilities to the value of such assets and liabilities; and

(ii) a comparison of the Consideration to recent trading prices of the Common Shares.

The full text of the Fairness Opinion and Formal Valuations is attached at Appendix "C".

The Special Committee then reviewed the final terms of the proposed Arrangement Agreement, Voting and Support Agreements and related documentation. After careful consideration of the terms and conditions of the Reorganization, the advice of the Special Committee's financial and legal advisors, including the Fairness Opinion and Formal Valuations, and a number of other factors, the Special Committee unanimously determined that the Reorganization is (i) in the best interests of the Company and (ii) fair to the Minority Shareholders. The Special Committee also resolved to recommend that the Board (i) determine that the Reorganization is in the best interests of the Company, (ii) determine that the Reorganization is fair to the Minority Shareholders, (iii) approve the Reorganization and (iv) recommend that the Minority Shareholders vote in favor of the Reorganization. The Special Committee also considered the impact of the Reorganization on the Company's stakeholders, including the preferred shareholders and debenture holders, and concluded that these stakeholders were being treated fairly in the circumstances.

Immediately following the Special Committee meeting, the Board convened. The Board received a report from Mr. Vanaselja and the oral Fairness Opinion and Formal Valuations. The directors who sit on the PCC Board recused themselves, and the Disinterested Directors met *in camera* with RBC and Osler, where after consideration of the Fairness Opinion and Formal Valuations and deliberation they determined that the Reorganization is (i) in the best interests of the Company and (ii) fair to the Minority Shareholders. The Disinterested Directors also resolved to recommend that the Board (i) determine that the Reorganization is in the best interests of the Company, (ii) determine that the Reorganization is fair to the Minority Shareholders, (iii) approve the Reorganization and (iv) recommend that the Minority Shareholders vote in favor of the Reorganization.

The full Board then reconvened and after considering, among other things, the terms and conditions of the Reorganization, the advice of RBC and Osler, the oral Fairness Opinion and Formal Valuations, the recommendation by the Special Committee, the recommendation of the Disinterested Directors and a number of other factors, the Board (i) determined that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company, (ii) determined that the Reorganization is fair to the Minority Shareholders, (iii) approved the Arrangement Agreement and the Reorganization and (iv) recommended that the Minority Shareholders vote in favor of the Reorganization.

In the evening on December 12, 2019, the Arrangement Agreement was executed and delivered by the Company and PCC, and the following morning the Company and PCC issued a joint news release announcing the entering into of the Arrangement Agreement and the Reorganization.

The following includes forward-looking information and readers are cautioned that actual results may vary. See "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors".

Information and Factors Considered by the Special Committee

In determining that the Reorganization is in the best interests of the Company and fair to Minority Shareholders, and in making its recommendations to the Board, the Special Committee undertook a thorough review of, and carefully considered, the terms of the Reorganization and the Arrangement Agreement, received the advice of RBC and Osler, and considered a number of factors. In view of the variety of factors and the amount of information considered in connection with the Special Committee's evaluation of the Reorganization, the Special Committee did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its determination and recommendation. The Special Committee's determination and recommendation is based upon the totality of the information presented and considered by it. The determination and recommendation of the Special Committee were made after consideration of the factors noted above, other factors and in light of the Special Committee's knowledge of the business, financial condition and prospects of the Company and considering the advice of the Special Committee's financial, legal and other advisors. Individual members of the Special Committee may have assigned different weights to different factors. The factors considered include the following:

- *Increase in Economic Value for Minority Shareholders* – As described by RBC in its Fairness Opinion, economically the Minority Shareholders will receive an incremental 0.7% interest in the assets and liabilities of the Company they already own, plus a 36.7% interest in the Non-PFC Assets and Liabilities, without effectively paying any additional consideration for these assets and liabilities. As a result, based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, and giving effect to the 1.05 exchange ratio, the Reorganization will result in Minority Shareholders receiving PCC Subordinate Voting Shares with a NAV which is $3.12[3] per share higher than the NAV of the Common Shares as at December 11, 2019.

- *Premium to Current Trading Value of the Common Shares* – Based on the analysis described by RBC in the Fairness Opinion and Formal Valuations, RBC assessed an expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares pro forma the Reorganization. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the expected market trading value of $32.75 to $33.75 per share for the PCC Subordinate Voting Shares equates to total consideration of $34.40 to $35.45 per Common Share for the Minority Shareholders, representing a 4.6% to 7.8% premium to the closing price and 5.3% to 8.5% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019. Applying the exchange ratio of 1.05 and adding the Cash Consideration of $0.01 per Common Share to the volume weighted average trading price of the PCC Subordinate Voting Shares of $33.78 since the announcement of the Reorganization on December 13, 2019 through January 10, 2020 equates to total consideration of $35.48 per Common Share for the Minority Shareholders, representing a 7.9% premium to the closing price and 8.6% premium to the 20-day volume weighted average price of the Common Shares respectively on December 11, 2019.

- *Simplified Corporate Structure and Expected Reduction in Trading Discount of Subordinate Voting Shares* – The Reorganization will eliminate the current dual-holding company structure of PCC and the Company and consolidate ownership of the group's industry-leading financial services operating companies. The Special Committee, based on advice from RBC, expected that this in turn would reduce the discount to NAV at which the PCC Subordinate Voting Shares have recently traded. As of market close on December 11, 2019, the

[3] RBC's Fairness Opinion indicates that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV which is $3.12 per Common Share higher than the NAV of the Common Shares as at December 11, 2019. In the Company's December 13, 2019 press release announcing the Reorganization, the Company disclosed that Minority Shareholders will receive PCC Subordinate Voting Shares with a NAV that is $4.50 per Common Share higher than the NAV of the Common Shares. The $4.50 figure in the press release, which was calculated in a manner consistent with the approach used by equity research analysts and the public reporting practices of PCC and the Company, differs from the $3.12 figure used by RBC primarily because RBC included a deduction for the capitalization of corporate general and administrative expenses of PCC. For further information on the RBC calculation of the increase in NAV of the PCC Subordinate Voting Shares, see the Fairness Opinion and Formal Valuations, attached as Appendix "C".

Company traded at a discount to NAV of approximately 17% and PCC on a "look-through" basis, using the NAV of PCC's interest in the Company rather than the Company's trading value when calculating the NAV of PCC, traded at a discount to NAV of approximately 30%. In the Fairness Opinion, the expected market trading value of the PCC Subordinate Voting Shares following completion of the Reorganization of $32.75 to $33.75 per share assumed a market trading discount to NAV of 20% to 22%. Since the announcement of the Reorganization on December 13, 2019 through January 10, 2020, the volume weighted average trading price of the PCC Subordinate Voting Shares has been $33.78. The Special Committee believes that it is possible that the PCC market trading discount to NAV may narrow further in the future.

- *Independent Fairness Opinion* – RBC, an independent financial advisor and valuator, provided an opinion that, as of December 12, 2019, subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by Minority Shareholders under the Reorganization is fair, from a financial point of view, to the Minority Shareholders. See "The Reorganization — Fairness Opinion and Formal Valuations".

- *Increased Public Float and Liquidity* – Minority Shareholders will benefit from a significantly increased public float of approximately 577 million PCC Subordinate Voting Shares outstanding pro forma the Reorganization, compared to a public float of 238 million Common Shares currently held by Minority Shareholders.

- *Operating Expense Reduction* – PCC intends to pursue value enhancing initiatives following the Reorganization. PCC anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses.

- *Finance Expense Reduction* – PCC and the Company intend to redeem an aggregate of $350 million of their respective first preferred shares with available cash, resulting in reduced annual financing costs of approximately $15 million per year.

- *Accretive to Earnings Per Share* – The Reorganization is expected to be accretive to Minority Shareholders on an earnings per share basis (taking into account the run-rate impact of the intended reduction of operating expenses by $50 million per year and financing costs by $15 million per year and applying the exchange ratio of 1.05).

- *Increase in PCC's Quarterly Dividend* – PCC intends to increase the quarterly dividend on the PCC Subordinate Voting Shares by 10% to $0.4475 per share following the closing of the Reorganization. Based on the exchange ratio of 1.05, Minority Shareholders would receive a dividend of $0.4699 per Common Share currently held, representing an approximately 3% increase over the current dividend of $0.4555 per Common Share. PCC has also agreed that if the Company has not set a record date that is prior to the Effective Time in respect of the Company First Quarter Dividend, then, following the Effective Time, PCC shall, subject to applicable Law, set a record date for a dividend that is after the Effective Time to account for the fact that no Company First Quarter Dividend was paid to Shareholders of record prior to the Effective Time.

- *Canadian Tax Deferral* – A Shareholder who is an Eligible Holder should generally be able to exchange Common Shares for the Consideration under the Reorganization on a fully or partially tax-deferred basis for Canadian income tax purposes by making an appropriate Tax Election with PCC.

- *Transaction Certainty* – The completion of the Reorganization is subject to a limited number of conditions, which the Special Committee after consultation with its legal and other advisors believed were likely to be satisfied, considering that the Parties do not anticipate any Regulatory Approvals will be required to be obtained under applicable Laws to consummate the Reorganization other than those already obtained.

- *No Fees Payable on Termination* – No termination fees are payable by the Company if the Company or PCC terminates the Arrangement Agreement. In such circumstances each Party will pay its own expenses.

- *Arrangement Agreement Terms* – The terms and conditions of the Arrangement Agreement are, in the judgment of the Special Committee following consultation with its advisors, reasonable and were the result of arm's length negotiations between PCC and the Special Committee on behalf of the Company and their respective advisors.

- *Shareholder Approval Required* – The Reorganization must be approved by (i) at least $66^2/_3$% of the votes cast at the Meeting by Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties (as such terms are defined in MI 61-101). See "Certain Legal and Regulatory Matters — Securities Laws Matters — Canadian Securities Laws Matters — Minority Approval".

- *Determination of Fairness by the Court* – The Reorganization will only become effective if, after hearing from all Persons who choose to appear before it, the Court determines that the Reorganization is fair and reasonable.

The Special Committee also considered a variety of risks and potential issues in its deliberations concerning the Reorganization, including:

- *PCC's Dual Class Share Structure* – Under the Reorganization, Minority Shareholders are exchanging Common Shares for PCC Subordinate Voting Shares. PCC has a dual class share structure where the PCC Subordinate Voting Shares have fewer rights than the Common Shares, as discussed below:

  Voting Power – The PCC Participating Preferred Shares entitle the holders to 10 votes per share, while the PCC Subordinate Voting Shares entitle the holder to one vote per share. While the PCC Subordinate Voting Shares to be received by Minority Shareholders pursuant to the Reorganization will represent approximately 37% of the number of outstanding voting shares of PCC upon completion of the Reorganization (including the issuance of PCC Participating Preferred Shares to Pansolo and other holders of PCC Participating Preferred Shares pursuant to the Pre-emptive Right), such shares will represent approximately 21% of the voting power of the voting shares of PCC upon completion of the Reorganization.

  No class vote or dissent in certain transactions – Under the articles of PCC, holders of PCC Subordinate Voting Shares are not entitled to vote separately as a class in the case of an amendment to the articles referred to in subsections 176(a), (b) and (e) of the CBCA, which include on a vote to effect an exchange, reclassification or cancellation of all or part of the class of PCC Subordinate Voting Shares. Accordingly, on an exchange of the PCC Subordinate Voting Shares where no separate class vote is required under MI 61-101 or other applicable securities laws, PCC Subordinate Voting Shares could be exchanged with approval by a combined two-thirds vote by the holders of the PCC Subordinate Voting Shares and the PCC Participating Preferred Shares and in such circumstances could also have no dissent right under the CBCA. See also "Voting" for the PCC Participating Preferred Shares in Appendix "G".

  PCC Participating Preferred Shareholder Pre-emptive Rights – Under the articles of PCC, PCC may not issue any PCC Subordinate Voting Shares unless PCC contemporaneously with such issue offers to the holders of the PCC Participating Preferred Shares the right to acquire pro rata to their holdings an aggregate number of PCC Participating Preferred Shares that is equal to 12.0% of the number of PCC Subordinate Voting Shares proposed to be issued for a consideration per share that is equal to the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued. As a result, holders of PCC Participating Preferred Shares have the opportunity to acquire additional PCC Participating Preferred Shares in certain circumstances. See also "Subscription/pre-emptive right" for the PCC Subordinate Voting Shares in Appendix "G".

No coattail provisions – There are no coattail provisions in favour of the PCC Subordinate Voting Shares, such that the PCC Participating Preferred Shares may be sold by the holders to a third party pursuant to a take-over bid and no equivalent offer need be made to the holders of the PCC Subordinate Voting Shares.

Potential for Differential Consideration – There are no restrictions on the ability of the holders of PCC Participating Preferred Shares to receive a premium as compared to the holders of PCC Subordinate Voting Shares on any collapse of the PCC DCS or on an issuer bid by PCC.

No Sunset Provisions – There are no sunset provisions for the termination of the PCC DCS, regardless of the passage of time or level of share ownership of the holders of PCC Participating Preferred Shares.

For a description of the PCC Subordinate Voting Shares see the description contained under the heading "Description of Share Capital – Subordinate Voting Shares" in the annual information form for PCC for the fiscal year ended December 31, 2018, which is incorporated by reference into this Circular. For a comparison of rights of holders of Common Shares to the rights of holders of PCC Subordinate Voting Shares as well as the rights of holders of PCC Participating Preferred Shares, please see Appendix "G".

- *Historical Exchange Ratios* – The Special Committee considered the historical exchange ratios of the Common Shares to the PCC Subordinate Voting Shares based on their respective share prices over certain periods. While historical exchange ratios do not necessarily reflect the current comparative values of the Common Shares or the PCC Subordinate Voting Shares, the Special Committee felt it was important to consider the 1.05 exchange ratio under the Reorganization in the context of the historical exchange ratios and trends. The following outlines the average share exchange ratio over certain periods:

	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years
Average Exchange Ratio	1.0307x	1.0343x	1.0521x	1.0713x	1.0841x	1.0905x

- *Reduction in Trading Discount* – As described by RBC in the Fairness Opinion and Formal Valuations, the expected market trading value of the PCC Subordinate Voting Shares of $32.75 to $33.75 per share assumes a market trading discount to NAV of 20% to 22%, which may not be achieved on a sustainable basis. If the discount were to increase, the value of the PCC Subordinate Voting Shares to be received by the Minority Shareholders would decline.

- *Risks to the Company of Non-Completion* – If the Reorganization is not completed, the Company will be responsible for its own costs incurred in proceeding towards completion of the Reorganization.

- *Risks of Non-Completion* – There are conditions to the obligations of the Company and PCC to complete the Reorganization and each of the Company and PCC have the right to terminate the Arrangement Agreement under limited circumstances. See "Summary of the Arrangement Agreement — Conditions to Closing".

Recommendation of the Disinterested Directors

The Disinterested Directors unanimously determined that the Reorganization is (i) in the best interests of the Company and (ii) fair to the Minority Shareholders. The Disinterested Directors also resolved to recommend that the Board (i) determine that the Reorganization is in the best interests of the Company, (ii) determine that the Reorganization is fair to the Minority Shareholders, (iii) approve the Reorganization and (iv) recommend that the Minority Shareholders vote for the Reorganization Resolution.

Recommendation of the Board

After the Board had considered, among other things, the terms and conditions of the Reorganization, the advice of RBC and Osler, the oral Fairness Opinion and Formal Valuations, the recommendation of the Special Committee, the recommendation of the Disinterested Directors and a number of other factors, the Board unanimously (i) determined

that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company, (ii) determined that the Reorganization is fair to the Minority Shareholders, (iii) approved the Arrangement Agreement and the Reorganization and (iv) recommended that the Minority Shareholders vote for the Reorganization Resolution.

In adopting the Special Committee's recommendations and the recommendations of the Disinterested Directors and concluding (i) that the Reorganization and the entry into of the Arrangement Agreement are in the best interests of the Company and (ii) that the Reorganization is fair to Minority Shareholders, the Board consulted with outside financial and legal advisors, considered and relied upon the same factors and considerations that the Special Committee relied upon, as described above, and adopted the Special Committee's analysis in its entirety.

Fairness Opinion and Formal Valuations

RBC was formally engaged by the Company through an engagement agreement between the Special Committee and RBC effective as of November 11, 2019. Pursuant to the engagement agreement, RBC was paid certain fees by the Company for its services as advisor and independent valuator, including a fee upon delivery of its Fairness Opinion and Formal Valuations, no part of which was contingent upon the conclusions reached in the Fairness Opinion and Formal Valuations, or upon the completion of the Reorganization. In addition, the Company agreed to reimburse RBC its reasonable expenses and to indemnify RBC in respect of certain liabilities that might arise in connection with its engagement.

RBC has been involved in a significant number of transactions involving private and publicly traded companies and has extensive experience in preparing valuations and fairness opinions, including those that conform to the requirements of MI 61-101. RBC is independent of all "interested parties" (as defined in MI 61-101) to the Reorganization, in accordance with the requirements of MI 61-101. Neither RBC nor any of its "affiliated entities" (as defined in MI 61-101): (a) is an "associated entity" or "affiliated entity" or "issuer insider" of any "interested party" (as such terms are defined for the purposes of MI 61-101); (b) is an advisor to any "interested party" in connection with the Reorganization (except in connection with the Fairness Opinion and Formal Valuations); (c) is a manager or co-manager of a soliciting dealer group for the Reorganization (or a member of the soliciting dealer group for the Reorganization providing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to the other members of the group); (d) is the external auditor of the Company or any "interested party"; or (e) will receive compensation that will depend in whole or in part on the conclusions reached in the Fairness Opinion and Formal Valuations or the completion of the Reorganization or has any financial interest in the completion of the Reorganization.

The Special Committee considered the nature and extent of RBC's previous mandates for PCC, the Company and its affiliates including Lifeco and IGM. In the case of PCC and the Company, RBC had acted as (i) bookrunner of a $250 million preferred share offering in May 2017 for the Company; and (ii) either bookrunner or co-lead on two PCC debt offerings of $250 million representing $500 million in aggregate with dates ranging from January 2017 to July 2018. In the case of Lifeco and IGM, RBC had acted as: (i) co-manager of a $200 million preferred share offering in May 2017 for Lifeco; (ii) financial advisor to Lifeco on a substantial issuer bid of approximately $2.0 billion in April 2019; (iii) bookrunner on three Lifeco debt offerings between USD$300 million to USD$700 million representing USD$1.5 billion in aggregate with dates ranging from May 2017 to May 2018; (iv) bookrunner of a $500 million debt offering for Lifeco in February 2018; and (v) either bookrunner, co-lead or co-manager on five IGM debt offerings between $200 million to $400 million representing $1.3 billion in aggregate with dates ranging from January 2017 to March 2019. In addition, RBC was a lender under Lifeco's bilateral revolving credit facility implemented in connection with its substantial issuer bid in 2019. Under such credit facility, which was repaid in full and cancelled in December 2019, Lifeco was authorized to draw up to $350 million and ultimately drew a maximum of $250 million. The Special Committee recognized that RBC's mandates for Lifeco and IGM, each a publicly traded senior TSX-listed issuer, were awarded by Lifeco's and IGM's board of directors and senior management, respectively, and not by the Company or PCC. The Special Committee assessed all such mandates and determined that they were not material and would not reasonably interfere with the exercise of RBC's independent judgment in respect of the Reorganization. RBC also orally confirmed its qualifications to act as the independent valuator pursuant to MI 61-101, which was subsequently confirmed in its engagement letter. Based on the foregoing, RBC has been determined to be qualified and independent for the purposes of MI 61-101 in providing its Fairness Opinion and the Formal Valuations.

In connection with the Reorganization, the Special Committee and the Board received the Fairness Opinion and Formal Valuations from RBC. The following brief summary of the conclusion of the Fairness Opinion and Formal Valuations is qualified in its entirety by reference to the full text of the Fairness Opinion and Formal Valuations attached at Appendix "C".

At the meetings of the Special Committee and the Board on December 12, 2019, RBC delivered an oral opinion, subsequently confirmed in writing, to the effect that, as of December 12, 2019, and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Minority Shareholders pursuant to the Reorganization is fair, from a financial point of view, to such Minority Shareholders.

The full text of the Fairness Opinion, which sets forth among other things, assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken by RBC in connection with its Fairness Opinion, is attached at Appendix "C". The Fairness Opinion was provided solely for the use of the Special Committee and the Board in connection with its consideration of the Reorganization and is not a recommendation as to how the Shareholders should vote in respect of the Reorganization Resolution. The Shareholders are encouraged to read the full text of the Fairness Opinion.

On December 12, 2019, in connection with the Reorganization, the Special Committee and the Board also received an oral formal valuation from RBC as to the valuation of each of the Common Shares and the PCC Subordinate Voting Shares as at December 12, 2019.

The following brief summary of the Formal Valuations is qualified in its entirety by reference to the full text of the Formal Valuations attached at Appendix "C". The Shareholders are urged to, and should, read the Formal Valuations in their entirety.

RBC concluded that, as of December 12, 2019, and subject to the respective assumptions, limitations and qualifications contained in the Formal Valuations, the value of the Common Shares on an en bloc basis was in the range of $46.50 to $55.00 per share and the value of the PCC Subordinate Voting Shares, pro forma the completion of the Reorganization, on an expected trading value basis, was in the range of $32.75 to $33.75 per share.

As required under MI 61-101, RBC prepared the formal valuation of the Common Shares on an en bloc basis, without including a downward adjustment to reflect the liquidity of the Common Shares, the effect of the Reorganization on the Common Shares or the fact that the Common Shares do not form part of a controlling interest. RBC did not consider it appropriate to value the PCC Subordinate Voting Shares on an en bloc basis as the Minority Shareholders receiving PCC Subordinate Voting Shares under the Reorganization would not be able to effect a sale of 100% of PCC, making it inappropriate to assess the value of the PCC Subordinate Voting Shares based on a change of control transaction.

Prior Valuations

To the knowledge of the directors and senior officers of the Company, after reasonable enquiry, other than the Formal Valuations, there have been no "prior valuations" (as defined in MI 61-101) prepared in respect of the Company, the Common Shares or any material assets of the Company during the 24 months prior to the date of this Circular.

Required Shareholder Approval

At the Meeting, Shareholders will be asked to vote to approve the Reorganization Resolution. The approval of the Reorganization Resolution will require the affirmative vote of:

(a) at least two-thirds of the votes cast on the Reorganization Resolution by Shareholders present in person or represented by proxy at the Meeting; and

(b) a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding the votes attached to Common Shares that, to the knowledge of the Company and

its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by "interested parties" or certain "related parties" of such interested parties (as such terms are defined in MI 61-101).

Notwithstanding the approval by Shareholders of the Reorganization Resolution in accordance with the foregoing (the "**Required Shareholder Approval**"), the Reorganization Resolution authorizes the Board to, without notice to or approval of the Shareholders, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, as described under "Summary of Arrangement Agreement — Amendment", and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Reorganization and related transactions.

Voting and Support Agreements

On December 12, 2019, certain directors and executive officers of the Company entered into the Voting and Support Agreements in connection with the Reorganization.

The Supporting Shareholders beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 514,465 Common Shares as at December 27, 2019 (9,817,127 Common Shares on a fully diluted basis after exercises of in-the-money Company Options), as summarized below.

Name	Title	Common Shares	Company Options	% of Common Shares Outstanding[(1)]
Marc A. Bibeau	Director	-	-	-
Amaury De Seze	Vice-Chairman	11,920	252,136	*
André Desmarais	Executive Co-Chairman of the Board	43,200	2,347,292	*
Paul Desmarais, Jr.	Executive Co-Chairman of the Board	-	2,347,292	*
Gary A. Doer	Director	-	-	-
Gérald Frère	Director	-	-	-
Claude Généreux	Executive Vice-President	-	578,650	*
Anthony R. Graham	Director	25,000	-	*
J. David A. Jackson	Director	4,500	-	*
Susan J. McArthur	Director	3,480	-	*
R. Jeffrey Orr	President and Chief Executive Officer	400,200	5,746,839	*
Michel Plessis-Bélair	Vice-Chairman	6,000	-	*
T. Timothy Ryan, Jr.	Director	17,165	-	*
Emőke J.E. Szathmáry	Director	3,000	-	*
Gregory D. Tretiak	Executive Vice-President and Chief Financial Officer	-	394,679	*
Siim A. Vanaselja	Director	-	-	-

[(1)] On a fully diluted basis after exercises of in-the-money Company Options
* Represents less than 1% of the applicable total

If the Reorganization is completed, all of the Common Shares held by such Supporting Shareholders will be exchanged for the Consideration on the same terms as public Shareholders on a per security basis.

The Voting and Support Agreements can be found on SEDAR at www.sedar.com. The following is only a summary of the Voting and Support Agreements and is qualified in its entirety by reference to the full text of each of the Voting and Support Agreements.

Voting and Support Agreements

Under their Voting and Support Agreements, each Supporting Shareholder agreed, among other things:

(a) not to (i) without having first obtained the prior written consent of PCC, sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Common Shares owned beneficially, either directly or indirectly, by the Supporting Shareholder or over which the Supporting Shareholder exercises control or direction, either directly or indirectly, including any Common Shares issued upon the exercise by the Supporting Shareholder of its Company Options or its Company Equity Awards or otherwise acquired by the Supporting Shareholder (the "**Subject Securities**") or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than pursuant to the Reorganization or as expressly permitted by the Arrangement Agreement, (ii) other than as set forth in the Voting and Support Agreement, grant or agree to grant any proxies, powers of attorney or deliver any voting instruction form with respect to matters relating to the Reorganization or other matters that would reasonably be expected to materially impair or delay the Reorganization, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities, as applicable, with respect to matters relating to the Reorganization or other matters that would reasonably be expected to materially impair or delay the Reorganization or (iii) requisition or join in the requisition of any meeting of any of the securityholders of the Company for the purpose of considering any resolution;

(b) to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all the Subject Securities which are Common Shares (i) at any meeting of any of the securityholders of the Company at which the Supporting Shareholder is entitled to vote, including the Meeting and (ii) in any action by written consent of the securityholders of the Company, in favour of the approval, consent, ratification and adoption of the Reorganization Resolution and the transactions contemplated by the Arrangement Agreement (and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement);

(c) to revoke and take all steps necessary to effect the revocation of any and all previous proxies granted or voting instruction forms or other voting documents delivered that may conflict or be inconsistent with the matters set forth in their Voting and Support Agreement and not to, directly or indirectly, grant or deliver any other proxy, power of attorney or voting instruction form with respect to the matters set forth in their Voting and Support Agreement except as expressly required or permitted by their Voting and Support Agreement;

(d) to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) the Subject Securities against any proposed action by the Company or any other person: (i) in respect of any Acquisition Proposal or other merger, take-over bid, amalgamation, plan of arrangement, business combination, reorganization, recapitalization, dissolution, liquidation, winding up or similar transaction involving the Company or any Subsidiary of the Company, other than the Reorganization; (ii) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Reorganization, including without limitation any amendment to the articles or by-laws of the Company or any of its Subsidiaries or their respective corporate structures or capitalization; or (iii) that would result in a breach of any representation, warranty, covenant or other obligation of the Company under the Arrangement Agreement if such action requires securityholder approval and is communicated as being such a breach in a notice in writing delivered by PCC to the Supporting Shareholder;

(e) in the event that any transaction other than the Reorganization is presented for approval of, or acceptance by, the Shareholders, whether or not it may be recommended by the Board, not to directly or indirectly, accept, assist or otherwise further the successful completion of such transaction or purport to tender or deposit into any such transaction any of the Subject Securities;

(f) not to, directly or indirectly, (i) assist any person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit PCC in connection with the Reorganization, (ii) act jointly or in concert with others with respect to voting securities of PCC for the purpose of opposing or competing with the Reorganization, (iii) knowingly participate in any discussions or negotiations with any person (other than PCC) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, (iv) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or understanding related to any Acquisition Proposal, or (v) cooperate in any way with, assist or participate in, knowingly encourage or otherwise facilitate or encourage any effort or attempt by any other person to do or seek to do any of the foregoing; and

(g) not to (i) exercise any Dissent Rights in respect of the Reorganization or (ii) take any other action of any kind that would reasonably be regarded as likely to adversely affect, reduce the success of, materially delay or interfere with the completion of the Reorganization or the transactions contemplated by the Arrangement Agreement.

A Voting and Support Agreement with a Supporting Shareholder will terminate upon:

(a) the mutual agreement of the parties thereto;

(b) written notice by the Supporting Shareholder to PCC if (i) any representation or warranty of PCC under the Voting and Support Agreement is untrue or incorrect in any material respect, (ii) without the prior written consent of the Supporting Shareholder, there is any decrease or change in the form of Consideration set out in the Arrangement Agreement, (iii) without the prior written consent of the Supporting Shareholder, the terms of the Arrangement Agreement, are amended or otherwise varied in a manner that is materially adverse to the Supporting Shareholder, (iv) the Arrangement Agreement has been terminated in accordance with its terms, provided that at the time of such termination, the Supporting Shareholder is not in material default in the performance of its obligations under the Voting and Support Agreement, or (v) there has occurred a Change in Recommendation;

(c) written notice by PCC to the Supporting Shareholder if (i) any representation or warranty of the Shareholder under the Voting and Support Agreement is untrue or incorrect in any material respect, (ii) the Shareholder has not complied in any material respect with its covenants contained herein or (iii) the Arrangement Agreement has been terminated in accordance with its terms; and

(d) the acquisition of the Subject Securities which are Common Shares by PCC.

Effect of the Reorganization

The following description of the Reorganization is qualified in its entirety by reference to the full text of the Arrangement Agreement, which includes the Plan of Arrangement, a copy of which is attached as Appendix "B" of this Circular.

Consideration for Common Shares

Each Shareholder (other than Dissenting Holders) will be entitled to receive from PCC for each Common Share: (i) 1.05 PCC Subordinate Voting Shares and (ii) $0.01 in cash. Based on the 664,096,506 Common Shares issued and

outstanding on the date of this Circular, the aggregate number of PCC Subordinate Voting Shares to be issued as Share Consideration is expected to be 250,628,259 (assuming there are no Dissenting Holders).

The rights attaching to PCC Subordinate Voting Shares differ from those attaching to the Common Shares. See Appendix "G" for a comparison of rights of holders of Common Shares to the rights of holders of PCC Subordinate Voting Shares as well as the rights of holders of PCC Participating Preferred Shares.

The issuance of the Share Consideration by PCC requires the approval of a majority of PCC's shareholders pursuant to the TSX Company Manual. However, pursuant to Subsection 604(d) of the TSX Company Manual, such shareholder approval requirement can be satisfied by PCC providing the TSX with written evidence that holders of more than 50% of the voting shares of PCC (other than those securities excluded as required by TSX) are familiar with the terms of the proposed transaction and are in favour of it. Pansolo, a corporation controlled by the Trust which directly and indirectly owns voting shares of PCC carrying a majority of the aggregate votes attached to all outstanding voting shares of PCC, has provided the TSX with written consent for the issuance of the Share Consideration. The TSX has accepted such written consent in satisfaction of PCC's obligation under TSX rules to obtain the approval of its shareholders for such issuance by majority vote.

Shareholders' Interest in PCC Post-Reorganization

After completion of the Reorganization and the PCC Participating Preferred Share Issuances, it is expected that Shareholders (other than PCC and its wholly-owned Subsidiaries) will own in aggregate (i) approximately 36.74% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 5 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full, and (ii) approximately 36.68% of the total number of outstanding PCC Participating Preferred Shares and PCC Subordinate Voting Shares, if Pansolo subscribes for 6 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full.

After completion of the Reorganization and the PCC Participating Preferred Share Issuances, the PCC Subordinate Voting Shares (including the PCC Subordinate Voting Shares issued as part of the Consideration) will represent (i) approximately 53.80% of the aggregate voting rights attached to PCC's outstanding voting shares, if Pansolo subscribes for 5 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full and (ii) approximately 53.34% of the aggregate voting rights attached to PCC's outstanding voting shares, if Pansolo subscribes for 6 million PCC Participating Preferred Shares and the other holders of PCC Participating Preferred Shares exercise their Pre-Emptive Right in full.

Company Options and Company Equity Awards

In accordance with the Plan of Arrangement, PCC will assume the Company Option Plan and each Company Option outstanding immediately prior to the Effective Time will be exchanged, without further act or formality, for a Company Replacement Option which shall entitle the holder to purchase PCC Subordinate Voting Shares from PCC. The number of PCC Subordinate Voting Shares which the holder shall be entitled to purchase under such Company Replacement Option shall be such number of PCC Subordinate Voting Shares as is equal to the product obtained when (i) 1.05 is multiplied by (ii) the number of Common Shares subject to such Company Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of PCC Subordinate Voting Shares). The exercise price per PCC Subordinate Voting Share shall, subject to the terms of the Arrangement Agreement, be the quotient obtained when (i) the exercise price per Common Share payable under such Company Option immediately prior to the Effective Time is divided by (ii) 1.05 (such quotient to be rounded up to the nearest whole cent).

Upon completion of the Reorganization, when the Company Option Plan is assumed by PCC (and assuming no Company Options are exercised prior to the Effective Time), 13,733,786 PCC Subordinate Voting Shares will be reserved for issuance upon the exercise of Company Replacement Options.

Each Company Equity Award granted by the Company shall be continued on the same terms and conditions as were applicable immediately prior to the Effective Time except that the terms of the Company Equity Awards shall be amended so as to (i) equitably adjust the performance vesting conditions attached to any Company Equity Awards that are subject to such vesting conditions to give effect to the transactions contemplated by the Arrangement Agreement; (ii) adjust the number of Company Equity Awards by multiplying each Company Equity Award by 1.05; and (iii) substitute PCC Subordinate Voting Shares for Common Shares, but subject to any adjustment required to that award by the relevant Company Equity Plan or grant documentation as a result of the Arrangement Agreement or the Reorganization. All other terms and conditions of such award, including the term to expiry and conditions to and manner of exercising, will be the same as the Company Equity Award and shall be governed by the terms of the Company Equity Plan and any document evidencing a Company Equity Award shall thereafter evidence and be deemed to evidence such an amended award.

Reorganization Mechanics

The following summarizes the steps which will occur under the Plan of Arrangement commencing at the Effective Time, if all conditions to the implementation of the Reorganization have been satisfied or waived. The following description of steps is qualified in its entirety by the full text of the Plan of Arrangement included in the Arrangement Agreement, which is attached as Appendix "B" to this Circular.

The following events or transactions will occur in the following sequence in five-minute intervals starting at the Effective Time without any further authorization, act or formality:

(a) each Common Share held by a Dissenting Holder entitled to be paid fair value for its Dissent Shares will be transferred by the holder thereof, without any further act, or formality on its part, to the Company for cancellation in consideration for a claim against the Company for an amount determined in accordance with the Plan of Arrangement and thereupon:

  (i) each Dissenting Holder will have only the rights set out in Article 3 of the Plan of Arrangement and will cease to be the holder of such Dissent Shares; and

  (ii) such Dissenting Holder's name will be removed from the Company's register of holders of Common Shares;

(b) each Common Share outstanding at the Effective Time (other than those Common Shares held by PCC, 171 or any other PCC Specified Subsidiary and the Dissent Shares transferred to the Company) will be transferred and assigned by the holder thereof to, and acquired by, PCC, in exchange for the Consideration, and

  (i) in respect of each such Common Share transferred and assigned, each former Shareholder will cease to be the holder of such Common Shares so exchanged and such holder's name will be removed from the Company's register of holders of Common Shares at such time; and

  (ii) PCC will be the holder of such Common Shares and will be entered in the Company's register of holders of Common Shares as the registered holder of the Common Shares so transferred and shall be the legal and beneficial owner thereof; and

(c) PCC will assume the Company Option Plan and each Company Option outstanding immediately prior to the Effective Time will be exchanged for a Company Replacement Option which shall entitle the holder to purchase PCC Subordinate Voting Shares from PCC such number of PCC Subordinate Voting Shares as is equal to the product obtained when (i) 1.05, is multiplied by (ii) the number of Common Shares subject to such Company Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of PCC Subordinate Voting Shares) and the exercise price per PCC Subordinate Voting Share shall be the quotient obtained

when (x) the exercise price per Common Share payable under such Company Option immediately prior to the Effective Time, is divided by (y) 1.05 (such quotient to be rounded up to the nearest whole cent); provided that, it is intended that the provisions of subsection 7(1.4) of the Tax Act (and any corresponding provision of provincial tax legislation) shall apply to such exchange of Company Options for Company Replacement Options and, notwithstanding the foregoing, if, and to the extent, if any, determined by PCC to be necessary for such provision to apply, the exercise price of a Company Replacement Option (as otherwise determined) will be increased (and will be deemed always to have been increased) such that the In-The-Money Amount of the Company Replacement Option immediately after the exchange does not exceed the In-The-Money Amount of the Company Option immediately before the exchange.

Letter of Transmittal

The Letter of Transmittal sent to Registered Shareholders provides an explanation as to how to deposit and obtain payment for the Common Shares once the Reorganization is completed. The Letter of Transmittal may also be obtained by contacting the Depositary and will also be available on our website at www.powerfinancial.com/en/investors/reorganization/ as well as on SEDAR at www.sedar.com.

The Letter of Transmittal contains complete instructions on how to exchange the certificate(s) representing Common Shares and how Shareholders will receive the Consideration under the Reorganization. Shareholders should return properly completed documents, including the Letter of Transmittal, to the Depositary. Shareholders with questions regarding the deposit of Common Shares should contact the Depositary, at 1-800-564-6253 or by email at corporateactions@computershare.com. Further information with respect to the Depositary is set forth in the Letter of Transmittal. In order for Shareholders to receive the Consideration as soon as possible after the closing of the Reorganization, Registered Shareholders should submit their Common Shares and the Letter of Transmittal as soon as possible. Registered Shareholders will not actually receive their Consideration until the Reorganization is completed and they have returned their properly completed documents, including the Letter of Transmittal and share certificates for their Common Shares.

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares which were exchanged for the Consideration shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing the Share Consideration, and the Cash Consideration, that such holder is entitled to receive in accordance with the Plan of Arrangement. When authorizing such delivery of Consideration, which such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to PCC and the Depositary in such amount as PCC and the Depositary may direct, or otherwise indemnify PCC and the Depositary in a manner satisfactory to PCC and the Depositary, against any claim that may be made against PCC or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles or by-laws of the Company. Where a certificate for Common Shares has been destroyed, lost or stolen, the Registered Shareholder of that certificate should immediately contact the Depositary.

The exchange of Common Shares for Consideration in respect of Non-Registered Shareholders is expected to be made with the Non-Registered Shareholder's broker, securities dealer, trust corporation or other Intermediary account through the procedures in place for such purposes between CDS and such Intermediary. Non-Registered Shareholders should contact their Intermediary if they have any questions regarding this process and to arrange for their Intermediary to complete the necessary steps to ensure that they receive payment for their Common Shares as soon as possible following completion of the Reorganization.

Payment of Consideration

PCC will, following receipt by the Company of the Final Order and prior to the filing by the Company of the Articles of Reorganization, deposit or arrange to be deposited with the Depositary, for the benefit of the Shareholders, sufficient

funds and certificates representing PCC Subordinate Voting Shares to satisfy the aggregate Consideration to be delivered to Shareholders pursuant to the Plan of Arrangement.

The Depositary will act as the agent of Shareholders who have deposited Common Shares in connection with the Reorganization for the purpose of receiving payment from PCC and transmitting payment from PCC to such Shareholders.

Upon surrender to the Depositary for cancellation of a certificate that immediately prior to the Effective Time represented outstanding Common Shares that were transferred to PCC under the Reorganization, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of Common Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Consideration which such holder has the right to receive under the Reorganization for such Common Shares, less any amounts withheld in accordance with the Plan of Arrangement, and any certificate so surrendered shall forthwith be cancelled.

Payment of the Cash Consideration and any cash payments in lieu of fractional PCC Subordinate Voting Shares to Shareholders will be denominated in Canadian dollars. However, if you are a Registered Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you exercise the right to elect in your Letter of Transmittal to receive the Consideration per Common Share in respect of your Common Shares in U.S. dollars. If you are a Non-Registered Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you contact the Intermediary in whose name your Common Shares are registered and request that the Intermediary make an election on your behalf. If your Intermediary does not make an election on your behalf, you will receive payment in Canadian dollars. The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate established by Computershare Trust Company of Canada, in its capacity as foreign exchange service provider to the Company, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

The Depositary will receive reasonable and customary compensation for its services in connection with the Reorganization, will be reimbursed for certain out-of-pocket expenses and will be indemnified by the Company against certain liabilities in certain circumstances.

No Fractional Shares

In no event will any holder of Common Shares be entitled to a fractional PCC Subordinate Voting Share. Where the aggregate number of PCC Subordinate Voting Shares to be issued to a Shareholder as Share Consideration under or as a result of the Reorganization would result in a fraction of a PCC Subordinate Voting Share being issuable, the number of PCC Subordinate Voting Shares to be received by such Shareholder shall be rounded down to the nearest whole PCC Subordinate Voting Share and, in lieu of a fractional PCC Subordinate Voting Share, the Shareholder shall receive a cash payment from PCC (rounded down to the nearest cent) equal to (i) the fraction of a PCC Subordinate Voting Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of PCC Subordinate Voting Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to $0.01 per Common Share in cash without rounding.

Extinction of Rights

In accordance with the Plan of Arrangement, each certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were exchanged under the Reorganization shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender the Consideration to which the holder thereof is entitled under the Reorganization or, as to a certificate held by a Dissenting Holder (other than a Shareholder who exercised Dissent Rights who is deemed to have participated in the Reorganization), to receive the fair value of the Common Shares represented by such certificate.

Any certificate formerly representing Common Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Common Shares of any kind or nature against or in the Company or PCC. On such date, all Cash Consideration to which such former holder was entitled shall be deemed to have been surrendered to PCC.

Expenses of the Reorganization

The Company estimates that expenses in the aggregate amount of approximately $7.7 million will be incurred by the Company in connection with the Reorganization, including legal, financial advisory, accounting, filing and printing costs, the cost of preparing and mailing this Circular and fees in respect of the Fairness Opinion and Formal Valuations.

Pursuant to the Arrangement Agreement, except as expressly provided in the Arrangement Agreement, all out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement, including all costs, expenses and fees of each Party incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement shall be paid by the Party incurring such expenses, whether or not the Reorganization is consummated.

The Company has engaged a proxy solicitation firm, Kingsdale Advisors, to solicit proxies on behalf of the Company. The cost of the proxy solicitation firm engaged to solicit proxies will be paid by the Company and will be approximately $100,000 plus disbursements. The Company has agreed to indemnify such proxy solicitation firm against certain liabilities arising out of or in connection with such engagement. The cost of solicitation will be borne by the Company.

Interests of Certain Persons in the Reorganization

Except as set forth in this Circular, neither the Company nor, to the knowledge of the Company, any of its officers or directors, are a party to any contract, arrangement or understanding, formal or informal, with any securityholder relating, directly or indirectly, to the Reorganization or with any other person or company with respect to any securities of the Company in relation to the Reorganization, nor are there any contracts or arrangements made or proposed to be made between the Company and any of its directors or officers and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office following completion of the Reorganization.

Except as disclosed in this Circular, including in connection with the Reorganization, neither the Company nor, to the knowledge of the Company, any of its officers or directors have current plans or proposals which relate to, or would result in, any extraordinary corporate transaction involving the Company, such as a merger, a reorganization, the sale or transfer of a material amount of the Company's assets or the assets of any of its Subsidiaries (although the Company from time to time may consider various acquisition or divestiture opportunities), any material change in the Board or management, any material change in the Company's indebtedness or capitalization, any other material change in the Company's business or corporate structure, any material change in the Company's articles, or actions that could cause any class of equity securities of the Company to be delisted from the TSX or any actions similar to any of the foregoing.

Ownership of the Securities of the Company

To the knowledge of the directors and senior officers of the Company, after reasonable inquiry, the following table indicates, as of December 27, 2019, (i) the number of securities of the Company beneficially owned or over which control or direction is exercised by each of the Company's directors and officers and, after reasonable inquiry, by (a) each associate or affiliate of an insider, each as defined in applicable law, of the Company, (b) each associate or affiliate of the Company, (c) each other insider, as defined in applicable law, of the Company, and (d) each person acting jointly or in concert with the Company and (ii) the percentage such number of securities represents of the applicable total outstanding number of such securities.

		Shares		Options		DSUs		PDSUs		PSUs	
Name	**Relationship with the Company**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
171263 Canada Inc.	Insider	425,402,926	64.1	-	-	-	-	-	-	-	-
Marc A. Bibeau	Director	-	-	-	-	60,118	9.98	-	-	-	-
André Desmarais[(1)]	Executive Co-Chairman	43,200	*	2,347,292	17.95	103,976	17.25	-	-	-	-
Paul Desmarais, Jr.[(1)]	Executive Co-Chairman	-	-	2,347,292	17.95	73,367	12.17	-	-	-	-
Gary A. Doer	Director	-	-	-	-	14,052	2.33	-	-	-	-
Gérald Frère	Director	-	-	-	-	62,291	10.34	-	-	-	-
Anthony R. Graham	Director	25,000	*	-	-	75,229	12.48	-	-	-	-
J. David A. Jackson	Director	4,500	*	-	-	16,411	2.72	-	-	-	-
Susan J. McArthur	Director	3,480	*	-	-	5,851	*	-	-	-	-
T. Timothy Ryan, Jr.	Director	17,165	*	-	-	11,088	1.84	-	-	-	-
Emőke J.E. Szathmáry	Director	3,000	*	-	-	47,445	7.87	-	-	-	-
Siim A. Vanaselja	Director	-	-	-	-	9,351	1.55	-	-	-	-
R. Jeffrey Orr	President & Chief Executive Officer and Director	400,200	*	5,746,839	43.94	70,739	11.74	263,435	66.36	227,570	60.40
Gregory D. Tretiak	Executive Vice President & Chief Financial Officer	-	-	394,679	3.02	18,701	3.10	25,726	6.48	-	-
Claude Généreux	Executive Vice President	-	-	578,650	4.42	2,519	*	85,635	21.57	-	-
Amaury de Seze	Vice-Chairman	11,920	*	252,136	1.93	-	-	-	-	8,892	2.36
Michel Plessis-Bélair	Vice-Chairman	6,000	*	-	-	31,481	5.22	-	-	-	-
Olivier Desmarais	Senior Vice-President	-	-	159,958	1.22	-	-	-	-	4,365	1.16
Paul Desmarais III	Senior Vice-President	-	-	148,512	1.14	-	-	-	-	7,535	2.00
Paul Genest	Senior Vice-President	-	-	11,579	*	-	-	1,588	*	1,588	*
Stéphane Lemay	Vice-President, General Counsel and Secretary	-	-	95,886	*	-	-	-	-	11,215	2.98
Denis Le Vasseur	Vice-President and Controller	-	-	66,040	*	-	-	-	-	9,619	2.55
Eoin Ó hÓgáin	Vice-President	-	-	76,945	*	-	-	4,851	1.22	4,851	1.29
Richard Pan	Vice-President	-	-	170,835	1.31	-	-	-	-	18,071	4.80
Pierre Piché	Vice-President	-	-	27,724	*	-	-	2,858	*	7,911	2.10
Luc Reny	Vice-President	1,225	*	104,094	*	-	-	-	-	4,565	1.21
Delia Cristea	Assistant General Counsel and Assistant Secretary	-	-	22,711	*	-	-	-	-	-	-
Desmarais Family Residuary Trust[(1)]	Insider	-	-	-	-	-	-	-	-	-	-
Guy Desmarais	Associate of Insider	80	*	-	-	-	-	-	-	-	-
Sophie Desmarais	Associate of Insider	-	-	-	-	-	-	-	-	-	-
Guy Fortin	Associate of Insider	-	-	-	-	-	-	-	-	-	-
Michael R. Amend	Insider	-	-	-	-	-	-	-	-	-	-
Philip Armstrong	Insider	-	-	-	-	-	-	-	-	-	-
Deborah J. Barrett	Insider	194	*	-	-	-	-	-	-	-	-
Pierre Beaudoin	Insider	18,570	*	-	-	-	-	-	-	-	-
Arnaud Bellens	Insider	-	-	-	-	-	-	-	-	-	-
Graham R. Bird	Insider	-	-	-	-	-	-	-	-	-	-
Heather E. Conway	Insider	225	*	-	-	-	-	-	-	-	-
Marcel R. Coutu	Insider	-	-	-	-	-	-	-	-	-	-
David G. Fuller	Insider	-	-	-	-	-	-	-	-	-	-
Sharon C. Geraghty	Insider	1,150	*	-	-	-	-	-	-	-	-
Chaviva M. Hošek	Insider	-	-	-	-	-	-	-	-	-	-
Arshil Jamal	Insider	-	-	-	-	-	-	-	-	-	-
Elizabeth C. Lempres	Insider	-	-	-	-	-	-	-	-	-	-
Henry Yuhong Liu	Insider	-	-	-	-	-	-	-	-	-	-
Garry MacNicholas	Insider	-	-	-	-	-	-	-	-	-	-
Jeffrey Macoun	Insider	-	-	-	-	-	-	-	-	-	-
Paula B. Madoff	Insider	-	-	-	-	-	-	-	-	-	-
Paul A. Mahon	Insider	-	-	-	-	-	-	-	-	-	-
Isabelle Marcoux	Insider	-	-	-	-	-	-	-	-	-	-

		Shares		Options		DSUs		PDSUs		PSUs	
Name	**Relationship with the Company**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Christian Noyer	Insider	-	-	-	-	-	-	-	-	-	-
Grace M. Palombo	Insider	-	-	-	-	-	-	-	-	-	-
Ross J. Petersmeyer	Insider	-	-	-	-	-	-	-	-	-	-
Donald M. Raymond	Insider	-	-	-	-	-	-	-	-	-	-
Samuel Robinson	Insider	-	-	-	-	-	-	-	-	-	-
Nancy D. Russell	Insider	-	-	-	-	-	-	-	-	-	-
Jerome J. Selitto	Insider	-	-	-	-	-	-	-	-	-	-
James M. Singh	Insider	-	-	-	-	-	-	-	-	-	-
Anne C. Sonnen	Insider	-	-	-	-	-	-	-	-	-	-
Raman Srivastava	Insider	-	-	-	-	-	-	-	-	-	-
Dervla H. Tomlin	Insider	-	-	-	-	-	-	-	-	-	-
Jeremy W. Trickett	Insider	-	-	-	-	-	-	-	-	-	-
Brian E. Walsh	Insider	-	-	-	-	-	-	-	-	-	-
Adam D. Vigna	Insider	-	-	-	-	-	-	-	-	-	-

(1) PCC exercises control over 425,402,926 Common Shares in the aggregate, representing approximately 64.1% of the outstanding Common Shares, and the Trust exercises control over Pansolo which, directly and indirectly, owns voting shares of PCC carrying a majority of the aggregate votes attached to all outstanding voting shares of PCC. The Trust is for the benefit of members of the family of The Honourable Paul G. Desmarais. The trustees of the Trust are Paul Desmarais, Jr., André Desmarais, Sophie Desmarais, Michel Plessis-Bélair and Guy Fortin. The trustees also act as voting administrators. Decisions with respect to voting and disposition of Pansolo's shares of PCC are determined (subject to the rights of Paul Desmarais, Jr. and André Desmarais to direct the sale or pledge of up to 15,000,000 and 14,000,000 PCC Subordinate Voting Shares, respectively) by a majority of the trustees of the Trust, excluding Sophie Desmarais; provided that if there is no such majority, Paul Desmarais, Jr. and André Desmarais, acting together, may make such decisions. Paul Desmarais, Jr., André Desmarais and Michel Plessis-Bélair are each a director and/or officer of PCC.

* Represents less than 1% of the applicable total

All of the Common Shares held by directors and executive officers of the Company will be treated in the same fashion under the Reorganization as Common Shares held by any other Shareholder.

In accordance with the Plan of Arrangement, PCC will assume the Company Option Plan and each Company Option outstanding immediately prior to the Effective Time will be exchanged, without further act or formality, for a Company Replacement Option which shall entitle the holder to purchase from PCC such number of PCC Subordinate Voting Shares as is equal to the product obtained when (i) 1.05 is multiplied by (ii) the number of Common Shares subject to such Company Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of PCC Subordinate Voting Shares). The exercise price per PCC Subordinate Voting Share shall, subject to the terms of the Arrangement Agreement, be the quotient obtained when (i) the exercise price per Common Share payable under such Company Option immediately prior to the Effective Time is divided by (ii) 1.05 (such quotient to be rounded up to the nearest whole cent).

Each Company Equity Award granted by the Company shall be continued on the same terms and conditions as were applicable immediately prior to the Effective Time except that the terms of the Company Equity Awards shall be amended so as to (i) equitably adjust the performance vesting conditions attached to any Company Equity Awards that are subject to such vesting conditions to give effect to the transactions contemplated by the Arrangement Agreement; (ii) adjust the number of Company Equity Awards by multiplying each Company Equity Award by 1.05; and (iii) substitute PCC Subordinate Voting Shares for Common Shares, but subject to any adjustment required to that award by the relevant Company Equity Plan or grant documentation as a result of the Arrangement Agreement or the Reorganization. All other terms and conditions of such award, including the term to expiry and conditions to and manner of exercising, will be the same as the Company Equity Award and shall be governed by the terms of the Company Equity Plan and any document evidencing a Company Equity Award shall thereafter evidence and be deemed to evidence such an amended award.

Insurance and Indemnification of Directors and Executive Officers

The Arrangement Agreement provides that the Company will purchase and pre-pay customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date, and PCC will, or will cause the Company to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date.

The Arrangement Agreement also provides that PCC will cause the Company to honour all rights to indemnification or exculpation existing, both at the time of the execution of the Arrangement Agreement and in the future, in favour of present and former employees, officers and directors of the Company and its Subsidiaries and such rights will survive the completion of the Reorganization and will continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date.

Tax Election

An Eligible Holder whose Common Shares are exchanged for the Consideration pursuant to the Reorganization shall be eligible to make a joint income tax election with PCC, pursuant to subsection 85(1) (or, in the case of an Eligible Holder which is a partnership, subsection 85(2)) of the Tax Act (and any corresponding provision of provincial income tax law) with respect to the disposition of such Eligible Holder's Common Shares by providing the necessary information in accordance with the procedures set out in the Tax Instruction Letter on or before 120 days after the Effective Date. PCC shall, within 60 days of receipt thereof, sign and deliver completed election forms (provided the necessary information is received within 120 days of the Effective Date and in compliance with the provisions of the Tax Act (and applicable provincial income tax law) and the procedures in the Tax Instruction Letter) to the relevant Eligible Holders for filing with the CRA (or applicable provincial tax authority). Other than the foregoing obligation, neither the Company, PCC nor any successor corporation shall be responsible for the proper completion of any election form, nor for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, PCC or any successor corporation may choose to sign and deliver an election form if the necessary information is received by it more than 120 days following the Effective Date, but will have no obligation to do so. See "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Exchange of Common Shares — Tax Election" for more information. Eligible Holders who wish to file a Tax Election should promptly consult their own tax advisors.

Intentions of the Company Directors and Executive Officers

The directors and certain executive officers of the Company, who beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 514,465 Common Shares as at December 27, 2019 (9,817,127 Common Shares on a fully diluted basis after exercises of in-the-money Company Options), which represent approximately 0.08% of the number of outstanding Common Shares (1.46% on a fully diluted basis), have indicated that they intend to vote in favour of the Reorganization Resolution and have entered into the Voting and Support Agreements. See "The Reorganization — Voting and Support Agreements".

Sources of Funds for the Reorganization

Pursuant to the terms of the Plan of Arrangement, the aggregate cash portion of the Consideration payable by PCC pursuant to the Reorganization is expected to be approximately $2.4 million (excluding any payment in lieu of fractional PCC Subordinate Voting Shares). The Company has been informed by PCC that PCC currently has cash on hand sufficient to satisfy the aggregate cash portion of the Consideration payable by PCC pursuant to the Reorganization.

PCC has represented in the Arrangement Agreement that it will have, at the Effective Time, sufficient funds available to satisfy the aggregate cash portion of the Consideration payable by PCC pursuant to the Reorganization.

SUMMARY OF ARRANGEMENT AGREEMENT

The Arrangement Agreement and the Plan of Arrangement are the legal documents that govern the Reorganization. This section of this Circular describes the material provisions of the Arrangement Agreement but does not purport to be complete and may not contain all of the information about the Arrangement Agreement that is important to Shareholders. This summary is qualified in its entirety by the Arrangement Agreement, a copy of which is attached at Appendix "B" and is also available on SEDAR at www.sedar.com. The Company encourages Shareholders to read the Arrangement Agreement in its entirety. The Arrangement Agreement establishes and governs the legal relationship between the Company and PCC with respect to the transactions described in this Circular. It is not intended to be a source of factual, business or operational information about the Company or PCC.

Covenants

Conduct of Business of the Company

From the date of the Arrangement Agreement until the earlier of the Effective Date and the date on which the Arrangement Agreement is terminated in accordance with its terms, the Company has agreed to, and has agreed to cause each of the Company Specified Subsidiaries to, subject to compliance with applicable Law or unless otherwise expressly contemplated or expressly permitted by the Arrangement Agreement, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in, the ordinary course of business and use commercially reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact the Company and its assets and properties, to keep available the services of its executive officers and employees as a group and to maintain relationships consistent with past practice with customers, employees, Governmental Entities and others having business relationships with them, as in the ordinary course of business. Without limiting the generality of the foregoing, the Company has further agreed not to, and to cause each of the Company Specified Subsidiaries not to, directly or indirectly, without the prior written consent of PCC, such consent not to be unreasonably withheld or delayed, and except in the ordinary course of business or as expressly specified in the Company Disclosure Letter do any of the following:

(a) issue, deliver or sell, or authorize the issuance, delivery or sale of any shares of capital stock, any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of the Company or any of the Company Specified Subsidiaries, other than the issuance, delivery or sale of: (i) Common Shares on the exercise or settlement of Company Options that have been granted or approved by the Board on the date of the Arrangement Agreement or as granted or approved by the Board thereafter in compliance with the Arrangement Agreement; (ii) up to a maximum of such number of Company Options so that the aggregate number of Common Shares issuable pursuant to such Company Options does not exceed 1% of the issued and outstanding Common Shares as of the date of the Arrangement Agreement; or (iii) any shares of capital stock of any Company Specified Subsidiary to the Company or any wholly-owned Subsidiary of the Company;

(b) sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer or agree to sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any material assets or properties of the Company (including, for greater certainty, any securities or other interests held in any of the Company Public Subsidiaries) or, to the extent materially prejudicial to the Reorganization or to PCC, any Company Specified Subsidiaries or, to the extent materially prejudicial to the Reorganization or to PCC, any interest in any assets of the Company or any Company Specified Subsidiary;

(c) amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of the Company or to the extent materially prejudicial to the Reorganization or to PCC, any Company Specified Subsidiary;

(d) adjust, split, combine, consolidate or reclassify any shares of share capital of the Company or undertake any capital reorganization, other than a capital reorganization which only involves wholly-owned Subsidiaries of the Company;

(e) reorganize, amalgamate, combine or merge the Company or any Company Specified Subsidiary with any other Person, other than any such reorganization, amalgamation, combination or merger involving only wholly-owned Subsidiaries of the Company;

(f) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of the Company or any Company Specified Subsidiary;

(g) reduce the stated capital in respect of the shares of (i) the Company or (ii) to the extent materially prejudicial to the Reorganization or to PCC, any Company Specified Subsidiary;

(h) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise, other than mergers and amalgamations contemplated in (e) above) any Person, or make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of any property or assets of any other Person, in each case, that have a value greater than $250,000,000 individually or $500,000,000 in the aggregate;

(i) materially amend or propose to materially amend the terms of any Company Material Contract that the Company or any Company Specified Subsidiary is a party to the extent such amendment would, or would be reasonably likely to, materially adversely impact the value or operations of the Company's business;

(j) incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the indebtedness of any other Person or make any loans or advances to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than any amounts incurred by the Company or any of its wholly-owned Subsidiaries to the Company or any of its wholly-owned Subsidiaries, in excess of an amount of $500,000,000 individually or in the aggregate, other than amounts incurred by the Company or any of its wholly-owned Subsidiaries to the Company or any of its wholly-owned Subsidiaries;

(k) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company or any Company Specified Subsidiary that is a Material Subsidiary of the Company or, to the extent materially prejudicial to the Reorganization or to PCC, any Company Specified Subsidiary or commence any bankruptcy, liquidation, winding-up or other similar proceeding of the Company or any Company Specified Subsidiary that is a Material Subsidiary of the Company or, to the extent materially prejudicial to the Reorganization or to PCC, any of Company Specified Subsidiary, it being understood that a liquidation, winding-up or dissolution of a wholly-owned Company Specified Subsidiary that is not a Material Subsidiary of the Company into the Company or another of its wholly-owned Subsidiaries will be deemed not to be materially prejudicial to the Reorganization;

(l) take any action or fail to take any action which action or failure to act would reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension of, or the revocation or limitation of rights under, any material Authorizations necessary to conduct its material businesses, or for their Subsidiaries to conduct their material businesses, as now conducted;

(m) in relation to actions required in connection with Regulatory Approvals, take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the

aggregate, prevent, materially delay or materially impede the ability of the Company or PCC to consummate the Reorganization or the transactions contemplated by the Arrangement Agreement;

(n) other than in the ordinary course of business and other actions taken by the Company, acting in good faith, as part of its retention program: (i) increase any severance, change of control, retention or termination pay to (or to enter into or amend any existing arrangement relating to the foregoing with) any director or named executive officer of the Company; (ii) increase benefits payable under any existing severance or termination pay policies or employment agreements to any director or executive officer of the Company; (iii) accelerate vesting or amend or waive any performance or vesting criteria under the Company Option Plan or Company Equity Plans or any grants made thereunder to any director or executive officer of the Company other than in accordance with the terms of the Company Option Plan, Company Equity Plans or any applicable grant documentation in force as at the date of the Arrangement Agreement; or (iv) increase base salary, bonus levels or other benefits payable to any director or named executive officer of the Company or any of its Subsidiaries;

(o) except for employment agreements entered into in the ordinary course of business, enter into any Contract, commitment, agreement, arrangement or other transaction (including relating to indebtedness by the Company or any of its Subsidiaries) with (A) any executive officer or director of the Company, or (B) any affiliate or associate of any such executive officer or director;

(p) waive, release, assign, settle or compromise any litigation, proceedings or governmental investigations, except for (i) settlements covered by insurance, or (ii) which would not reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by the Arrangement Agreement; and

(q) in respect of the Company Public Subsidiaries:

(i) vote (or cause to be voted) any applicable Company Held Public Securities against any approval, consent, ratification or adoption of any resolutions at a Company Public Subsidiary that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Reorganization;

(ii) grant or agree to grant any proxies, powers of attorney or deliver any voting instruction form in respect of any applicable Company Held Public Securities, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, in respect of any matter that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Reorganization;

(iii) requisition or join in the requisition of, or submit or otherwise facilitate a shareholder proposal to, any meeting of any of the securityholders of a Company Public Subsidiary in respect of a meeting to consider, or any proposal in respect of, as the case may be, any matter that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from the Reorganization; or

(iv) take any other action in respect of the Company Public Subsidiaries that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Reorganization.

Conduct of Business of PCC

From the date of the Arrangement Agreement until the earlier of the Effective Date and the date the Arrangement Agreement is terminated in accordance with its terms, PCC has agreed to, and has agreed to cause each of the PCC Specified Subsidiaries to, subject to compliance with applicable Law or unless otherwise expressly contemplated or expressly permitted by the Arrangement Agreement, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in, the ordinary course of business and use commercially reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact PCC and its assets and properties, to keep available the services of its executive officers and employees as a group and to maintain relationships consistent with past practice with customers, employees, Governmental Entities and others having business relationships with them, as in the ordinary course of business. Without limiting the generality of the foregoing, PCC further agreed not to, and to cause each of the PCC Specified Subsidiaries not to, directly or indirectly without the prior written consent of the Company, such consent not to be unreasonably withheld or delayed, and except in the ordinary course of business or as expressly specified in the PCC Disclosure Letter do any of the following:

(a) issue, deliver or sell, or authorize the issuance, delivery or sale of any shares of capital stock, any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of PCC or any of the PCC Specified Subsidiaries, other than the issuance, delivery or sale of: (i) PCC Subordinate Voting Shares on the exercise or settlement of PCC Options that have been granted or approved by the PCC Board on the date of the Arrangement Agreement or as granted or approved by the PCC Board thereafter in compliance with the Arrangement Agreement; (ii) up to a maximum of such number of PCC Options so that the aggregate number of PCC Subordinate Voting Shares issuable pursuant to such PCC Options does not exceed 1% of the issued and outstanding PCC Subordinate Voting Shares as of the date of the Arrangement Agreement; or (iii) any shares of capital stock of any PCC Specified Subsidiary to PCC or any other PCC Specified Subsidiary;

(b) sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer or agree to sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any material assets or properties of PCC or, to the extent materially prejudicial to the Reorganization or to the Company, or any of the PCC Specified Subsidiaries or, to the extent materially prejudicial to the Reorganization or to the Company, any interest in any assets of PCC and any PCC Specified Subsidiary;

(c) amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of PCC or to the extent materially prejudicial to the Reorganization or to the Company, any PCC Specified Subsidiary;

(d) adjust, split, combine, consolidate or reclassify any shares of the share capital of PCC or undertake any capital reorganization, other than a capital reorganization which only involves any PCC Specified Subsidiary;

(e) reorganize, amalgamate, combine or merge PCC or any PCC Specified Subsidiary with any other Person, other than any such reorganization, amalgamation, combination or merger involving only PCC Specified Subsidiaries;

(f) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of PCC or any PCC Specified Subsidiary, except for securities in a PCC Specified Subsidiary held by PCC;

(g) reduce the stated capital of the shares of (i) PCC or (ii) to the extent materially prejudicial to the Reorganization or to the Company, any PCC Specified Subsidiary;

(h) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise, other than mergers and amalgamations contemplated in (e) above) any Person, or make any

investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of any property or assets of any other Person, in each case, that have a value greater than $375,000,000 individually or $750,000,000 in the aggregate;

(i) materially amend or propose to materially amend the terms of any PCC Material Contract that PCC or any PCC Specified Subsidiary is a party to the extent such amendment would, or would be reasonably likely to, materially adversely impact the value or operations of the business of PCC and its Subsidiaries;

(j) incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the indebtedness of any other Person or make any loans or advances to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than any amounts incurred by PCC or any PCC Specified Subsidiary to PCC or any PCC Specified Subsidiaries, in excess of an amount of $375,000,000 individually or $750,000,000 in the aggregate, other than amounts incurred by PCC or any PCC Specified Subsidiaries to PCC or any PCC Specified Subsidiaries;

(k) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of PCC or any PCC Specified Subsidiary that is a Material Subsidiary of PCC or, to the extent materially prejudicial to the Reorganization or to the Company, any PCC Specified Subsidiary or commence any bankruptcy, liquidation, winding-up or other similar proceeding of PCC or a PCC Specified Subsidiary that is a Material Subsidiary of PCC or, to the extent materially prejudicial to the Reorganization or to the Company, any PCC Specified Subsidiary, it being understood that a liquidation, winding-up or dissolution of a PCC Specified Subsidiary that is not a Material Subsidiary of PCC into PCC or another PCC Specified Subsidiary shall be deemed not to be materially prejudicial to the Reorganization;

(l) take any action or fail to take any action which action or failure to act would reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension of, or the revocation or limitation of rights under, any material Authorizations necessary to conduct its material businesses as now conducted;

(m) use commercially reasonable efforts with respect to any Subsidiary of PCC (other than PCC Specified Subsidiaries) to prevent or oppose any action by such Subsidiary which would be prohibited by Section 4.3 of the Arrangement Agreement if such Subsidiary were a PCC Specified Subsidiary; and

(n) in relation to actions required in connection with Regulatory Approvals, take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of PCC or the Company to consummate the Reorganization or the transactions contemplated by the Arrangement Agreement.

Declaration and Payment of Dividends

PCC and the Company have agreed that if (a) PCC sets a record date for any dividend or other distribution on the PCC Subordinate Voting Shares or the PCC Participating Preferred Shares that is prior to the Effective Time, other than a dividend on the PCC Subordinate Voting Shares in the amount of $0.4050 per PCC Subordinate Voting Share and on the PCC Participating Preferred Shares in the amount of $0.4050 per PCC Participating Preferred Share, in each case in respect of the first quarter of 2020 and with a record date of February 5, 2020 or (b) the Company sets a record date for any dividend or other distribution on the Common Shares that is prior to the Effective Time, other than a dividend on the Common Shares in the amount of $0.4555 per Common Share with a record date of December 31, 2019, then the Consideration shall be equitably adjusted to give effect to the amount of any such dividend or distribution. Notwithstanding the foregoing, no equitable adjustment shall be made to the Consideration in the event that the Board

declares a dividend on the Common Shares of $0.4555 per Common Share with a record date prior to the Effective Time in respect of the first quarter of 2020 if the Company provides prompt written notice to PCC of such dividend; in such case, PCC may set a record date in respect of a dividend on the PCC Subordinate Voting Shares in the amount of $0.4050 per PCC Subordinate Voting Share in respect of the second quarter of 2020 (or such other dividend or distribution as may be agreed to by the Company), and no equitable adjustment shall be made to the Consideration in respect of such a dividend on the PCC Subordinate Voting Shares.

PCC has also agreed that if the Company has not set a record date in respect of a dividend in the amount of $0.4555 per Common Share that the Company would ordinarily declare during the month of March that is prior to the Effective Time, PCC will, subject to applicable Law, set a record date for a dividend in the amount of no less than $0.4340 per PCC Subordinate Voting Share that is after the Effective Time.

Covenants Regarding the Reorganization

The Company has agreed to perform all obligations required or desirable to be performed by the Company under the Arrangement Agreement, co-operate with PCC in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by the Arrangement Agreement. Without limiting the generality of the foregoing, the Company has agreed to, and, where appropriate, to cause each of the Company Specified Subsidiaries to:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to the Arrangement Agreement or the Reorganization;

(b) use all commercially reasonable efforts to obtain and maintain all third party consents, waivers, approvals, agreements, amendments or confirmations that are required under Company Material Contracts in order to complete the Reorganization or to maintain Company Material Contracts in full force and effect following completion of the Reorganization, in each case, on terms that are satisfactory to PCC, acting reasonably;

(c) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Company and its Subsidiaries in order to complete the Reorganization;

(d) use all commercially reasonable efforts to, upon reasonable consultation with PCC, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Reorganization and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Reorganization or the Arrangement Agreement;

(e) use all commercially reasonable efforts to, upon reasonable consultation with PCC, ensure that the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder is available for the issuance of securities pursuant to the Plan of Arrangement and, in that regard, use all commercially reasonable efforts to comply, or assist PCC in complying, with the provisions of Section 2.13 of the Arrangement Agreement; and

(f) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or the Reorganization or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Reorganization or the transactions contemplated by the Arrangement Agreement.

The Company has agreed to, promptly after becoming aware of the relevant matter, notify PCC in writing of:

(a) any Material Adverse Effect on the Company or any change, effect, event, development, occurrence, circumstance or state of facts which would reasonably be expected to have a Material Adverse Effect on the Company or prevent the consummation of the Reorganization and the transactions contemplated by the Arrangement Agreement;

(b) any material notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with the Arrangement Agreement or the Reorganization;

(c) subject to compliance with applicable Law, any notice or other communication from any counterparty to a Company Material Contract with the Company or a Subsidiary of the Company to the effect that such counterparty is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify such Company Material Contract as a result of the Arrangement Agreement or the Reorganization;

(d) any material notice or other communication from any Governmental Entity in connection with the Arrangement Agreement; and

(e) any material filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company, its Subsidiaries or their respective assets or properties.

PCC has agreed to perform all obligations required or desirable to be performed by PCC under the Arrangement Agreement, co-operate with the Company in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by the Arrangement Agreement. Without limiting the generality of the foregoing, PCC has agreed to, and, where appropriate, to cause each of the PCC Specified Subsidiaries to:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement (including assisting the Company to diligently pursue obtaining the Interim Order and the Final Order) and take all steps set forth in the Interim Order and Final Order applicable to it;

(b) provide such assistance as may be reasonably requested by the Company for the purposes of obtaining the Required Shareholder Approval at the Meeting;

(c) vote all of its Common Shares, and cause the PCC Specified Subsidiaries to vote all of their respective Common Shares, in favour of the Reorganization Resolution, either in person or by proxy, at the Meeting;

(d) use all commercially reasonable efforts to assist the Company and its Subsidiaries in obtaining the consents, waivers, approvals, agreements, amendments or confirmations referred to in Section 4.2(1) of the Arrangement Agreement;

(e) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from PCC relating to the Reorganization;

(f) use all commercially reasonable efforts to, upon reasonable consultation with the Company, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Reorganization and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Reorganization or the Arrangement Agreement;

(g) (i) apply to list on the TSX (A) the PCC Subordinate Voting Shares issuable or to be made issuable pursuant to the Reorganization (including any PCC Subordinate Voting Shares issuable pursuant to the exercise of Company Options and Company Equity Awards) and (B) the PCC Participating Preferred Shares issuable upon the exercise, if any, of the Pre-Emptive Right triggered by the Reorganization and (ii) use all commercially reasonable efforts to obtain approval, subject to customary conditions, for the listing of such PCC Subordinate Voting Shares and PCC Participating Preferred Shares on the TSX;

(h) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or the Reorganization or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Reorganization or the transactions contemplated by the Arrangement Agreement;

(i) make joint elections with Eligible Holders in respect of the disposition of their Common Shares pursuant to subsection 85(1) (or in the case of a partnership, subsection 85(2)) of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Holder in his or her sole discretion within the limits set out in the Tax Act; and

(j) at or prior to the Effective Time, allot and reserve for issuance a sufficient number of (i) PCC Subordinate Voting Shares to meet the obligations of PCC under the Plan of Arrangement and (ii) PCC Participating Preferred Shares issuable upon exercise, if any, of the Pre-Emptive Right triggered by the Reorganization.

Cooperation Regarding Pre-Arrangement Reorganization

The Company has agreed, upon the reasonable request of PCC, to, and to cause its wholly-owned Subsidiaries to, use its and their commercially reasonable efforts to effect such reorganizations of the Company's or such Subsidiaries' business, operations and assets as PCC may reasonably request (each, a "**Pre-Arrangement Reorganization**") and cooperate with PCC and its advisors to determine the nature of the Pre-Arrangement Reorganizations that might be undertaken and the manner in which they most effectively could be undertaken; provided, however, that the Company need not effect a Pre-Arrangement Reorganization which in the opinion of the Company, acting reasonably, would not be in the best interests of the Company or its securityholders.

PCC has agreed that all elements of any such Pre-Arrangement Reorganization (including the planning for and the implementation of any Pre-Arrangement Reorganization) shall, in the opinion of the Company acting reasonably: (i) not impact the value and the form of the consideration to be paid to Company Shareholders or otherwise prejudice the Company, Company Shareholders (without reference to PCC and its affiliates) or holders of the Company Options or Company Equity Awards in any material respect; (ii) not unreasonably interfere with the ongoing operations of the Company or its Subsidiaries; (iii) not require the Company to obtain the approval of Company Shareholders (other than as may properly be included in this Circular); (iv) not impede or delay the consummation of the Reorganization; (v) not be considered in determining whether a representation, warranty or covenant of the Company contained in the Arrangement Agreement has been breached or whether a condition precedent to the Reorganization has been satisfied, it being acknowledged by PCC that actions taken pursuant to any Pre-Arrangement Reorganization could require the consent of third parties under applicable Contracts of the Company or its Subsidiaries; (vi) not require the Company or any Subsidiary to contravene any applicable Laws, their respective organizational documents or any Contract of the Company or its Subsidiaries; and (vii) not be reasonably expected to result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of the Company incrementally greater than the Taxes or other consequences to such securityholder in connection with the consummation of the Reorganization in the absence of any Pre-Arrangement Reorganization and for greater certainty and without limitation, adverse Tax or other consequence includes any Tax or other consequence that would not have arisen but for the Arrangement Agreement.

PCC is required to provide written notice to the Company of any proposed Pre-Arrangement Reorganization at least 30 days prior to the Effective Date. Unless otherwise stated in the Arrangement Agreement, the Company and PCC have agreed to work cooperatively and use commercially reasonable efforts to prepare, prior to the Effective Time, all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization. The Parties further agreed to seek to have the steps and transactions contemplated under any such Pre-Arrangement Reorganization made effective at such times (as directed by PCC) immediately prior to, on or after the Effective Date but in any event after the Final Order and all Regulatory Approvals are obtained (but if before the Effective Time, after PCC has waived or confirmed that all mutual conditions precedent to the Reorganization and conditions precedent to the Reorganization in favour of PCC have been satisfied, and confirmed in writing that it is prepared to promptly proceed to effect the Reorganization).

In the event the Reorganization is not completed (other than as a result of a breach of the Arrangement Agreement by the Company), PCC has agreed to indemnify and reimburse the Company, its Subsidiaries and their respective Representatives for any and all Taxes, liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of their co-operation or assistance with or participation in any Pre-Arrangement Reorganization or in reversing or unwinding any Pre-Arrangement Reorganization (including any actual out-of-pocket costs and expenses for filing fees and external counsel). No director, officer, employee or agent of the Company or its Subsidiaries will be required, in connection with a Pre-Arrangement Reorganization, to take any action in any capacity other than as director, officer, employee or agent of the Company or its Subsidiaries, as the case may be.

Access to Information; Confidentiality

From the date of the Arrangement Agreement until the earlier of the Effective Date and the date the Arrangement Agreement is terminated in accordance with its terms, subject to Law and the terms of existing Contracts, the Company has agreed, and, subject to obtaining the prior written consent of any applicable Company Public Subsidiary, has agreed to cause its Subsidiaries, to give PCC and its officers, employees, agents, advisors and representatives (a) upon reasonable advance notice and, at the option of the Company and, if applicable, the relevant Company Public Subsidiary, with a representative of the Company or such Subsidiary, as the case may be, present, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts and (iv) senior officers, independent auditors, agents, advisors and representatives; and (b) such financial and operating data or other information with respect to the assets or business of the Company and its Subsidiaries as PCC from time to time reasonably requests, subject to such access not interfering with the ordinary conduct of the business of the Company or its Subsidiaries.

Subject to Law and the terms of existing Contracts, PCC has agreed, and, subject to obtaining the prior written consent of any applicable Subsidiary, has agreed to cause its Subsidiaries, to give the Company and its officers, employees, agents, advisors and representatives (a) upon reasonable advance notice and, at the option of PCC and, if applicable, the relevant Subsidiary, with a representative of PCC or such Subsidiary, as the case may be, present, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts and (iv) senior officers, independent auditors, agents, advisors and representatives; and (b) such financial and operating data or other information with respect to the assets or business of PCC and its Subsidiaries as the Company from time to time reasonably requests, so long as such access does not interfere with the ordinary conduct of the business of PCC or its Subsidiaries.

Investigations made by or on behalf of one Party will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the other Party in the Arrangement Agreement.

Each Party has agreed to hold the confidential information received from the other Party confidential in accordance with the terms of the Confidentiality Agreements.

Regulatory Approvals

The Parties have agreed, as promptly as practicable, to prepare and file all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and use their commercially reasonable efforts to obtain and maintain all Regulatory Approvals. Notwithstanding the foregoing, neither the Company nor PCC is required to do any of the following in connection with the Regulatory Approvals: (i) sell or otherwise dispose of, or hold separate, or to offer to sell or otherwise dispose of or hold separate, assets, categories of assets or businesses of either or both Parties; (ii) terminate or assign any existing relationships or contractual rights and obligations of a Party; (iii) terminate or assign any relevant venture or other arrangement; or (iv) offer or agree to any other remedy, undertaking or commitment with a Governmental Entity.

The Parties have agreed to cooperate with one another in connection with obtaining the Regulatory Approvals, including providing one another with all information necessary or which a Party, acting reasonably, considers appropriate in order to prepare or file all documents, registrations, statements, petitions, filings, submissions and applications for or in support of the Regulatory Approvals and providing one another with copies of all notices and information or other correspondence supplied to, filed with or received from any Governmental Entity, subject to limited exceptions. In accordance with the terms of the Arrangement Agreement, neither Party is entitled to make any substantive filing, application or submission to a Governmental Entity in connection with the Regulatory Approvals without giving the other Party a reasonable opportunity to comment on any such filing, application or submission, and neither Party shall participate in any material communication or participate in any material meeting with any Governmental Entity in connection with the Regulatory Approvals without first notifying the other Party and providing the other Party or its external legal counsel with a reasonable opportunity to participate or attend.

Each Party is required to promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a misrepresentation, or (ii) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated by the Arrangement Agreement contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a misrepresentation, such that an amendment or supplement may be necessary or advisable.

The Parties have agreed to request that the Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties have agreed to request the earliest possible hearing date for the consideration of the Regulatory Approvals.

If any objections are asserted with respect to the transactions contemplated by the Arrangement Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by the Arrangement Agreement as not in compliance with Law, the Parties have agreed to use their commercially reasonable efforts to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Public Communications

The Parties have agreed co-operate in the preparation of presentations, if any, to Shareholders and/or PCC's investors regarding the Reorganization. Neither Party is entitled to issue any press release or make any other public statement or disclosure with respect to the Arrangement Agreement or the Reorganization or to make any filing with any Governmental Entity with respect to the Arrangement Agreement or the Reorganization without the consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, any Party that is, in the opinion of its outside legal counsel, required to make disclosure by Law (other than in connection with the Regulatory Approvals) will use its reasonable commercial efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the public statement, disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). If such prior notice is not possible, the Party making such disclosure must give such notice immediately following the making of such disclosure or filing. The Party making any such disclosure must give reasonable consideration to any comments made by the other Party or its counsel.

Insurance and Indemnification

The Arrangement Agreement provides that, prior to the Effective Date, the Company will, in reasonable consultation with PCC, purchase customary "tail" policies of directors' and officers' liability insurance for directors of the Company who will be resigning their positions on or shortly following the Effective Date providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date, and PCC will, or will cause the Company to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date. Notwithstanding the foregoing, PCC is not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% of the Company's current annual aggregate premium for policies currently maintained by the Company.

The Arrangement Agreement also provides that PCC will cause the Company to honour all rights to indemnification or exculpation existing, both at the date of the Arrangement Agreement and in the future, in favour of present and former employees, officers and directors of the Company to the extent that they are disclosed or are otherwise on usual terms for indemnity arrangements, and such rights will survive the completion of the Plan of Arrangement and continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of the Company and of PCC that are standard for a transaction of this nature including with respect to organization and qualification, corporate authorization, execution and binding obligation, governmental authorization, non-contravention, capitalization, securities law matters, financial statements, disclosure controls and internal control over financial reporting, auditors, no undisclosed liabilities, absence of certain changes or events, compliance with laws, authorizations, taxes, opinion of financial advisors, corrupt practices legislation and brokers. The Arrangement Agreement also contains certain representations and warranties of the Company with respect to Board and Special Committee approval and prior valuations and of PCC with respect to PCC Board approval, availability of funds and the issuance of PCC Subordinate Voting Shares.

Conditions to Closing

The followings conditions to closing are for the benefit of PCC and/or the Company, as applicable. The conditions precedent will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

Mutual Conditions

The Parties are not required to complete the Reorganization unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of the Parties:

(a) the Required Shareholder Approval has been obtained and the Reorganization Resolution has been approved and adopted by the Shareholders at the Meeting in accordance with the Interim Order and applicable Laws;

(b) the Required PCC Shareholder Approval has been obtained;

(c) all of the PCC Participating Preferred Shares issuable to the controlling shareholder of PCC upon the exercise, if any, of the Pre-Emptive Right triggered by the Reorganization have been duly and validly issued;

(d) the Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or PCC, on appeal or otherwise;

(e) each of the Key Regulatory Approvals has been made, given or obtained on terms acceptable to both the Company and PCC, each acting reasonably, and each such Key Regulatory Approval is in force and has not been modified or withdrawn;

(f) no Law has been enacted, made or issued that makes the consummation of the Reorganization illegal or otherwise prohibits or enjoins the Company or PCC from consummating the Reorganization; and

(g) there is no action or proceeding by a Governmental Entity known to PCC or the Company to be pending or threatened in any jurisdiction to: (i) cease trade, temporarily or permanently enjoin, prohibit, or impose any limitations, damages or conditions on, PCC's ability to acquire, hold or exercise full rights of ownership over, any Common Shares including the right to vote Common Shares; or (ii) prohibit, restrict or impose terms or conditions on the Reorganization, or the ownership or operation by PCC of the business or assets of PCC, its affiliates and related entities, the Company or any of the Company's Subsidiaries and related entities, or compel PCC to dispose of or hold separate any of the business or assets of PCC, its affiliates and related entities, the Company or any of the Company's Subsidiaries and related entities as a result of the Reorganization.

Additional Conditions in Favour of PCC

PCC is not required to complete the Reorganization unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of PCC and may only be waived, in whole or in part, by PCC in its sole discretion:

(a) (i) the representations and warranties of the Company which are qualified by the expression "PFC Material Adverse Effect" (as defined in the Arrangement Agreement) were true and correct in all respects as of the date of the Arrangement Agreement and are true and correct in all respects as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty will be determined as of such specified date), (ii) all other representations and warranties of the Company were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty will be determined as of such specified date), except to the extent that the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on the Company, and (iii) the Company has delivered a certificate confirming the satisfaction of (i) and (ii) to PCC, executed by two senior officers of the Company (in each case without personal liability), addressed to PCC and dated the Effective Date;

(b) the Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to PCC, executed by two senior officers of the Company (in each case without personal liability) addressed to PCC and dated the Effective Date;

(c) the time period for the exercise of the Dissent Rights has expired and the Shareholders have not exercised (or otherwise be deemed to have exercised) Dissent Rights with respect to more than 3% of the number of issued and outstanding Common Shares (excluding Common Shares held by PCC, its directors and senior officers and any other Person who is an "interested party" (within the meaning of MI 61-101) and any joint action (within the meaning of MI 61-101) with any of the foregoing with respect to the Reorganization); and

(d) there will not have been or occurred a Material Adverse Effect in respect of the Company prior to the date of the Arrangement Agreement that has not been publicly disclosed and from the date of the Arrangement Agreement to the Effective Time there will not have been or occurred a Material Adverse Effect in respect of the Company.

Additional Conditions in Favour of the Company

The Company is not required to complete the Reorganization unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(a) (i) the representations and warranties of PCC which are qualified by the expression "Power Material Adverse Effect" (as defined in the Arrangement Agreement) were true and correct in all respects as of the date of the Arrangement Agreement and are true and correct in all respects as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty will be determined as of such specified date), (ii) all other representations and warranties of PCC were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty will be determined as of such specified date), except to the extent that the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on PCC, and (iii) PCC has delivered a certificate confirming the satisfaction of (i) and (ii) to the Company, executed by two senior officers of PCC (in each case without personal liability), addressed to the Company and dated the Effective Date;

(b) PCC has fulfilled or complied in all material respects with each of the covenants of PCC contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Company, executed by two senior officers of PCC (in each case without personal liability) addressed to the Company and dated the Effective Date;

(c) there shall not have been or occurred a Material Adverse Effect in respect of PCC prior to the date of the Arrangement Agreement that has not been publicly disclosed and from the date of the Arrangement Agreement to the Effective Time there shall not have been or occurred a Material Adverse Effect in respect of PCC; and

(d) subject to the terms and conditions of the Arrangement Agreement and the Plan of Arrangement, PCC has deposited or caused to be deposited with the Depositary sufficient PCC Subordinate Voting Shares and funds to effect payment in full of the aggregate Consideration.

Additional Covenants Regarding Non-Solicitation

Pursuant to the Arrangement Agreement, the Company has agreed not to, directly or indirectly, nor through any Representatives:

(a) solicit, initiate, or knowingly encourage, assist or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary, as applicable, or entering into any form of agreement, arrangement or understanding (other than a confidentiality and standstill agreement permitted by and in accordance the Arrangement Agreement)) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into, continue or otherwise engage or participate in any discussions or negotiations with any Person (other than PCC) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(c) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal;

(d) accept or enter into, or propose to accept or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance the Arrangement Agreement) (a "**Proposed Agreement**") or any other Contract or agreement in principle requiring the Company to abandon, terminate or fail to consummate the Reorganization or any other transactions contemplated by the Arrangement Agreement or to breach its obligations thereunder;

(e) fail to enforce, or grant any waiver under, any standstill or similar agreement with any Person; or

(f) make a Change in Recommendation.

The Company has agreed to, and has agreed to cause the Company Specified Subsidiaries and Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activity with any Person (other than PCC) conducted by the Company or any of the Company Specified Subsidiaries or Representatives with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith:

(a) discontinue access to, and disclosure of, any of its information (and not establish or allow access to any of its or the Company Specified Subsidiaries' information, any data room, virtual or otherwise, or any of its or the Company Specified Subsidiaries' properties, facilities, books or records);

(b) as soon as possible request, and exercise all rights it has to require (i) the return or destruction of all confidential information (including any copies thereof) regarding the Company and the Company Specified Subsidiaries previously provided to any Person (other than PCC and its Representatives) and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of the Company Specified Subsidiaries, in each case, to the extent such information has not already been returned or destroyed;

(c) not release any third party from any confidentiality, non-solicitation or standstill agreement, or terminate, modify, amend or waive the terms thereof;

(d) enforce, and cause the Company Specified Subsidiaries to enforce, all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that the Company or any of the Company Specified Subsidiaries has entered into prior to the Arrangement Agreement; and

(e) take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which it or any Company Specified Subsidiary is a party, and neither it, nor any Company Specified Subsidiary or any of its Representatives have or will, without the prior written consent of PCC, release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting it, or any of the Company Specified Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which it or any Company Specified Subsidiary is a party.

Responding to an Acquisition Proposal

Notwithstanding the non-solicitation covenants in the Arrangement Agreement, if at any time prior to obtaining the Required Shareholder Approval, the Company receives an unsolicited bona fide written Acquisition Proposal from a

Person, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company or its Subsidiaries to such Person, if and only if:

(a) the Company has complied with the terms of the Arrangement Agreement, including the non-solicitation covenants;

(b) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute a Superior Proposal;

(c) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction;

(d) prior to providing any such copies, access, or disclosure to the Person, the Company enters into a confidentiality and standstill agreement with such Person on terms no less favourable to the Company than the Confidentiality Agreements (provided that such confidentiality and standstill agreement may not include any provision providing for an exclusive right to negotiate with the Company and may not restrict the Company from complying with the non-solicitation covenants in the Arrangement Agreement) and any such copies, access or disclosure provided to such Person shall have already been (or simultaneously be) provided to PCC; and

(e) the Company promptly provides PCC with (i) two Business Days prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; (ii) prior to providing any such copies, access or disclosure to the Person, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(4) of the Arrangement Agreement; and (iii) any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to PCC.

Right to Match

If the Company receives an Acquisition Proposal that constitutes a Superior Proposal, the Company may (i) make a Change in Recommendation in respect of such Superior Proposal or (ii) enter into a Proposed Agreement with respect to such Superior Proposal if, and only if, prior to effecting such Change in Recommendation and/or entering into such Proposed Agreement:

(a) the Required Shareholder Approval has not been obtained;

(b) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;

(c) the Company has complied with the terms of the Arrangement Agreement, including its obligations under the non-solicitation covenants;

(d) the Company has provided PCC with notice in writing that there is a Superior Proposal, together with a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including documentation supporting the valuation of any non-cash consideration and any financing documents supplied in connection therewith, subject to, in the case of financing documents, customary confidentiality provisions with respect to fee letters or similar information, such documents to be so provided to PCC not less than five Business Days prior to the proposed acceptance, approval or execution of the Proposed Agreement by the Company;

(e) five Business Days (the "**Matching Period**") have elapsed from the date PCC received the notice and documentation relating to the Superior Proposal referred to in (d) above from the Company and, during any Matching Period, PCC has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Reorganization in order for such Acquisition Proposal to cease to be a Superior Proposal and, if PCC has proposed to amend the terms of the Arrangement Agreement and the Reorganization, the Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal is a Superior Proposal compared to any such proposed amendments to the terms of the Arrangement Agreement and the Reorganization by PCC; and

(f) after the Matching Period, the Board in receipt of the Acquisition Proposal determines, after consultation with its outside legal counsel and financial advisors, that the Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Reorganization as proposed to be amended by PCC and the Board has determined in good faith, after consultation with its outside legal counsel, that it is necessary for the Company to enter into a definitive agreement with respect to such Superior Proposal and/or to make a Change in Recommendation in order to properly discharge its fiduciary duties.

During the Matching Period, or such longer period as the Company may approve for such purpose: (i) PCC will have the opportunity, but not the obligation, to propose to amend the terms of the Arrangement Agreement and the Reorganization, including an increase in, or modification of, the Consideration; and (ii) the Board will, in consultation with outside legal counsel and financial advisors, review any proposal made by PCC to amend the terms of the Arrangement Agreement in order to determine in good faith in the exercise of its fiduciary duties whether PCC's proposal to amend the Arrangement Agreement would upon acceptance result in the Acquisition Proposal ceasing to be a Superior Proposal, and will respond to PCC with such determination within two Business Days of receiving PCC's proposal to amend the Arrangement Agreement. If the Board determines that such Acquisition Proposal is not a Superior Proposal as compared to the proposed amendments to the Arrangement Agreement, it will promptly enter into an amended agreement with PCC reflecting such proposed amendments. Each Party agrees with the other to negotiate in good faith and in a timely manner with the other Party during the Matching Period.

Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company or other material terms or conditions thereof shall constitute a new Acquisition Proposal, and PCC shall be afforded a new full five Business Day Matching Period from the date on which PCC received the notice and documentation relating to the Superior Proposal with respect to each new Superior Proposal.

The Board will promptly affirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of the Arrangement Agreement by PCC would result in an Acquisition Proposal no longer being a Superior Proposal. The Company will provide PCC and its outside legal counsel with a reasonable opportunity to review the form and content of such press release or other disclosure and will make all reasonable amendments as requested by PCC and its legal counsel.

In circumstances where (i) the Company has notified PCC that it intends to make a Change in Recommendation in accordance with the non-solicitation covenants in the Arrangement Agreement; or (ii) the Company provides PCC with notice of a Superior Proposal, on a date that is less than 15 Business Days prior to the Meeting, the Company may, or if requested by PCC, will adjourn the Meeting to a date that is 15 Business Days after the date of such notice, provided, however, that the Meeting will not be postponed to a date that is later than the 15th Business Day prior to the Outside Date.

The non-solicitation covenants in the Arrangement Agreement, shall not prohibit the Board from:

(a) making a Change in Recommendation or from making any disclosure to any securityholders of the Company prior to the Effective Time, if, in the good faith judgment of the Board, after consultation with outside counsel and financial advisors, failure to take such action or make such disclosure would be inconsistent with the fiduciary duties of the Board, or such action or disclosure is otherwise required under applicable Law; and

(b) responding through a directors' circular or equivalent document to an Acquisition Proposal that it determines is not a Superior Proposal, provided that (i) the Company will provide PCC and its outside legal counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and will make all reasonable amendments as requested by PCC and its legal counsel and (ii) the Company will not make a Change in Recommendation in connection with a Superior Proposal until after complying with the non-solicitation covenants in the Arrangement Agreement.

Breach by Subsidiaries and Representatives

The Company has agreed to ensure its Representatives and its Subsidiaries are aware of the non-solicitation covenants set forth in the Arrangement Agreement, and will be responsible for any breach of such covenants by its Representatives and its Subsidiaries.

Termination

The Arrangement Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties;

(b) either the Company or PCC, if:

  (i) the Effective Time does not occur on or prior to the Outside Date, except that such termination right is not available to any Party whose failure to fulfil any of its obligations or breach of any of its representations and warranties under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date;

  (ii) the Required PCC Shareholder Approval is not obtained before March 31, 2020, except that such termination right is not available to PCC if the failure to obtain the Required PCC Shareholder Approval is the result of Pansolo having failed to vote in favour of the issuance of the PCC Subordinate Voting Shares contemplated by the Arrangement Agreement; or

  (iii) the Required Shareholder Approval is not obtained at the Meeting in accordance with the Interim Order;

(c) PCC if:

  (i) prior to the Effective Time; the Board makes a Change in Recommendation or the Company breaches the non-solicitation covenants in the Arrangement Agreement in any material respect;

(ii) a material breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in the Arrangement Agreement occurs that would cause the mutual conditions to closing or the conditions to closing in favour of PCC not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by PCC and provided that PCC is not then in breach of the Arrangement Agreement so as to cause the mutual conditions to closing or the conditions to closing in favour of the Company not to be satisfied; or

(iii) the Company enters into a binding written agreement with respect to a Superior Proposal, subject to compliance with the non-solicitation covenants in the Arrangement Agreement; or

(d) the Company if a material breach of any representation or warranty or failure to perform any covenant or agreement on the part of PCC under the Arrangement Agreement occurs that would cause the mutual conditions to closing or the conditions to closing in favour of the Company not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Company and provided that the Company is not then in breach of the Arrangement Agreement so as to cause the mutual conditions to closing or the conditions to closing in favour of PCC not to be satisfied.

Neither the Company nor PCC may elect to exercise its right to terminate the Arrangement Agreement pursuant to a breach of a representation and warranty or covenant by the other Party, unless the Party seeking to terminate the Arrangement Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (i) the Outside Date, and (ii) if such matter has not been cured by the date that is 15 Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of the Meeting, unless the Parties agree otherwise, the Company shall postpone or adjourn the Meeting to the earlier of (i) five Business Days prior to the Outside Date and (ii) the date that is 15 Business Days following receipt of such Termination Notice by the Breaching Party.

Amendment

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, and subject to the Interim Order, Final Order and applicable Laws, be amended by mutual written agreement of the Parties, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracy in or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

(c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) waive compliance with or modify any of the conditions contained in the Arrangement Agreement,

provided, however, that no such amendment may reduce or materially affect the Consideration to be received by Shareholders without their approval at the Meeting or, following the Meeting, without their approval given in the same manner as required by applicable Laws for the approval of the Reorganization or as may be required by the Court.

Governing Law

The Arrangement Agreement is governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. In connection with the Arrangement Agreement, each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

CERTAIN LEGAL AND REGULATORY MATTERS

Steps to Implementing the Reorganization and Timing

Completion of the Reorganization is subject to the conditions precedent contained in the Arrangement Agreement having been satisfied, including receipt of the Required Shareholder Approval, the Key Regulatory Approvals and the Final Order.

Except as otherwise provided in the Arrangement Agreement, the Company will file the Articles of Arrangement with the Director, and cause the Effective Date to occur, no later than the third Business Day following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the closing conditions in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

Completion of the Reorganization is dependent on many factors and it is not possible at this time to determine precisely when or if the Reorganization will become effective. As provided under the Arrangement Agreement, the Reorganization cannot be completed later than April 30, 2020, unless the Outside Date is extended in accordance with terms of the Arrangement Agreement. See "Summary of Arrangement Agreement — Termination".

Court Approval and Completion of the Reorganization

An arrangement under the CBCA requires Court Approval. Prior to the mailing of this Circular, the Company obtained the Interim Order, which provides for, among other things:

- the Required Shareholder Approval;
- the Dissent Rights;
- the notice requirements with respect to the application to the Court for the Final Order; and
- the ability of the Company to adjourn or postpone the Meeting from time to time in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court.

A copy of the Interim Order is attached at Appendix "E".

Subject to the approval of the Reorganization Resolution by Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on February 12, 2020 at 10:00 a.m. (Eastern Time) in Toronto, Ontario. Any Shareholder or other person who wishes to appear, or to be represented, and to present evidence or arguments must serve and file a notice of appearance (a "**Notice of Appearance**") as set out in the notice of application for the Final Order (the "**Notice of Application**") and satisfy any other requirements of the Court.

At the hearing, the Court will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Reorganization to the parties affected, including Shareholders. The Court may approve the Reorganization in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order

of the Court, only those persons having previously served a Notice of Appearance in compliance with the Notice of Application and the Interim Order will be given notice of the postponement, adjournment or rescheduled date. A copy of the Notice of Application for the Final Order is attached as Appendix "F" to this Circular.

Prior to the hearing on the Final Order, the Court will be advised by PCC that PCC will rely on the Final Order, if granted, as a basis for an exemption from registration under the U.S. Securities Act for the PCC Subordinate Voting Shares to be issued pursuant to the Reorganization to the Shareholders pursuant to Section 3(a)(10) of the U.S. Securities Act.

Regulatory Approvals

Under regulations that are applicable to PCC, the Company and certain of their Subsidiaries, the Reorganization triggers the obligation to obtain prior approval of the CBI and the FSC.

The prior approval of the CBI is required as PCC will be acquiring a direct interest in the Company (which is a parent undertaking of the relevant regulated Subsidiaries) for the first time as PCC currently holds its interest in the Company indirectly. PCC filed a confidential application with the CBI for approval of the transactions contemplated by the Reorganization. PCC received the approval of the CBI on December 3, 2019.

The prior approval of the FSC is required as PCC will be acquiring a significant interest in certain indirect Subsidiaries of the Company by virtue of PCC's acquisition of Common Shares. The relevant Subsidiaries are wholly-owned Subsidiaries of Lifeco. PCC filed a confidential application with the FSC for approval of the transactions contemplated by the Reorganization. PCC received the approval of the FSC on December 2, 2019.

PCC has informed the Company that, as part of its preparations for approaching the Company, PCC determined that the submission of the applications to the CBI and the FSC would neither commit PCC or the Company to complete the Reorganization nor be expected to have an adverse effect on PCC's or the Company's or its Subsidiaries' operations in Ireland and Barbados, respectively. In order to minimize the risk that the CBI or the FSC would prevent, or impose unacceptable conditions on, the Reorganization, PCC submitted the above-mentioned confidential applications to the CBI and FSC seeking their respective approvals of a transaction such as the Reorganization.

Neither the Company nor, to the Company's knowledge, PCC, expect any Regulatory Approvals to be required in connection with the transactions contemplated by the Reorganization other than those already received. There is a condition to the completion of the Reorganization in favour of PCC that the Regulatory Approvals be made, given or obtained on terms acceptable to the Company and PCC, each acting reasonably, and that each such Regulatory Approval is in force and not modified or withdrawn.

Required PCC Shareholder Approval

Completion of the Reorganization will result in the issuance of up to, approximately, an additional 250.6 million PCC Subordinate Voting Shares, representing approximately 66.4% of the currently outstanding PCC Subordinate Voting Shares. Section 611(c) of the TSX Company Manual requires that shareholder approval be obtained where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis. Pursuant to Section 604(d) of the TSX Company Manual, holders of more than 50% of the votes attached to PCC voting shares have delivered to the TSX their written consent to the issuance of PCC Subordinate Voting Shares pursuant to the Reorganization to satisfy the shareholder approval requirement for the issuance of the PCC Subordinate Voting Shares to Shareholders other than PCC and its wholly-owned Subsidiaries pursuant to the Reorganization.

On December 12, 2019, the Company, PCC and Pansolo entered into the Pansolo Voting and Support Agreement pursuant to which, among other things, Pansolo agreed to:

(a) if requested by PCC or the Company, provide evidence of its approval of the Reorganization (and any actions required in furtherance thereof, including the issuance of PCC Subordinate Voting

Shares pursuant to the Reorganization) and the PCC Participating Preferred Share Issuances to the TSX, in form and substance satisfactory to PCC and the Company, acting reasonably, to satisfy the requirements of section 611 of the TSX Company Manual; and

(b) in accordance with and subject to the terms and conditions of the Pre-Emptive Right Offer, and subject to the terms and conditions of the Pansolo Voting and Support Agreement, acquire such number of PCC Participating Preferred Shares on the trading day immediately prior to the Effective Date so that, after giving effect to the issuance of the PCC Subordinate Voting Shares in connection with the Reorganization on the Effective Date, Pansolo, together with entities controlled by Pansolo, will own, directly or indirectly, such number of PCC Subordinate Voting Shares and PCC Participating Preferred Shares representing, in the aggregate, not less than 50.2% and not more than 50.6% of the votes attaching to all issued and outstanding PCC Subordinate Voting Shares and PCC Participating Preferred Shares, in the aggregate, immediately following the Effective Time.

Pansolo has also agreed that it shall not, among other things, directly or indirectly, except in accordance with the terms of the Pansolo Voting and Support Agreement or with the prior written consent of each of PCC and the Company:

(a) sell, assign, dispose of, option, pledge, encumber, grant a security interest in or otherwise convey any of the PCC Subordinate Voting Shares or PCC Participating Preferred Shares Pansolo owns or any right or interest therein, or agree to do any of the foregoing;

(b) solicit or arrange or provide assistance to any other Person to arrange for the solicitation of or purchases of or offers to sell PCC Subordinate Voting Shares or PCC Participating Preferred Shares or act in concert or jointly with any other Person for the purpose of acquiring PCC Subordinate Voting Shares and PCC Participating Preferred Shares for the purpose of affecting the control of PCC; or

(c) exercise any securityholder rights or remedies available at common law or pursuant to applicable law, or take any other action of any kind, in each case which would reasonably be regarded as likely to delay or interfere with the completion of, the Reorganization and other transactions contemplated by the Arrangement Agreement.

The Pansolo Voting and Support Agreement will terminate upon the earliest to occur of: (a) the mutual agreement in writing of the parties; (b) the termination of the Arrangement Agreement in accordance with its terms; (c) written notice by a party to the other parties if, subject to the terms of the Pansolo Voting and Support Agreement, including applicable notice and cure period provisions, (i) any representation or warranty of any such other party is untrue or incorrect in any material respect; or (ii) any such other party has not complied in any material respect with its covenants contained in the Pansolo Voting and Support Agreement; provided that, at the time of such notice, the party that provides written notice is not in material default in the performance of its obligations under the Pansolo Voting and Support Agreement; and (d) the Effective Time.

Securities Laws Matters

Canadian Securities Laws Matters

Application of MI 61-101

As a reporting issuer in each of the provinces and territories of Canada, the Company is subject to applicable securities Laws of such jurisdictions. Among other things, the Company is subject to MI 61-101, which regulates transactions that raise the potential for conflicts of interest.

MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. If MI 61-101 applies to a proposed acquisition of a

reporting issuer, then some of the following may be required: (i) enhanced disclosure in documents sent to security holders, (ii) the approval of security holders excluding, among others, "interested parties" (as defined in MI 61-101), (iii) a formal valuation of the equity securities being acquired, prepared by an independent and qualified valuator, and (iv) an independent committee of the board of the directors of the reporting issuer to carry out specified responsibilities. The security holder protections provided by MI 61-101 go substantially beyond the requirements of corporate law.

The protections afforded by MI 61-101 apply to, among other transactions, "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent in certain circumstances, including where a "related party" (as defined in MI 61-101) of an issuer would, as a consequence of the transaction, directly or indirectly acquire the issuer in connection with an arrangement transaction (such as the Reorganization). Pursuant to MI 61-101, the Reorganization is a "business combination". Accordingly, the Reorganization will require "minority approval" and a "formal valuation", in accordance with MI 61-101.

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a business combination is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" (as defined in MI 61-101) of the issuer, in each case voting separately as a class.

In relation to the Reorganization, the approval of the Reorganization Resolution will require the affirmative vote of a majority of the votes attached to the Common Shares held by Shareholders present in person or represented by proxy at the Meeting, excluding for this purpose votes attached to Common Shares held by (i) the Company, (ii) "interested parties", (iii) any "related party" of an "interested party" and (iv) any person that is a "joint actor" (as such terms are defined in MI 61-101) with the foregoing.

To the knowledge of the directors and senior officers of the Company after reasonable inquiry, as at the date of this Circular, the Shareholders whose votes are required to be excluded for purposes of "minority approval" in accordance with MI 61-101, as described above, beneficially owned, or exercised control or direction over, an aggregate 431,025,372 Common Shares representing approximately an aggregate of 64.9% of the outstanding Common Shares. Details of such holdings are as follows:

Voting Participation

		Shares	
Name	**Relationship with the Company**	**Number**	**%**
171263 Canada Inc.	Interested Party	425,402,926	64.1%
Pierre Beaudoin	Director of Interested Party	18,570	*
Marcel Coutu	Director of Interested Party	-	-
André Desmarais	Director of Interested Party	43,200	*
Paul Desmarais, Jr.	Director of Interested Party	-	-
Gary A. Doer	Director of Interested Party	-	-
Anthony R. Graham	Director of Interested Party	25,000	*
J. David A. Jackson	Director of Interested Party	4,500	*
Isabelle Marcoux	Director of Interested Party	-	-
Christian Noyer	Director of Interested Party	-	-
R. Jeffrey Orr	Director of Interested Party	400,200	*
T. Timothy Ryan, Jr.	Director of Interested Party	17,165	*
Emőke J.E. Szathmáry	Director of Interested Party	3,000	*
Michel Plessis-Bélair	Senior Officer of Interested Party	6,000	*
Gregory D. Tretiak	Senior Officer of Interested Party	-	-
Claude Généreux	Senior Officer of Interested Party	-	-
Olivier Desmarais	Senior Officer of Interested Party	-	-
Paul Desmarais III	Senior Officer of Interested Party	-	-
Paul Genest	Senior Officer of Interested Party	-	-

Name	Relationship with the Company	Shares	
		Number	%
Arnaud Bellens	Senior Officer of Interested Party	-	-
Denis Le Vasseur	Senior Officer of Interested Party	-	-
Stéphane Lemay	Senior Officer of Interested Party	-	-
Henry Yuhong Liu	Senior Officer of Interested Party	-	-
Eoin Ó hÓgáin	Senior Officer of Interested Party	-	-
Richard Pan	Senior Officer of Interested Party	-	-
Pierre Piché	Senior Officer of Interested Party	-	-
Luc Reny	Senior Officer of Interested Party	1,225	*
Samuel Robinson	Senior Officer of Interested Party	-	-
Adam Vigna	Senior Officer of Interested Party	-	-
Mackenzie Financial Corporation[(1)]	Related Party of Interested Party	4,915,519	*
Investment Planning Counsel Inc.[(1)]	Related Party of Interested Party	85,902	*
Canada Life Assurance[(1)]	Related Party of Interested Party	14,423	*
Irish Life Investment Managers, Ltd.[(1)]	Related Party of Interested Party	81,672	*
Panagora Asset Management[(1)]	Related Party of Interested Party	6,070	*

[(1)] Held in segregated funds or for similar purposes.
* Represents less than 1% of the applicable total

Formal Valuations

MI 61-101 provides that, unless an exemption is available, a reporting issuer proposing to carry out a business combination is required to obtain a formal valuation of the affected securities from a qualified and independent valuator and to provide the holders of the affected securities with a summary of that formal valuation. For the purposes of the Reorganization, the Common Shares are "affected securities" within the meaning of MI 61-101.

A summary of the Formal Valuations prepared by RBC in respect of the Common Shares and the PCC Subordinate Voting Shares can be found under the heading "The Arrangement — Fairness Opinion and Formal Valuations", and a copy of the Fairness Opinion and Formal Valuations is attached as Appendix "C".

Special Committee

In connection with the evaluation of the Reorganization, the Company formed the Special Committee and appointed Marc A. Bibeau, Susan J. McArthur and Siim A. Vanaselja to serve as members thereof. The Company formed the Special Committee in order to, among other things, facilitate the exercise of the Board's fiduciary duties under corporate law. In connection with the evaluation of the Reorganization, the Special Committee retained its own financial and legal advisors.

See the description under the heading "The Reorganization — Background to and Reasons for the Reorganization" for a discussion of the formation of the Special Committee.

Resale of PCC Subordinate Voting Shares in Canada, and Stock Exchange Approvals

Shareholders may only sell the PCC Subordinate Voting Shares received pursuant to the Reorganization in compliance with relevant securities Laws. Each Shareholder is urged to consult its professional advisor to determine the conditions and restrictions applicable to such Shareholder in trading the PCC Subordinate Voting Shares received pursuant to the Reorganization.

PCC Subordinate Voting Shares

PCC has applied to the TSX to list the PCC Subordinate Voting Shares to be issued pursuant to the Reorganization. Listing will be subject to PCC fulfilling all of the requirements of the TSX. Once approval is received, the PCC Subordinate Voting Shares will be freely tradeable on the TSX under the symbol "POW". PCC Subordinate Voting Shares are not listed on any other exchange. For a description of the PCC Subordinate Voting Shares, see the description contained under the heading "Description of Share Capital — Subordinate Voting Shares" in the annual information form for PCC for the fiscal year ended December 31, 2018, which is incorporated by reference into this Circular.

Stock Exchange Delisting and Reporting Issuer Status

The Company expects that the Common Shares will be delisted from the TSX promptly following the completion of the Reorganization. The Company First Preferred Shares will remain outstanding shares of the Company and listed on the TSX following the completion of the Reorganization, and the Company's 6.9% debentures due March 11, 2033 will remain outstanding as obligations of the Company. As a result of such securities remaining outstanding, the Company will remain a reporting issuer in each of the provinces and territories of Canada.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 192 of the CBCA which provides that, where it is not practicable for a corporation that is not insolvent to effect a fundamental change in the nature of an arrangement under any other provision of the CBCA, a corporation may apply to a court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the CBCA, such an application will be made by the Company for approval of the Reorganization. See "Certain Legal and Regulatory Matters — Court Approval and Completion of the Reorganization". The Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Reorganization.

United States Securities Laws Matters

The PCC Subordinate Voting Shares issuable to Shareholders in exchange for their Common Shares pursuant to the Reorganization have not been and will not be registered under the U.S. Securities Act, and will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts from the general requirement of registration the issuance of securities in exchange for other outstanding securities if a court of competent jurisdiction finds the terms and conditions of the exchange to be fair both procedurally and substantively to the persons to whom the securities will be issued after conducting a hearing at which all such persons have the right to appear. The Court is authorized to conduct such a hearing with respect to the substantive and procedural fairness of the terms and conditions of the Reorganization. The Court has been advised that if it approves the fairness of the terms and conditions of the Reorganization, PCC intends to use the Final Order of the Court approving the Reorganization as a basis for the exemption from registration under the U.S. Securities Act of the PCC Subordinate Voting Shares to be issued pursuant to the Reorganization. Therefore, should the Court make a Final Order approving the Reorganization, PCC Subordinate Voting Shares issued pursuant to the Reorganization will be exempt from registration under the U.S. Securities Act. The Court granted the Interim Order on January 10, 2020 and, subject to the approval of the Reorganization by Shareholders other than PCC and its wholly-owned Subsidiaries and satisfaction of certain other conditions, a hearing in respect of the Final Order will be held on February 12, 2020 by the Court. See "— *Court Approval and Completion of the Reorganization*".

The PCC Subordinate Voting Shares issuable to Shareholders pursuant to the Reorganization will be, upon completion of the Reorganization, freely tradeable under Rule 144 under the U.S. Securities Act, except by persons who are "affiliates" of PCC at such time or were affiliates of PCC within 90 days before such time. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that directly or indirectly control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as certain major shareholders of the issuer.

Any resale of such PCC Subordinate Voting Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption or exclusion therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell PCC Subordinate Voting Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act.

Pre-Emptive Right

The PCC articles of continuance provide for a pre-emptive right (the "**Pre-Emptive Right**") in favour of holders of PCC Participating Preferred Shares which entitles the holders of PCC Participating Preferred Shares to acquire, on a pro rata basis, such number of PCC Participating Preferred Shares that is equal to 12.0% of the number of PCC Subordinate Voting Shares proposed to be issued pursuant to the Reorganization for a consideration per share as is equal to the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued.

The Pre-Emptive Right has existed since the 1920s, existed at the time the PCC Participating Preferred Shares and PCC Subordinate Voting Shares were listed on the TSX in 1936, and has been publicly disclosed for many years including most recently in PCC's annual information form dated March 26, 2019. The PCC Participating Shares are listed and traded on the TSX and there are holders of PCC Participating Preferred Shares other than Pansolo.

As a result of the Pre-Emptive Right in favour of all holders of PCC Participating Preferred Shares, Pansolo is entitled to subscribe for approximately 30 million PCC Participating Preferred Shares as a result of the Reorganization. Pansolo had expressed the view to PCC that it was prepared to waive its rights and to subscribe for no additional PCC Participating Preferred Shares under the Pre-Emptive Right in connection with the Reorganization. However, PCC determined that there are regulatory, contractual, tax and other benefits to PCC and the Company and its subsidiaries if Pansolo continues to hold more than 50.1% of the voting rights attached to all voting shares of PCC. As a result, Pansolo indicated to PCC that it would be prepared to exercise a portion of the Pre-Emptive Right to maintain at least this level of voting rights. PCC advised the Board of Pansolo's intent when it presented its proposal for the Reorganization to the Board. Pansolo agreed in the Pansolo Voting and Support Agreement, and subject to the terms and conditions thereof, to acquire on the trading day immediately prior to the Effective Date between 5 million and 6 million of the approximately 30 million PCC Participating Preferred Shares it is entitled to purchase pursuant to the Pre-Emptive Right (the "**Pansolo Issuance**"). See also "Required PCC Shareholder Approval".

As a result, after giving effect to the Pansolo Issuance and the Reorganization, it is expected that Pansolo will hold, directly or indirectly, approximately 48.4 million PCC Subordinate Voting Shares and between 53.7 million to 54.7 million PCC Participating Preferred Shares to which the attached votes would represent in aggregate 50.2% to 50.6% of the total votes attached to PCC voting shares to be outstanding (assuming, in each case, no other holder of PCC Participating Preferred Shares exercises their Pre-Emptive Right).

The detailed provisions of the Pre-Emptive Right and the offer and issuance of additional PCC Participating Preferred Shares are set out below.

Pursuant to the Pre-Emptive Right, so long as any of the PCC Participating Preferred Shares are outstanding, PCC may not at any time, without the consent of holders of the PCC Participating Preferred Shares given by way of special resolution, issue any PCC Subordinate Voting Shares unless PCC, in such manner as the PCC Board determines, contemporaneously offers to the holders of the PCC Participating Preferred Shares the right to acquire from PCC *pro rata* to their respective holdings thereof (disregarding fractions) an aggregate number of PCC Participating Preferred Shares that is equal to 12% of the number of PCC Subordinate Voting Shares proposed to be issued for a consideration

per share in money that is equal to the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued.

Accordingly, PCC, effective on the date immediately prior to the Effective Date, will offer (the "**Pre-Emptive Right Offer**"), subject to the terms and conditions attaching to such Pre-Emptive Right Offer, to holders of PCC Participating Preferred Shares of record as at 5:00 p.m. (Eastern time) on December 27, 2019 a Pre-Emptive Right to acquire from PCC (the "**PCC Participating Preferred Share Issuances**") *pro rata* to their respective holdings thereof (disregarding fractions) an aggregate of approximately 30 million PCC Participating Preferred Shares, being equal to 12% of the total number of PCC Subordinate Voting Shares proposed to be issued pursuant to the Reorganization (calculated on the basis of the number of Common Shares issued and outstanding as of December 12, 2019), for a consideration per PCC Participating Preferred Share equal to the stated capital amount per share for which such PCC Subordinate Voting Shares are to be issued. The PCC Board has determined, in accordance with PCC's articles, that the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued pursuant to the Reorganization will be equal to the quotient obtained when (i) the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the Effective Date minus $0.01 is divided by (ii) 1.05.

A notice detailing, among other things, the terms and conditions of the Pre-Emptive Right Offer and how eligible holders of PCC Participating Preferred Shares may elect to exercise their Pre-Emptive Right is expected to be mailed to such holders and filed with applicable Canadian securities regulatory authorities and made available on PCC's SEDAR profile at www.sedar.com, and posted on PCC's website at www.powercorporation.com/en/investors/reorganization/, in mid-January 2020. Eligible holders who validly exercise their Pre-Emptive Right are expected to be provided with the option to elect to receive the PCC Participating Preferred Shares for which they have validly subscribed either (i) on the trading day before the Effective Date or (ii) on or about 30 days following the Effective Date. The Pre-Emptive Right Offer is expected to be subject to several conditions, including that all of the conditions contained in the Arrangement Agreement have been satisfied or waived by PCC (in its sole discretion) on or prior to the initial issuance of the PCC Participating Preferred Shares pursuant to the Pre-Emptive Right (other than the Pansolo Issuance and those conditions that cannot by their terms be satisfied prior to the Effective Time).

DISSENTING HOLDERS' RIGHTS

The following is only a summary of the provisions of the CBCA pertaining to Dissent Rights, as modified by the Interim Order and the Plan of Arrangement, which are technical and complex. A failure to strictly comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of your Dissent Rights. If you are a Registered Shareholder of Common Shares and wish to exercise your Dissent Rights, you should obtain your own legal advice and carefully read the Plan of Arrangement, which is included in the Arrangement Agreement that is attached at Appendix "B", and the provisions of section 190 of the CBCA and the Interim Order which are attached to this Circular at Appendix "D" and Appendix "E", respectively. For a general summary of certain Canadian federal income tax implications and certain United States federal income tax implications to a Dissenting Holder, see "Certain Canadian Federal Income Tax Considerations" and "Certain United States Federal Income Tax Considerations", respectively. Holders of Common Shares considering exercising Dissent Rights should also seek the advice of their own tax and investment advisors, including having regard to the deemed dividend tax treatment resulting from the exercise of Dissent Rights.

Section 190 of the CBCA provides registered shareholders of a corporation with the right to dissent from certain resolutions that effect certain fundamental changes. The Interim Order expressly provides Registered Shareholders of Common Shares with the right to dissent from the Reorganization Resolution pursuant to section 190 of the CBCA, with modifications to the provisions of section 190 as provided in the Plan of Arrangement and the Interim Order.

Any Registered Shareholder of Common Shares who dissents from the Reorganization Resolution in compliance with section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, will be entitled, in the event the Reorganization becomes effective, to be paid the fair value of the Dissent Shares held by such Dissenting Holder determined as of the close of business on the day before the day the Reorganization Resolution is adopted. In addition

to any other restrictions under section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights:

(a) all Shareholders who have signed Voting and Support Agreements;

(b) holders of Company Options or holders of Company Equity Awards; and

(c) Shareholders who vote or have instructed a proxyholder to vote their Common Shares in favour of the Reorganization Resolution (but only in respect of such Common Shares).

Section 190 of the CBCA provides that a shareholder may only make a claim under that section with respect to all of the shares of a class held on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that only a Registered Shareholder may exercise the dissent rights under section 190 of the CBCA (as modified by the Plan of Arrangement and the Interim Order) in respect of Common Shares that are registered in that Shareholder's name.

In many cases, Common Shares beneficially owned by a Non-Registered Shareholder are registered either (a) in the name of an Intermediary or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise his, her or its Dissent Rights directly (unless the Common Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Common Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Common Shares are registered in the name of CDS or other clearing agency, may require that such Common Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Common Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

A Registered Shareholder of Common Shares who wishes to dissent must provide a Dissent Notice to the Company at 751 Victoria Square, Montréal, Québec H2Y 2J3 by mail, hand or courier to the attention of the Vice-President, General Counsel and Secretary at or before 5:00 p.m. (Eastern time) on February 7, 2020 or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Eastern time) on the date that is two Business Days before the adjourned or postponed Meeting is reconvened or held, as the case may be.

The Company is required, within 10 days after the Shareholders adopt the Reorganization Resolution, to notify each Dissenting Holder that the Reorganization Resolution has been adopted. Such notice is not required to be sent to any Shareholder who voted for the Reorganization Resolution or who has withdrawn his, her or its Dissent Notice.

A Dissenting Holder who has not withdrawn his, her or its Dissent Notice prior to the Meeting must then, within 20 days after receipt of notice that the Reorganization Resolution has been adopted, or if the Dissenting Holder does not receive such notice, within 20 days after learning that the Reorganization Resolution has been adopted, send to the Company in the manner set forth above a written notice (a "**Demand for Payment**") containing his, her or its name and address, the number of Dissent Shares in respect of which he, she or it dissented, and a demand for payment of the fair value of such Dissent Shares. Within 30 days after sending the Demand for Payment, the Dissenting Holder must send to the Company, at 751 Victoria Square, Montréal, Québec H2Y 2J3, or to Computershare Investor Services Inc., as the Company's transfer agent, at 100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1, the certificate(s) representing the Dissent Shares in respect of which he, she or it dissented. A Dissenting Holder who fails to send the certificate(s) representing the Dissent Shares in respect of which he, she or it dissents has no right to make a claim under the Plan of Arrangement or the Interim Order.

On the filing of a Demand for Payment, a Dissenting Holder ceases to have any rights as a Shareholder in respect of his, her or its Dissent Shares other than to be paid the fair value of his, her or its Dissent Shares as determined pursuant to section 190 of the CBCA and the Interim Order, unless (i) the Dissenting Holder withdraws his, her or its Dissent Notice before the Company makes an Offer to Pay (as defined below), (ii) an Offer to Pay is not made in accordance with subsection 190(12) of the CBCA and the Interim Order and the Dissenting Holder withdraws the Demand for

Payment, or (iii) the Arrangement Agreement is terminated, in which case the Dissenting Holder's rights as a Shareholder will be reinstated as of the date the Dissent Notice was sent. Pursuant to the Plan of Arrangement, in no case shall PCC, the Company or any other person be required to recognize any Dissenting Holder as a Shareholder after the Effective Date, as the names of such Shareholders shall be removed from the register of holders of Common Shares at the time provided for in the Plan of Arrangement.

Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined to be entitled to be paid fair value for their Dissent Shares (i) will be deemed to have transferred such Common Shares to the Company at the time provided for in the Plan of Arrangement, (ii) will be entitled to be paid the fair value of such Common Shares and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Reorganization had such holders not exercised their Dissent Rights in respect of such Common Shares. Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Dissent Shares shall be deemed to have participated in the Reorganization on the same basis as any non-Dissenting Holder.

No later than seven days after the later of the Effective Date and the date on which a Demand for Payment is received, each Dissenting Holder who has sent a Demand for Payment must be sent a written offer to pay for his, her or its Dissent Shares, in an amount considered by the Board to be the fair value of such Dissent Shares, as applicable, accompanied by a statement showing the manner in which the fair value was determined (an "**Offer to Pay**"). Every Offer to Pay for a class of shares must be on the same terms. The Company must pay for Dissent Shares of a Dissenting Holder within 10 days after an Offer to Pay has been accepted by a Dissenting Holder, but any such offer lapses if the Company does not receive an acceptance within 30 days after the Offer to Pay has been made.

Under section 190 of the CBCA and the Interim Order, if the Company fails to make an Offer to Pay for a Dissenting Holder's Dissent Shares, or if a Dissenting Holder fails to accept an Offer to Pay, the Company may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court to fix a fair value for the Dissent Shares of Dissenting Holders. If the Company fails to apply to a court, a Dissenting Holder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting Holder is not required to give security for costs in such an application.

On an application to a court, all Dissenting Holders who have not accepted an Offer to Pay will be joined as parties and be bound by the decision of the court and the Company will notify each affected Dissenting Holder of the date, place and consequences of the application and of his, her or its right to appear and be heard in person or by counsel. On an application to a court, the court may determine whether any person is a Dissenting Holder who should be joined as a party, and the court will then fix a fair value for the Dissent Shares of all Dissenting Holders. The final order of a court will be rendered against the Company in favour of each Dissenting Holder and for the amount of the Dissent Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Holder from the Effective Date until the date of payment.

Registered Shareholders of Common Shares who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the CBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Reorganization. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Holder of consideration for such Dissenting Holder's Dissent Shares.

INFORMATION CONCERNING THE COMPANY

Description of the Business

Overview

The Company, a subsidiary of PCC, is a diversified international management and holding company with interests substantially in the financial services sector in Canada, the U.S. and Europe. Founded in 1984 with the ambition of creating an integrated financial services group, the Company has remained committed to the growth and evolution of

its primary holdings through its controlling interests in Lifeco and IGM, and in recent years implemented an active "fintech" strategy. The Company also has significant holdings in global industrial and services companies based in Europe through its investment in Pargesa Holding SA. The Company's historic and ongoing objective is to create superior shareholder value over the long term. Since its inception, the leadership of the Company has remained consistent in its approach to base decisions on what is in the best long-term interest of its operating companies and shareholders. Throughout its history, the Company has managed to the same basic principles:

- take a long-term perspective and investment horizon;
- build industry leaders with attractive growth profiles;
- provide active and strong governance oversight of its companies; and
- use prudence, be risk aware and maintain a strong financial position.

The Company and its principal Subsidiaries evaluate business and growth opportunities and continue to consider a number of acquisition, investment and disposition opportunities to achieve their business and growth strategies. The Company and its principal Subsidiaries may have proposals, letters of intent, exclusivity arrangements or conditional agreements outstanding which may, if they proceed, be material to the Company and/or its principal Subsidiaries. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition, investment or disposition would be or that such acquisition, investment or disposition will be completed by the Company or any principal Subsidiary.

Additional Information

The Company is currently subject to the continuous disclosure requirements of applicable Canadian provincial and territorial securities legislation and the rules of the TSX, and in accordance therewith, files periodic reports and other information with Canadian securities regulatory authorities and the TSX relating to the Company's business, financial condition and other matters. Shareholders may access documents filed with Canadian securities regulatory authorities under the Company's profile on SEDAR at www.sedar.com.

Description of Share Capital

The Company's authorized share capital includes an unlimited number of Common Shares, an unlimited number of Company First Preferred Shares, issuable in series, and an unlimited number of second preferred shares, issuable in series. As of January 10, 2020, there were 664,096,506 Common Shares, 4,000,000 Series A Floating Rate Cumulative Redeemable First Preferred Shares, 6,000,000 5.50% Non-Cumulative First Preferred Shares, Series D, 8,000,000 5.25% Non-Cumulative First Preferred Shares, Series E, 6,000,000 5.90% Non-Cumulative First Preferred Shares, Series F, 6,000,000 5.75% Non-Cumulative First Preferred Shares, Series H, 8,000,000 6.00% Non-Cumulative First Preferred Shares, Series I, 10,000,000 4.95% Non-Cumulative First Preferred Shares, Series K, 8,000,000 5.10% Non-Cumulative First Preferred Shares, Series L, 6,000,000 5.80% Non-Cumulative First Preferred Shares, Series O, 8,965,485 2.306% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P, 2,234,515 Non-Cumulative Floating Rate First Preferred Shares, Series Q, 10,000,000 5.50% Non-Cumulative First Preferred Shares, Series R, 12,000,000 4.80% Non-Cumulative First Preferred Shares, Series S, 8,000,000 4.215% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T and 10,000,000 5.15% Non-Cumulative First Preferred Shares, Series V issued and outstanding. As of January 10, 2020, there were no second preferred shares issued and outstanding.

Dividends

The current practice of the Company is to pay dividends to the holders of Common Shares and Company First Preferred Shares on a quarterly basis. All future dividend amounts and dates are subject to approval by the Board. Since December 1, 2017, the following dividends were declared in the quarter noted below and subsequently paid to holders of Common Shares and Company First Preferred Shares:

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3
Common Shares	$0.4125	$0.4330	$0.4330	$0.4330	$0.4330	$0.4555	$0.4555	$0.4555
First Preferred Shares, Series A	$0.1400	$0.148872	$0.150938	$0.160567	$0.16975	$0.172813	$0.172813	$0.172813
First Preferred Shares, Series D	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375
First Preferred Shares, Series E	$0.328125	$0.328125	$0.328125	$0.328125	$0.328125	$0.328125	$0.328125	$0.328125
First Preferred Shares, Series F	$0.36875	$0.36875	$0.36875	$0.36875	$0.36875	$0.36875	$0.36875	$0.36875
First Preferred Shares, Series H	$0.359375	$0.359375	$0.359375	$0.359375	$0.359375	$0.359375	$0.359375	$0.359375
First Preferred Shares, Series I	$0.3750	$0.3750	$0.3750	$0.3750	$0.3750	$0.3750	$0.3750	$0.3750
First Preferred Shares, Series K	$0.309375	$0.309375	$0.309375	$0.309375	$0.309375	$0.309375	$0.309375	$0.309375
First Preferred Shares, Series L	$0.31875	$0.31875	$0.31875	$0.31875	$0.31875	$0.31875	$0.31875	$0.31875
First Preferred Shares, Series O	$0.3625	$0.3625	$0.3625	$0.3625	$0.3625	$0.3625	$0.3625	$0.3625
First Preferred Shares, Series P	$0.144125	$0.144125	$0.144125	$0.144125	$0.144125	$0.144125	$0.144125	$0.144125
First Preferred Shares, Series Q	$0.164466	$0.161541	$0.169507	$0.179589	$0.198493	$0.199336	$0.204795	$0.205425
First Preferred Shares, Series R	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375	$0.34375
First Preferred Shares, Series S	$0.3000	$0.3000	$0.3000	$0.3000	$0.3000	$0.3000	$0.3000	$0.3000
First Preferred Shares, Series T	$0.2625	$0.2625	$0.2625	$0.2625	$0.2625	$0.263438	$0.263438	$0.263438
First Preferred Shares, Series V	$0.321875	$0.321875	$0.321875	$0.321875	$0.321875	$0.321875	$0.321875	$0.321875

Under the terms of the Arrangement Agreement, the Company may only declare or pay dividends in the period between the date of the Arrangement Agreement and the Effective Time in a manner consistent with past practice as regards to amount per share, declaration, record and payment dates.

Previous Distributions, Purchases and Sales

Previous Purchases of Securities

Other than the purchase for cancellation of 49,999,973 Common Shares on April 17, 2019 at a purchase price of $33.00 per Common Share pursuant to the Company's previously announced substantial issuer bid, during the 12 months preceding the date of this Circular, no securities of the Company were purchased by the Company.

Previous Sales of Securities

Except as described under "Previous Distributions of Shares" below, during the 12 months preceding the date of this Circular, no securities of the Company were sold by the Company.

Previous Distributions of Shares

The following table sets out the number of Common Shares that were issued by the Company on an annual basis for the five years preceding the date hereof upon the exercise of Company Options which were granted under the Company Option Plan.

Year of Distribution	Number of Shares Issued on Exercise/Settlement (#)	Average Price per Issued Share[(1)]	Aggregate Value of Consideration[(1)]
2020 (January 1-10)	-	-	-
2019	-	-	-
2018	225,000	$29.6250	$6,665,625
2017	601,819	$29.7534	$17,906,139
2016	30,980	$29.0500	$899,969
2015	1,515,000	$32.2350	$48,836,025

(1) Aggregate value may not properly sum due to rounding of average price per issued Common Share.

In addition, over the 12 months ended January 10, 2020, the Company granted an aggregate of 1,923,445 Company Options at an average exercise price of approximately $32.68 per Company Option under the Company Option Plan.

Trading Price and Volume of Shares

The Common Shares are listed on the TSX under the symbol "PWF". The following table sets forth the high and low closing prices per Common Share and the monthly trading volume of Common Shares traded on the TSX, as compiled from published financial sources for the six months preceding the date of this Circular:

Period	High	Low	Volume
July 2019	$30.30	$28.86	11,630,658
August 2019	$28.84	$27.23	12,209,962
September 2019	$31.10	$28.34	15,913,634
October 2019	$31.28	$29.57	12,838,515
November 2019	$33.18	$31.09	13,900,409
December 2019	$36.02	$32.34	22,660,242
January 1, 2020 – January 10, 2020	$35.20	$34.85	3,931,537

The market price, being the simple average closing price of the Common Shares for the 20 trading days ended December 12, 2019 (the trading day prior to the Company's announcement that it had entered into the Arrangement Agreement) on the TSX was $32.655. On January 10, 2020, the closing price of the Common Shares on the TSX was $35.13 per Common Share.

Commitments to Acquire Securities

Other than pursuant to the Reorganization, the Company has no agreements, commitments or understandings to acquire securities of the Company. To the knowledge of the directors and senior officers of the Company, after reasonable inquiry, aside from purchases through the exercise of stock options, no other person named in this Circular under "The Reorganization — Interests of Certain Persons in the Reorganization — Ownership of the Securities of the Company" has any agreement, commitment or understanding to acquire securities of the Company.

Intentions with Respect to the Reorganization

Each person named in this Circular under "The Reorganization — Voting and Support Agreements" who holds Common Shares has agreed to vote all of the Common Shares held by him or her in favour of the Reorganization Resolution. See "The Reorganization — Voting and Support Agreements".

Benefits from the Reorganization and Interested Parties

Except as otherwise disclosed in this Circular, no person named in this Circular under "The Reorganization — Interests of Certain Persons in the Reorganization — Ownership of the Securities of the Company" will receive any benefit from the Reorganization that differs from the benefits received by all Shareholders.

Material Changes in the Affairs of the Company

To the knowledge of the directors and senior officers of the Company and except as publicly disclosed or otherwise described in this Circular, there are no plans or proposals for material changes in the affairs of the Company.

Documents Incorporated by Reference

The following documents of the Company, filed with securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference in, and form an integral part of, this Circular:

(a) the annual information form of the Company dated March 26, 2019, including documents incorporated by reference therein;

(b) the unaudited interim condensed consolidated financial statements of the Company as at September 30, 2019 and for the three- and nine-month periods ended September 30, 2019 and 2018, together with the notes thereto;

(c) the interim management's discussion and analysis of the financial condition and performance of the Company for the three- and nine- month periods ended September 30, 2019;

(d) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2018 and 2017, together with the notes thereto, and the independent auditor's report thereon;

(e) the management's discussion and analysis of the financial conditions and performance of the Company for the year ended December 31, 2018;

(f) the management proxy circular dated March 20, 2019 with respect to the annual meeting of Shareholders held on May 13, 2019; and

(g) the material change report dated December 18, 2019 relating to the entering into of the Arrangement Agreement.

INFORMATION CONCERNING PCC

Description of the Business

Overview

PCC is a diversified international management and holding company with interests in the financial services, asset management, sustainable and renewable energy, and other business sectors in North America, Europe and Asia. PCC's principal asset is a controlling interest in the Company, which in turn controls Lifeco and IGM and in recent years implemented an active fintech strategy. The Company also holds jointly with the Frère Group of Belgium a controlling interest in Pargesa Holding SA.

PCC conducts investment activities, built upon a network of deep and long-standing relationships, to provide superior returns on a diversified basis. The investment activities include Power Energy, Sagard Europe, Sagard Holdings and Sagard China and interests in China resulting from more than 40 years of engagement.

PCC adheres to four overriding investing principles to pursue its objectives of achieving sound long-term investment diversification and sustainable value-creation for its shareholders:

- long-term perspective;
- leading franchises with attractive growth profiles;
- strong governance oversight; and
- prudent approach to risk management.

PCC and its principal Subsidiaries evaluate business and growth opportunities and continue to consider a number of acquisition, investment and disposition opportunities to achieve their business and growth strategies. PCC and its principal Subsidiaries may have proposals, letters of intent, exclusivity arrangements or conditional agreements outstanding which may, if they proceed, be material to PCC and/or its principal Subsidiaries. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition, investment or disposition would be or that such acquisition, investment or disposition will be completed by PCC or any principal Subsidiary.

Following completion of the Reorganization, PCC's strategy will emphasize financial services, including the businesses of the Company.

Additional Information

PCC is subject to the continuous disclosure requirements of applicable Canadian provincial and territorial securities legislation and the rules of the TSX, and in accordance therewith, files periodic reports and other information with Canadian securities regulatory authorities and the TSX relating to PCC's business, financial condition and other matters. Shareholders may access documents filed with Canadian securities regulatory authorities under PCC's profile on SEDAR at www.sedar.com.

Consolidated Capitalization

The following table sets forth PCC's consolidated capitalization as at September 30, 2019, the date of PCC's most recent unaudited interim condensed consolidated financial statements, adjusted to give effect to the issuance of the PCC Subordinate Voting Shares under the Reorganization and the PCC Participating Preferred Share Issuances. The table should be read in conjunction with the unaudited interim condensed consolidated financial statements of PCC for the three- and nine-month periods ended September 30, 2019, together with the notes thereto, and the interim

management's discussion and analysis thereof and the other financial information contained or incorporated in or incorporated by reference in this Circular.

(in millions of dollars)	As at September 30, 2019 (unaudited)		Adjustments	As at September 30, 2019 after giving effect to the Reorganization
Debentures and other debt instruments	10,120			10,120
Equity				
Stated capital				
Non-participating shares	961	(a)	-	961
Participating shares	718	(b), (c)	8,674	9,392
Retained earnings	10,948	(d)	(2,798)	8,150
Reserves	1,266	(e)	550	1,816
Total shareholders' equity	13,893		6,426	20,319
Non-controlling interests	22,075	(a), (f)	(6,237)	15,838
Total equity	**35,968**		**189**	**36,157**

(a) Does not reflect PCC's intention to redeem and cause the Company to redeem an aggregate of $350 million of their respective first preferred shares with available cash.
(b) Issuance of 250.6 million PCC Subordinate Voting Shares for an amount of $8,473 million as at January 10, 2020.
(c) Assuming Pansolo acquires 6.0 million PCC Participating Preferred Shares pursuant to the Pre-Emptive Right for an amount of $201 million as at January 10, 2020. Pansolo has indicated that it intends to acquire 5.0 million to 6.0 million PCC Participating Preferred Shares.
(d) Excess of Consideration for Common Shares of the Company over the acquired non-controlling interests in the Company, share issuance costs and the reattribution of Reserves.
(e) Reattribution of Reserves as a result of the acquisition of non-controlling interests in the Company.
(f) Elimination of non-controlling interests acquired in the Company.

Description of PCC Subordinate Voting Shares

A description of the material attributes and characteristics of the PCC Subordinate Voting Shares to be issued to Shareholders pursuant to the Reorganization is contained in annual information form for PCC for the fiscal year ended December 31, 2018 under the heading "Description of Share Capital — Subordinate Voting Shares" which is incorporated by reference into this Circular.

Prior Sales

Excluding any PCC Subordinate Voting Shares distributed pursuant to the exercise of options of PCC, no PCC Subordinate Voting Shares have been issued during the twelve-month period preceding the date of this Circular.

Over the 12 months ended January 10, 2020, PCC granted an aggregate of 1,325,223 stock options at an average exercise price of approximately $31.84 per option under the PCC Option Plan.

Trading Price and Volume of Shares

The PCC Subordinate Voting Shares are listed on the TSX under the symbol "POW". The following table sets forth the high and low closing prices per Common Share and the monthly trading volume of Common Shares traded on the TSX, as compiled from published financial sources for the 12 months preceding the date of this Circular:

Period	High	Low	Volume
February 2019	$28.09	$25.62	23,964,561
March 2019	$31.42	$28.25	45,537,113
April 2019	$32.60	$30.48	43,819,552
May 2019	$30.66	$28.03	33,101,822
June 2019	$28.87	$27.32	27,633,959
July 2019	$28.58	$27.88	17,959,671
August 2019	$28.07	$26.82	18,004,594
September 2019	$30.57	$28.07	28,121,083
October 2019	$31.04	$29.63	20,391,707
November 2019	$32.35	$30.77	19,617,949
December 2019	$34.42	$31.68	33,200,443
January 1, 2020-January 10, 2020	$33.93	$33.28	7,031,330

The market price, being the simple average closing price of the PCC Subordinate Voting Shares for the 20 trading days ended December 12, 2019 (the trading day prior to the Company's announcement that it had entered into the Arrangement Agreement) on the TSX was $32.059. On January 10, 2020, the closing price of the PCC Subordinate Voting Shares on the TSX was $33.81 per PCC Subordinate Voting Share.

Dividends

Following completion of the Reorganization, the PCC Board has indicated that it intends to increase the quarterly dividend paid to holders of PCC Subordinate Voting Shares and PCC Participating Preferred Shares to $0.4475 per share and to move forward the regular quarterly payment dates by approximately two months, commencing with the dividends to be paid in the second quarter of 2020 (assuming the Reorganization is completed prior to the record date for such dividends). The decision to declare any dividends, including the amounts and dates of such dividends, is subject to approval by the PCC Board.

On December 13, 2019, the PCC Board declared a dividend of $0.405 cents per share on the PCC Participating Preferred Shares and the PCC Subordinate Voting Shares, payable March 31, 2020 to shareholders of record on February 5, 2020.

Benefits of the Reorganization for PCC

PCC anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses.

PCC has indicated that, following completion of the Reorganization, it intends to redeem and cause the Company to redeem an aggregate of $350 million of their respective first preferred shares with available cash, which PCC expects will result in reduced annual financing costs of approximately $15 million per year. The remaining first preferred shares of PCC and Company First Preferred Shares will be considered a permanent component of the pro forma capital structure.

Documents Incorporated by Reference

The following documents of PCC, filed with securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference in, and form an integral part of, this Circular:

(a) the annual information form of PCC dated March 26, 2019, including documents incorporated by reference therein;

(b) the unaudited interim condensed consolidated financial statements of PCC as at September 30, 2019 and for the three- and nine-month periods ended September 30, 2019 and 2018, together with the notes thereto;

(c) the interim management's discussion and analysis of the financial condition and performance of PCC for the three- and nine-month periods ended September 30, 2019;

(d) the audited consolidated financial statements of PCC as at and for the years ended December 31, 2018 and 2017, together with the notes thereto, and the independent auditor's report thereon;

(e) the management's discussion and analysis of the financial conditions and performance of PCC for the year ended December 31, 2018;

(f) the management proxy circular dated March 20, 2019 with respect to the annual meeting of shareholders held on May 14, 2019;

(g) the material change report dated March 12, 2019 relating to PCC's previously announced substantial issuer bid and the participation of PCC in the previously announced substantial issuer bid of the Company; and

(h) the material change report dated December 18, 2019 relating to the entering into of the Arrangement Agreement.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101") to be incorporated by reference in a short form prospectus, including any material change reports (except confidential material change reports), interim financial statements, annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference herein) filed by PCC with the securities commissions or similar authorities in Canada subsequent to the date of the Circular and prior to the completion of the Reorganization will be deemed to be incorporated by reference in the Circular. Copies of the documents incorporated herein by reference are available on SEDAR at www.sedar.com.

Management Changes

Messrs. Paul Desmarais, Jr. and André Desmarais have indicated that they will retire as Co-Chief Executive Officers of PCC upon completion of the Reorganization. They will continue to play an active role in the governance of PCC and will maintain their respective positions as Chairman and Deputy Chairman of the PCC Board.

The PCC Board has indicated that it will appoint R. Jeffrey Orr, who currently serves as the President and Chief Executive Officer of the Company, as President and Chief Executive Officer of PCC upon completion of the Reorganization.

Effect on Financial Position

Following completion of the Reorganization, the Company understands that PCC intends to, and intends to cause the Company to, redeem an aggregate of $350 million of their respective first preferred shares with available cash, resulting in reduced annual financing costs of approximately $15 million per year.

The Company further understands that PCC intends to file with the TSX a notice of intention to commence a new normal course issuer bid during the first quarter of 2020. If this notice is accepted by the TSX, PCC expects to be permitted to repurchase for cancellation, at its discretion during the 12 months following such acceptance, up to 10% of the "public float" (calculated in accordance with the rules of the TSX) of PCC's issued and outstanding PCC Subordinate Voting Shares.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, generally applicable to a Shareholder who, for purposes of the Tax Act, holds Common Shares and will hold any PCC Subordinate Voting Shares acquired pursuant to the Reorganization as capital property, deals at arm's length with the Company and PCC, is not affiliated with the Company or PCC, and who disposes of Common Shares to PCC pursuant to the Reorganization (a "**Holder**").

Common Shares and PCC Subordinate Voting Shares generally will be considered capital property to a Holder for purposes of the Tax Act unless the Holder holds such shares in the course of carrying on a business of buying and selling securities or the Holder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act in force as of the date hereof and an understanding of the current published administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any other changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is not applicable to Holders who acquired Common Shares pursuant to employee stock options or compensation plans. In addition, this summary does not apply to a Holder (a) that is a "financial institution", for the purposes of the mark-to-market rules in the Tax Act, (b) an interest in which is a "tax shelter investment", as defined in the Tax Act, (c) that is a "specified financial institution", as defined in the Tax Act, (d) that has made a "functional currency" election under section 261 of the Tax Act, or (e) that has entered, or will enter, into a "derivative forward agreement" or a "synthetic disposition arrangement", each as defined in the Tax Act with respect to Common Shares or PCC Subordinate Voting Shares. All such Holders should consult their own tax advisors.

This summary does not address the possible application of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act to a Holder that (i) is a corporation resident in Canada and (ii) is, or becomes, or does not deal at arm's length with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the transactions effected by the Reorganization (including the acquisition of PCC Subordinate Voting Shares), controlled by a non-resident person (or a group of such persons that do not deal with each other at arm's length) for the purposes of such rules. Such Holders should consult their own tax advisors with respect to the possible application of these rules.

This summary is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. **Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of the Reorganization having regard to their particular circumstances,**

including the application and effect of the income and other tax laws of any country, province, territory, state, local or other jurisdiction that may be applicable to the Holder.

Holders Resident in Canada

This part of the summary is applicable only to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada (a "**Resident Holder**").

Certain Resident Holders whose Common Shares or PCC Subordinate Voting Shares might not otherwise constitute capital property may be eligible to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Common Shares and PCC Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years, be deemed to be capital property. Resident Holders contemplating such an election should consult their own tax advisors concerning this election.

Disposition of Common Shares Pursuant to the Reorganization

Exchange of Common Shares – No Tax Election

A Resident Holder whose Common Shares are exchanged for the Consideration pursuant to the Reorganization and who does not make a valid Tax Election (as defined herein) with respect to the exchange, will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Resident Holder's Common Shares immediately before the exchange.

For purposes of computing the capital gain or capital loss realized upon the disposition of Common Shares to PCC, such a Resident Holder will be considered to have disposed of such Resident Holder's Common Shares to PCC for proceeds of disposition equal to the aggregate of the fair market value, as at the time of the exchange, of the PCC Subordinate Voting Shares and the amount of cash received (including cash received in lieu of a fraction of a share) in consideration therefor. For a description of the treatment of capital gains and capital losses, see "— Disposition of Common Shares Pursuant to the Reorganization — Taxation of Capital Gains and Capital Losses" below.

The cost to the Resident Holder of any PCC Subordinate Voting Shares acquired on the exchange will equal the aggregate fair market value, at the time of the exchange, of the Common Shares disposed of by such Resident Holder, less the aggregate amount of cash received on the exchange. If the Resident Holder separately owns other PCC Subordinate Voting Shares as capital property at that time, the adjusted cost base of all PCC Subordinate Voting Shares owned by the Resident Holder as capital property immediately after the exchange will be determined by averaging the cost of the PCC Subordinate Voting Shares acquired on the exchange with the adjusted cost base of those other PCC Subordinate Voting Shares.

Exchange of Common Shares – Tax Election

The following applies to a Resident Holder who is an Eligible Holder. An Eligible Holder who receives Consideration pursuant to the Reorganization may obtain a full or partial tax deferral in respect of the disposition of Common Shares as a consequence of filing with the CRA (and, where applicable, with a provincial tax authority) a joint election made by the Eligible Holder and PCC under subsection 85(1) of the Tax Act (or, in the case of an Eligible Holder which is partnership, under subsection 85(2) of the Tax Act, provided all members of the partnership jointly elect) and the corresponding provisions of any applicable provincial income tax law (collectively, the "**Tax Election**").

In general, an Eligible Holder may select an Elected Amount so as to fully or partially defer realizing a capital gain for the purposes of the Tax Act on the exchange. The "**Elected Amount**" means the amount selected by an Eligible Holder, subject to the limitations described below, in a Tax Election to be treated as the Eligible Holder's proceeds of disposition of the Common Shares.

In general, where an election is made, the Elected Amount must comply with the following rules:

(a) the Elected Amount may not be less than the lesser of the adjusted cost base to the Eligible Holder of the Common Shares disposed of, determined at the time of the disposition, and the fair market value of the Common Shares at that time;

(b) the Elected Amount may not be less than the aggregate of the amount of cash received by the Eligible Holder as a result of the disposition (including cash received in lieu of a fraction of a share);

(c) the Elected Amount may not exceed the fair market value of the Common Shares at the time of the disposition.

Elected Amounts which do not otherwise comply with the foregoing limitations will automatically be adjusted under the Tax Act so that they are in compliance with such limitations.

Where an Eligible Holder and PCC make a valid Tax Election, the tax treatment to the Eligible Holder generally will be as follows:

(a) the Common Shares will be deemed to have been disposed of by the Eligible Holder for proceeds of disposition equal to the Elected Amount;

(b) if the Elected Amount is equal to the aggregate of the adjusted cost base to the Eligible Holder of the Common Shares, determined at the time of the disposition, and any reasonable costs of disposition, no capital gain or capital loss will be realized by the Eligible Holder;

(c) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the adjusted cost base of the Common Shares to the Eligible Holder and any reasonable costs of disposition, the Eligible Holder will in general realize a capital gain (or capital loss); and

(d) the aggregate cost to the Eligible Holder of PCC Subordinate Voting Shares acquired as a result of the disposition will equal the amount, if any, by which the Elected Amount exceeds the aggregate of the amount of cash received by the Eligible Holder as a result of the disposition (including cash received in lieu of a fraction of a share), and such cost will be averaged with the adjusted cost base of all other PCC Subordinate Voting Shares held by the Eligible Holder immediately prior to the disposition as capital property for the purpose of determining thereafter the adjusted cost base of each PCC Subordinate Voting Share held by such Eligible Holder.

Procedure for Making a Tax Election

PCC has agreed to make a Tax Election with an Eligible Holder at the amount determined by such Eligible Holder, subject to the limitations set out in subsection 85(1) or subsection 85(2) of the Tax Act (or any applicable provincial income tax law). A tax instruction letter (the "**Tax Instruction Letter**") providing certain instructions for making a Tax Election may be obtained at PCC's website: www.powercorporation.com/en/investors/reorganization/. In addition, a Tax Instruction Letter will be delivered to a Registered Shareholder that checks the appropriate box on the Letter of Transmittal and submits the Letter of Transmittal to the Depositary in accordance with the procedures set out under the heading "The Reorganization — Reorganization Mechanics — Letter of Transmittal". A Registered Shareholder who has not delivered the Letter of Transmittal by the Effective Time and who becomes entitled to receive Consideration will be provided with a Tax Instruction Letter if such Registered Shareholder delivers the Letter of Transmittal, completed as described in the previous sentence, within 30 days after the Effective Date.

To make a Tax Election, an Eligible Holder must provide the necessary information in accordance with the procedures set out in the Tax Instruction Letter within 120 days after the Effective Date. The information will include the number of Common Shares transferred, the Consideration received and the applicable Elected Amount for the purposes of such election. PCC will make a Tax Election only with an Eligible Holder, and at the Elected

Amount subject to the limitations set out in subsection 85(1) or subsection 85(2) of the Tax Act (and any applicable provincial tax law).

Subject to the information provided by an Eligible Holder complying with the procedures set out in the Tax Instruction Letter and the provisions of the Tax Act (and any applicable provincial income tax law) and provided the necessary information is received within 120 days of the Effective Date, a Tax Election form will be signed by PCC and delivered to the Eligible Holder, within sixty (60) days of receipt of such information by PCC, for filing with the CRA (or the applicable provincial tax authority).

Other than the foregoing obligation, neither PCC, the Company nor any successor corporation shall be responsible for the proper completion of any Tax Election form, nor for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such Tax Election form in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial tax law), and each Eligible Holder is solely responsible for ensuring the Tax Election is completed correctly and filed with the CRA (and any applicable provincial tax authority) by the required deadline. In its sole discretion, PCC or any successor corporation may choose to sign and deliver a Tax Election form if the necessary information is received by it more than 120 days following the Effective Date, but will have no obligation to do so and no assurances can be given that PCC or a successor corporation will do so. Accordingly, all Eligible Holders who wish to make a Tax Election should give their immediate attention to this matter. **With the exception of the execution and delivery of completed Tax Election forms within sixty (60) days of receiving the required information from an Eligible Holder in accordance with the procedures set out in the Tax Instruction Letter, compliance with the requirements for making a valid Tax Election will be the sole responsibility of the Eligible Holder making the election.**

In order for the CRA to accept a Tax Election without a late filing penalty being paid by an Eligible Holder, the Tax Election form must be received by the CRA on or before the day that is the earliest of the days on or before which either PCC or the Eligible Holder (or any partner thereof where the Eligible Holder is a partnership) is required to file an income tax return for the taxation year in which the disposition occurs. PCC's 2020 taxation year is scheduled to end on December 31, 2020, although PCC's taxation year may end earlier as a result of an event such as an amalgamation. PCC's income tax return is required to be filed within six months of its taxation year end. Eligible Holders are urged to consult their own advisors as soon as possible respecting the deadlines (including, where applicable, provincial deadlines) applicable to their own particular circumstances; **however, regardless of such deadlines, information necessary for an Eligible Holder to make a Tax Election must be received by PCC in accordance with the procedures set out in the Tax Instruction Letter no later than 120 days after the Effective Date.**

Any Eligible Holder who does not ensure that information necessary to make a Tax Election has been received by PCC in accordance with the procedures set out in the Tax Instruction Letter within the time period noted above may not be able to benefit from the tax deferral provisions in subsections 85(1) and 85(2) of the Tax Act (or the corresponding provisions of any applicable provincial income tax law). Accordingly, all Eligible Holders who wish to make a Tax Election with PCC should give their immediate attention to this matter. Eligible Holders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 (archived) issued by the CRA for further information respecting the Tax Election. Eligible Holders wishing to make the Tax Election are urged to consult their own tax advisors without delay. The comments herein with respect to the Tax Election are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder will be required to include in computing such Resident Holder's income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by it in that year. A Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, subject to and in accordance with the detailed rules contained in the Tax Act.

The amount of any capital loss realized on the disposition of a Common Share or a PCC Subordinate Voting Share by a Resident Holder that is a corporation may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of any dividends received or deemed to have been received by the corporation on such share (or on a share for which such share is substituted or exchanged). Similar rules may apply where shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant are urged to consult their own tax advisors.

Dissenting Holders

A Dissenting Holder that is a Resident Holder (a "**Resident Dissenting Holder**") will transfer its Dissent Shares to the Company for cancellation in exchange for cash consideration in an amount equal to the fair value of such Dissent Shares at the Effective Time in accordance with the Plan of Arrangement. A Resident Dissenting Holder will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by the Company for the Dissent Shares (other than in respect of interest awarded by a court, if any) over their paid-up capital for purposes of the Tax Act. The Company estimates that the paid-up capital per Common Share as of the date hereof is approximately $1.91 (and prior to the Meeting, the Company will advise Shareholders if there is any material change to this estimate). As a result, the Company expects that a Resident Dissenting Holder whose Dissent Shares are transferred to the Company for cancellation will be deemed to receive a dividend for purposes of the Tax Act. The exact quantum of such deemed dividend cannot be guaranteed.

Any dividend deemed to be received by a Resident Dissenting Holder who is an individual will generally be included in the recipient's income for the purposes of the Tax Act. Such dividends deemed to be received by a Resident Dissenting Holder who is an individual will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Company at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the Tax Act and a Resident Dissenting Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend**.** The Company intends to designate all deemed dividends arising from the transfer of Dissent Shares to the Company as eligible dividends for these purposes.

In the case of a Resident Dissenting Holder that is a corporation, dividends deemed to be received will be required to be included in computing the corporation's income for the taxation year in which such dividends are deemed to be received and will generally be deductible in computing the corporation's taxable income subject to the limitations under the Tax Act. In certain circumstances, a taxable dividend deemed to be received by a Resident Dissenting Holder that is a corporation may be treated as proceeds of disposition and not as a dividend, pursuant to the rules in subsection 55(2) of the Tax Act. Corporate Resident Dissenting Holders should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

The amount paid by the Company to a Resident Dissenting Holder for Dissent Shares less any amount deemed to be received by the Resident Dissenting Holder as a dividend (after the application of subsection 55(2) in the case of a corporate Resident Dissenting Holder) will be treated as proceeds of disposition of the Dissent Shares. The Resident Dissenting Holder will realize a capital gain (or capital loss) on the disposition of the Dissent Shares equal to the amount by which the Resident Dissenting Holder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Dissenting Holder of the Dissent Shares acquired by the Company for cancellation, see "— Disposition of Common Shares Pursuant to the Reorganization —Taxation of Capital Gains and Capital Losses" above.

Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Dissent Shares shall be deemed to have participated in the Reorganization on the same basis as any non-Dissenting Holder. In general, the tax consequences as described above under "— Disposition of Common Shares Pursuant to the Reorganization" should apply to a Resident Dissenting Holder who receives the Consideration instead of cash equal to the fair value of such Resident Dissenting Holder's Dissent Shares.

Interest awarded by a court to a Resident Dissenting Holder will be included in the Dissenting Holder's income for the purposes of the Tax Act.

Resident Holders should consult their own tax advisors for advice in respect of the consequences to them of exercising Dissent Rights in respect of the Reorganization, including having regard to the deemed dividend tax treatment resulting from the exercise of Dissent Rights as opposed to capital gains (or capital loss) treatment which would generally be applicable if such Resident Holder received Consideration or sold Common Shares on the TSX.

Holding and Disposing of PCC Subordinate Voting Shares

Dividends on PCC Subordinate Voting Shares

Dividends on PCC Subordinate Voting Shares will be included in the recipient's income for the purposes of the Tax Act. Such dividends received (or deemed to be received) by a Resident Holder who is an individual will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by PCC at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the Tax Act and a Resident Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend**.** PCC intends to designate all dividends on PCC Subordinate Voting Shares as eligible dividends for these purposes.

In the case of a Resident Holder of PCC Subordinate Voting Shares that is a corporation, dividends received (or deemed to be received) on PCC Subordinate Voting Shares will be required to be included in computing the corporation's income for the taxation year in which such dividends are received (or deemed to be received) and will generally be deductible in computing the corporation's taxable income subject to the limitations under the Tax Act. In certain circumstances, a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation may be treated as proceeds of disposition or a capital gain and not as a dividend pursuant to the rules in subsection 55(2) of the Tax Act. Corporate Resident Holders should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

Disposition of PCC Subordinate Voting Shares

A disposition or deemed disposition of a PCC Subordinate Voting Share by a Resident Holder (other than a disposition to PCC in circumstances other than a purchase by PCC in the open market in the manner in which shares are normally purchased by a member of the public in the open market) will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the PCC Subordinate Voting Share immediately before the disposition. For a description of the tax treatment of capital gains and capital losses, see "— Disposition of Common Shares Pursuant to the Reorganization — Taxation of Capital Gains and Capital Losses" above.

Other Taxes

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received (or deemed to be received) on PCC Subordinate Voting Shares or deemed to be received on the cancellation of Dissent Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains realized, interest and certain dividends (but not dividends, or deemed dividends, that are deductible in computing the Resident Holder's taxable income).

Capital gains realized, or dividends received (or deemed to be received, including on the transfer of Dissent Shares to the Company) by a Resident Holder who is an individual or a trust, other than certain specified trusts, may give rise to liability for alternative minimum tax under the Tax Act.

Resident Holders should consult their own tax advisors with regard to such other taxes.

Eligibility for Investment

The PCC Subordinate Voting Shares, provided they are listed on a designated stock exchange as defined in the Tax Act (which currently includes the TSX), will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plans ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered disability savings plan, registered education savings plan ("**RESP**"), tax free savings account ("**TFSA**") (each a "**Registered Plan**"), or a deferred profit sharing plan.

Notwithstanding the foregoing, if the PCC Subordinate Voting Shares are a "prohibited investment" (as defined in the Tax Act) for a particular Registered Plan, the annuitant, holder or subscriber of the particular Registered Plan, as the case may be (the "**Controlling Individual**"), will be subject to a penalty tax as set out in the Tax Act. The PCC Subordinate Voting Shares will not be a "prohibited investment" for such a Registered Plan provided that the Controlling Individual thereof deals at arm's length with PCC for purposes of the Tax Act and does not have a "significant interest," within the meaning of subsection 207.01(4) of the Tax Act, in PCC. In addition, the PCC Subordinate Voting Shares will not be a prohibited investment if such securities are "excluded property" for purposes of the prohibited investment rules for a Registered Plan. Resident Holders who intend to hold PCC Subordinate Voting Shares in a Registered Plan should consult their own tax advisors as to whether the PCC Subordinate Voting Shares will be a prohibited investment for such Registered Plans in their particular circumstances.

Holders Not Resident in Canada

This part of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is neither resident nor deemed to be resident in Canada, and does not use or hold, and is not deemed to use or hold, Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This part of the summary is not applicable to Non-Resident Holders that are insurers carrying on an insurance business in Canada and elsewhere.

Disposition of Common Shares Pursuant to the Reorganization

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on a disposition of Common Shares pursuant to the Reorganization unless those Common Shares constitute "taxable Canadian property" and are not "treaty-protected property" of the Non-Resident Holder.

Generally, a Common Share will not be "taxable Canadian property" of a Non-Resident Holder at a particular time provided that such share is listed on a designated stock exchange as defined in the Tax Act (which includes the TSX) at that time, unless at any time during the 60-month period immediately preceding the particular time (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of shares of the Company, and (b) more than 50% of the fair market value of the Common Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Notwithstanding the foregoing, Common Shares which are not otherwise taxable Canadian property may in certain circumstances be deemed to be taxable Canadian property to the Non-Resident Holder for the purposes of the Tax Act. Non-Resident Holders whose Common Shares may constitute taxable Canadian property are urged to consult their own tax advisors for advice having regard to their particular circumstances.

Even if the Common Shares are considered to be taxable Canadian property to a Non-Resident Holder, a taxable capital gain or an allowable capital loss resulting from the disposition of the Common Shares will not be taken into account in computing the Non-Resident Holder's income for purposes of the Tax Act if the Common Shares constitute "treaty-protected property", as defined in the Tax Act. Common Shares owned by a Non-Resident Holder will

generally be treaty-protected property if the gain from the disposition of such shares would, because of an applicable income tax treaty or convention to which Canada is a signatory, be exempt from tax under Part I of the Tax Act.

In the event that the Common Shares are considered to be taxable Canadian property but not treaty-protected property to a particular Non-Resident Holder on the disposition thereof pursuant to the Reorganization, such Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and computed in the manner described above under "Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Exchange of Common Shares — No Tax Election" and "— Taxation of Capital Gains and Capital Losses" as if the Non-Resident Holder were a Resident Holder thereunder, unless the Non-Resident Holder is an Eligible Non-Resident and makes a valid Tax Election jointly with PCC as described further below.

A Non-Resident Holder that is an Eligible Non-Resident and hence an Eligible Holder may make a Tax Election jointly with PCC to obtain a full or partial deferral for purposes of the Tax Act of the capital gain that would otherwise be realized on the exchange of Common Shares under the Reorganization depending on the Elected Amount and the Eligible Holder's adjusted cost base of the Common Shares at the time of the exchange. The procedures and requirements for making a Tax Election and the effects of filing such an election under the Tax Act are as described above for a Resident Holder under the heading "Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Exchange of Common Shares– Tax Election". If an Eligible Non-Resident makes a Tax Election jointly with PCC, PCC Subordinate Voting Shares received in exchange for Common Shares that constituted taxable Canadian property to such Eligible Non-Resident will be deemed to be taxable Canadian property to such Eligible Non-Resident in accordance with the rules in the Tax Act.

Non-Resident Holders should consult their own advisors with respect to the availability and advisability of making a Tax Election.

Non-Resident Dissenting Holders

A Dissenting Holder that is a Non-Resident Holder (a "**Non-Resident Dissenting Holder**") will transfer its Dissent Shares to the Company for cancellation in exchange for cash consideration in an amount equal to the fair value of such Dissent Shares at the Effective Time in accordance with the Plan of Arrangement. A Non-Resident Dissenting Holder will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by the Company for the Dissent Shares over their paid-up capital for purposes of the Tax Act. The Company estimates that the paid-up capital per Common Share as of the date hereof is approximately $1.91 (and prior to the Meeting, the Company will advise Shareholders if there is any material change to this estimate). As a result, the Company expects that a Non-Resident Dissenting Holder whose Dissent Shares are transferred to the Company for cancellation will be deemed to receive a dividend for purposes of the Tax Act. The exact quantum of such deemed dividend cannot be guaranteed. Any dividend deemed to be received by a Non-Resident Dissenting Holder will generally be subject to Canadian withholding tax as described below under the heading "— Holding and Disposing of PCC Subordinate Voting Shares — Dividends on PCC Subordinate Voting Shares".

The amount paid by the Company to a Non-Resident Dissenting Holder for Dissent Shares less any amount deemed to be received by the Non-Resident Dissenting Holder as a dividend will be treated as proceeds of disposition of the Dissent Shares. The Non-Resident Dissenting Holder will not be subject to tax under the Tax Act in respect of any capital gain, or be entitled to deduct any capital loss, realized on the disposition of Dissent Shares unless such Dissent Shares are "taxable Canadian property" to the Non-Resident Dissenting Holder at the time of such sale and such gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable tax treaty (if any). See "— Disposition of Common Shares Pursuant to the Reorganization" above.

Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Dissent Shares shall be deemed to have participated in the Reorganization on the same basis as any non-Dissenting Holder. In general, the tax consequences as described above under "— Disposition of Common Shares Pursuant to the Reorganization" should apply to a Non-Resident Dissenting Holder who receives Consideration instead of cash equal to the fair value of such Non-Resident Dissenting Holder's Dissent Shares.

Any interest paid or credited to a Non-Resident Dissenting Holder in respect of the Reorganization will generally not be subject to Canadian withholding tax provided such interest is not "participating debt interest" (as defined in the Tax Act).

Non-Resident Holders should consult their own tax advisors for advice in respect of the consequences to them of exercising Dissent Rights in respect of the Reorganization, including having regard to the deemed dividend tax treatment (and Canadian withholding tax) resulting from the exercise of Dissent Rights as opposed to potentially not being subject to Canadian tax, as discussed further above, if such Non-Resident Holder received Consideration or sold Common Shares on the TSX.

Holding and Disposing of PCC Subordinate Voting Shares

Dividends on PCC Subordinate Voting Shares

Any dividends paid (or deemed to be paid) in respect of PCC Subordinate Voting Shares to a Non-Resident Holder will be subject to Canadian withholding tax at a rate of 25%, subject to any reduction pursuant to an applicable income tax treaty or convention. For example, under the current provisions of the *Canada-United States Tax Convention (1980)*, as amended (the "**U.S. Treaty**"), where dividends are paid to, or derived by, a Non-Resident Holder who is a U.S. resident for the purpose of, and who is entitled to all benefits in accordance with the provisions of, the U.S. Treaty, the applicable rate of Canadian withholding tax generally is reduced to 15%.

Disposition of PCC Subordinate Voting Shares

A Non-Resident Holder who holds PCC Subordinate Voting Shares that are not "taxable Canadian property" will not be subject to tax under the Tax Act on the disposition of such PCC Subordinate Voting Shares (other than a disposition to PCC in circumstances other than a purchase by PCC in the open market in the manner in which shares are normally purchased by a member of the public in the open market). The circumstances in which PCC Subordinate Voting Shares may constitute "taxable Canadian property" will be the same as described above for Common Shares under "Holders Not Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization". In particular, if an Eligible Non-Resident makes a Tax Election jointly with PCC, PCC Subordinate Voting Shares received in exchange for Common Shares that constituted taxable Canadian property to such Eligible Non-Resident will be deemed to be taxable Canadian property to such Eligible Non-Resident in accordance with the rules in the Tax Act.

Even if PCC Subordinate Voting Shares are considered to be "taxable Canadian property" to a Non-Resident Holder, a taxable capital gain or an allowable capital loss resulting from the disposition of PCC Subordinate Voting Shares will not be included in computing the Non-Resident Holder's income for purposes of the Tax Act if the PCC Subordinate Voting Shares constitute "treaty-protected property". PCC Subordinate Voting Shares owned by a Non-Resident Holder will generally be "treaty-protected property" if the gain from the disposition of such property would, because of an applicable income tax treaty or convention, be exempt from tax under Part I of the Tax Act. Non-Resident Holders who will hold PCC Subordinate Voting Shares that may be "taxable Canadian property" are urged to consult their own advisors as to the Canadian income tax consequences of disposing of their PCC Subordinate Voting Shares acquired pursuant to the Reorganization. In the event that PCC Subordinate Voting Shares constitute taxable Canadian property but not "treaty-protected property" to a particular Non-Resident Holder, the tax consequences as described above under "Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Taxation of Capital Gains and Capital Losses" will generally apply. A Non-Resident Holder who disposes of taxable Canadian property is urged to consult such Non-Resident Holder's own tax advisors regarding any resulting Canadian reporting requirements.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This discussion describes the material U.S. federal income tax considerations for U.S. Holders (as defined below) of the Common Shares with respect to the Reorganization and the subsequent ownership and disposition of PCC Subordinate Voting Shares by such holders. If you are not a U.S. Holder, this discussion does not apply to you. The discussion below is for general purposes only and is not a substitute for a holder's individual analysis of the tax

considerations for the Reorganization and the subsequent ownership and disposition of PCC Subordinate Voting Shares. U.S. Holders of the Common Shares are urged to consult their own tax advisors regarding the U.S. (federal, state and local) and non-U.S. tax considerations for these matters in light of their particular circumstances.

This discussion does not address any aspect of U.S. taxation other than U.S. federal income taxation, is not a complete analysis of all potential U.S. federal income tax considerations with respect to the Reorganization or subsequent ownership and disposition of PCC Subordinate Voting Shares received pursuant to the Reorganization, and does not address all tax considerations that may be relevant to holders of Common Shares or of PCC Subordinate Voting Shares or any particular shareholder in light of its particular circumstances. In addition, this summary does not address the U.S. federal alternative minimum tax, the Medicare contribution tax on net investment income, U.S. federal estate and gift tax, U.S. state and local tax, or non-U.S. tax consequences of the Reorganization and the subsequent ownership and disposition of PCC Subordinate Voting Shares. This discussion is limited to persons that hold their Common Shares, and will hold their Share Consideration, as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**") (generally, property held for investment).

The discussion below generally does not address any tax considerations for Shareholders that are subject to special rules under U.S. federal income tax laws, such as banks, financial institutions, or insurance companies; tax-exempt entities, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; persons that hold shares as part of a straddle, synthetic security, hedge or other integrated transaction, conversion transaction, wash sale or other integrated investment; persons who have been, but are no longer, citizens or residents of the United States or former long-term residents of the United States; persons holding shares through a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes), an S corporation, or another fiscally transparent entity; dealers or traders in securities, commodities or currencies; grantor trusts; U.S. persons whose "functional currency" is not the U.S. dollar; regulated investment companies and real estate investment trusts; or persons who own, directly or through attribution, 5% or more of the total combined voting power or value of the shares of the Company (or, following the completion of the Reorganization, of the shares of PCC).

This discussion is based on the Code, the Treasury Regulations promulgated thereunder ("**Treasury Regulations**"), judicial and administrative interpretations thereof and the U.S. Treaty (as defined above), in each case as in effect on the date of this Circular. Each of the foregoing is subject to change, potentially with retroactive effect, and any such change could affect the U.S. federal income tax considerations described below. Neither PCC nor the Company will request a ruling from the Internal Revenue Service ("**IRS**") as to the U.S. federal income tax consequences of the Reorganization or any other matter and, thus, there can be no assurance that the IRS will not challenge the U.S. federal income tax treatment described below or that, if challenged, such treatment will be sustained by a court.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of the Common Shares or, after the completion of the transaction described herein, PCC Subordinate Voting Shares, that is:

- an individual citizen or resident alien of the United States, as determined for U.S. federal income tax purposes;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if such trust validly has elected to be treated as a U.S. person for U.S. federal income tax purposes or if (i) a U.S. court can exercise primary supervision over its administration and (ii) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes is a beneficial owner of the Common Shares, or, after the completion of the transaction described herein, PCC Subordinate Voting Shares, the tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. Holders of the Common Shares, or, after the completion of the transaction, PCC Subordinate Voting Shares, that are partnerships, and partners in such partnerships, are urged to consult their own tax advisors regarding the U.S. federal income tax considerations for them with respect to the Reorganization and subsequent ownership and disposition of PCC Subordinate Voting Shares.

U.S. Federal Income Tax Consequences of the Reorganization

Receipt of the Consideration in Exchange for the Common Shares

The exchange by a U.S. Holder of the Common Shares for PCC Subordinate Voting Shares and cash will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder that exchanges the Common Shares pursuant to the Reorganization will recognize gain or loss in an amount equal to the difference, if any, between (a) the U.S. dollar value of the Consideration on the date of receipt by the U.S. Holder received in exchange for the Common Shares pursuant to the Reorganization and (b) the U.S. Holder's adjusted tax basis in the Common Shares exchanged therefor.

Subject to the discussion below under "— Passive Foreign Investment Company Considerations" and "— Controlled Foreign Corporation Considerations", gain or loss on the disposition of the Common Shares will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the Common Shares for more than one year. Long-term capital gains recognized by U.S. Holders that are not corporations generally are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations. The gain or loss generally will be sourced to residency of the U.S. Holder. For U.S. Holders resident in the United States the gain should be U.S.-sourced gain.

A U.S. Holder's adjusted tax basis in the Share Consideration received in exchange for the Common Shares pursuant to the Reorganization will be equal to the fair market value of such Share Consideration on the date of receipt. The U.S. Holder's holding period for the Share Consideration received pursuant to the Reorganization will begin on the date after the date of receipt.

Receipt of Non-U.S. Dollar Currency

Cash Consideration paid in Canadian dollars, if any, pursuant to the Reorganization will be taken into account in determining the taxable gain or loss recognized by a U.S. Holder of the Common Shares in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt by the U.S. Holder, regardless of whether the Cash Consideration is in fact converted into U.S. dollars. The Canadian dollars received, if any, by a U.S. Holder will have a tax basis equal to their U.S. dollar value when the proceeds are received. If the Canadian dollars are converted into U.S. dollars on the date of receipt, the U.S. Holder generally should not be required to recognize foreign currency gain or loss. A U.S. Holder may have foreign currency gain or loss if the Canadian dollars are converted into U.S. dollars after the date of receipt. In general, foreign currency exchange gain or loss will be treated as U.S. source ordinary gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Considerations

Certain adverse tax consequences could apply to a U.S. Holder if the Company is treated as a passive foreign investment company ("**PFIC**"). In general, a non-U.S. corporation will be a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds the Common Shares, either (i) at least 75% of the Company's gross income for the taxable year is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income includes, among other things, dividends, interest, rents or royalties (other than certain rents or royalties derived from the active conduct of a trade or business), annuities, and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income. If the Company were classified as a PFIC for any taxable year that a U.S. Holder held the Common Shares, the Company generally would continue to be treated as a PFIC with respect to that U.S. Holder in all succeeding years, even if the Company ceased to satisfy the requirements for being a PFIC. In addition, a U.S. Holder would be treated as owning a proportionate interest in the shares of any non-U.S. subsidiaries treated as PFICs and would be subject to the PFIC rules on a separate basis with respect to its indirect interests in any such lower-tier PFICs. If the Company were a PFIC with respect to a U.S. Holder, then such U.S. Holder generally would be subject to adverse tax consequences upon the exchange of Common Shares pursuant to the Reorganization.

The PFIC rules were amended by U.S. federal income tax reform legislation signed into law on December 22, 2017 (the "**Tax Cuts and Jobs Act**"). As amended, the PFIC rules provide that income derived in the active conduct of an insurance business by a qualifying insurance corporation is not treated as passive income. This exception, prior to amendment by the Tax Cuts and Jobs Act, originally was intended to ensure that income derived by a bona fide insurance company is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance businesses. The Tax Cuts and Jobs Act limits the insurance income exception to a non-U.S. insurance company that is a "qualifying insurance corporation" that would be taxable as an insurance company if it were a U.S. corporation and which maintains insurance liabilities of more than 25% of such company's assets for a taxable year (or that maintains insurance liabilities that meet certain other requirements).

Based on the income, assets, and activities of the Company and its Subsidiaries, including those of Lifeco's Subsidiaries engaged in the active conduct of an insurance business, the Company does not believe that it was a PFIC for the taxable year ending December 31, 2019, and it does not expect to be treated as a PFIC for the current taxable year. However, no final or temporary Treasury Regulations currently exist regarding the application of the PFIC provisions to an insurance company. Although the IRS recently issued proposed regulations relating to the recent changes to the PFIC rules under the Tax Cuts and Jobs Act, there is no assurance that such proposed regulations would be finalized in their current form. In addition, the PFIC determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond the Company's control, including the value of the Company's assets and the amount and type of the Company's income. Accordingly, there can be no assurance that the Company will not be classified as a PFIC for any taxable year or that the IRS will agree with this belief regarding PFIC status.

If the Company were a PFIC for any taxable year during which a U.S. Holder held the Common Shares, then gain recognized by such U.S. Holder upon the sale or other disposition of the Common Shares, including by reason of the receipt of the Consideration in exchange for the Common Shares pursuant to the Reorganization, would be allocated ratably over such holder's holding period for the Common Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Certain elections, if made, might result in alternative treatments. U.S. Holders are urged to consult their own tax advisers about such elections.

Subject to certain exceptions, if a U.S. Holder were to own the Common Shares during any taxable year in which the Company is a PFIC, that holder generally will be required to file IRS Form 8621 both with respect to the Company and with respect to any lower-tier PFICs. Significant penalties are imposed for failing to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations for U.S. federal income tax purposes.

U.S. Holders are urged to consult their own tax advisers regarding the possible PFIC status of the Company for any relevant taxable year and the tax considerations relevant to the exchange of the Common Shares pursuant to the Reorganization, including the impact of the changes to the PFIC rules under the Tax Cuts and Jobs Act.

Controlled Foreign Corporation Considerations

Certain adverse U.S. federal income and tax reporting rules may apply to a U.S. person who, directly or indirectly, owns stock of a non-U.S. corporation that earns "related person insurance income" ("**RPII**"). Because the Company is a holding company, and is not itself licensed as an insurance company, the Company does not expect the Company itself to have income treated as RPII. However, the RPII rules of the Code generally will apply to U.S. Holders who, through their ownership of the Common Shares, are indirect shareholders of a non-U.S. insurance subsidiary if (i) the subsidiary is a "controlled foreign corporation" for RPII purposes (an "**RPII CFC**"), which generally will be the case if 25% or more of the value or voting power of such non-U.S. insurance subsidiary's shares is owned (directly, indirectly through non-U.S. entities, or by the application of certain constructive ownership rules) by U.S. persons, and (ii) neither of the exceptions described below applies. We expect each of Lifeco's non-U.S. insurance subsidiaries to be treated as an RPII CFC for this purpose, based on certain constructive ownership rules.

RPII is "insurance income" (as defined below) from the direct or indirect insurance or reinsurance of any U.S. person who holds shares of the applicable non-U.S. insurance subsidiary (directly or indirectly through non-U.S. entities) or of a person related to such a U.S. person. In general, and subject to certain limitations, "insurance income" is income, including investment income and premium income, attributable to the issuing of any insurance or reinsurance contract that would be taxed under the portions of the Code relating to insurance companies if the income were the income of a U.S. insurance company. A non-U.S. insurance subsidiary may be considered to indirectly reinsure the risk of a U.S. person that holds shares, directly or indirectly, and thus generate RPII, if an unrelated company that insured such risk in the first instance reinsures the risk with such non-U.S. insurance subsidiary.

The RPII rules do not apply to income derived from a non-U.S. insurance subsidiary if (a) direct and indirect insureds and persons related to such insureds, whether or not U.S. persons, are treated as owning (directly or indirectly through entities) less than 20% of the voting power and less than 20% of the value of the shares of such non-U.S. insurance subsidiary or (b) RPII, determined on a gross basis, is less than 20% of the gross insurance income of such non-U.S. insurance subsidiary for the taxable year. Although Lifeco owns interests in non-U.S. insurance subsidiaries, Lifeco has indicated that none of these non-U.S. insurance subsidiaries knowingly entered into reinsurance arrangements where the ultimate risk insured is that of a holder of Common Shares that is a U.S. person or a person related to such a U.S. person. Accordingly, Lifeco generally believes each of these subsidiaries operates in such a manner as to qualify for at least one of the foregoing exceptions. In such case, U.S. Holders would not be treated as earning RPII. However, because the RPII determination is made annually and depends on a number of factors, some of which are beyond the Company's and Lifeco's control, there can be no assurance that the above RPII rules will not apply or that the IRS will agree with the Company's conclusions regarding the expected application of the RPII rules.

If none of the exceptions described above were to apply to a non-U.S. insurance subsidiary of Lifeco for a taxable year, then complex rules generally would apply to any taxable distribution deemed received (including any taxable gain recharacterized as a dividend under Section 1248 of the Code, as described in the following paragraph) by a U.S. Holder pursuant to the Reorganization. U.S. Holders are urged to consult their own tax advisers regarding the application of the foregoing rules to their exchange of the Common Shares of the Company pursuant to the Reorganization.

A U.S. Holder who recognizes taxable gain from the exchange of the Common Shares pursuant to the Reorganization may be subject to additional rules under Section 1248 of the Code. Under Section 953(c)(7) of the Code, the rules of Section 1248 of the Code apply to the sale or exchange of shares of a non-U.S. corporation by a U.S. person if the non-U.S. corporation would be taxed under the provisions of the Code applicable to U.S. insurance companies if it were a U.S. corporation and the non-U.S. corporation is (or would be but for certain exceptions) treated as an RPII CFC. If Section 1248 of the Code applies under such circumstances, gain on the disposition of shares in the non-U.S. corporation may be recharacterized as a dividend to the extent of the U.S. person's share of the corporation's undistributed earnings and profits that were accumulated during the period that the U.S. person owned the shares (possibly whether or not those earnings and profits are attributable to RPII).

The Company does not directly engage in an insurance or reinsurance business, but Lifeco has non-U.S. subsidiaries that do so. Existing proposed Treasury Regulations do not address whether the provisions of Section 953(c)(7) of the Code may apply with respect to the sale of stock in a non-U.S. corporation, such as the Company, that is not an RPII CFC but which has a non-U.S. subsidiary that is an RPII CFC and that would be taxed under the provisions of the Code applicable to U.S. insurance companies if it were a U.S. corporation. In the absence of legal authority to the contrary, there is a strong argument that this specific rule should not apply to a disposition of the Common Shares, because the Company is not directly engaged in the insurance business. However, there can be no assurance that the IRS will not successfully assert that Section 953(c)(7) of the Code applies in such circumstances and thus may apply to a U.S. Holder who recognizes taxable gain from the exchange of the Common Shares pursuant to the Reorganization.

The RPII rules are complex and application of the RPII rules to a U.S. person who owns shares of a holding corporation, such as a U.S. Holder owning the Common Shares of the Company, are uncertain. U.S. Holders are urged to consult their own tax advisers regarding the application of these rules to their exchange of the Common Shares of the Company pursuant to the Reorganization, including any information reporting requirements on IRS Form 5471

(disclosing certain information regarding direct or constructive ownership of a non-U.S. insurance subsidiary) or other applicable IRS form.

U.S. Dissenting Holders

A Dissenting Holder that is a U.S. Holder (a "**U.S. Dissenting Holder**") generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount received by such U.S. Holder in exchange for Common Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income), and (ii) the adjusted tax basis of such U.S. Holder in such Common Shares surrendered. Subject to the discussion above under "— Passive Foreign Investment Company Considerations" and "— Controlled Foreign Corporation Considerations", gain or loss on the disposition of the Common Shares will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the Common Shares for more than one year. Long-term capital gains recognized by U.S. Holders that are not corporations generally are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations. It is possible that the IRS may take the position that some portion of the amounts received by a U.S. Dissenting Holder should be treated as interest or as otherwise being subject to taxation as ordinary income. In some cases, if a U.S. Dissenting Holder actually or constructively owns PCC Subordinate Voting Shares immediately prior to the Reorganization, the recognized gain could be treated as having the effect of a distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such gain would be treated as dividend income. Because the possibility of dividend treatment depends upon each holder's particular circumstances, including the application of constructive ownership rules, U.S. Holders of Common Shares should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

As described above under "Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — *Non-Resident Dissenting Holders*", a U.S. Dissenting Holder will generally be subject to Canadian withholding tax on the portion of the cash consideration received by such U.S. Dissenting Holder that is treated as a deemed dividend for Canadian tax purposes. A U.S. Dissenting Holder that pays Canadian withholding taxes resulting from the cash consideration received in exchange for Common Shares may be entitled to claim such Canadian withholding taxes as a credit for U.S. federal income tax purposes, subject to a number of complex rules and limitations.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, gains recognized on the sale of stock or debt of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except, in the case of a U.S. Holder eligible for benefits under the U.S. Treaty, gain should generally be eligible to be re-sourced under the U.S. Treaty as foreign source gain for U.S. federal income tax purposes to the extent such gain is subject to withholding tax in Canada.

In addition, the limitation on foreign tax credit allowed to a U.S. person is calculated separately with respect to specific categories of income. Alternatively, a U.S. Holder may generally take a deduction for any Canadian income taxes if the U.S. Holder does not elect to claim a foreign tax credit for any non-U.S. taxes paid during the taxable year. The foreign tax credit rules are complex, and each U.S. Dissenting Holder should consult its own tax advisor regarding the foreign tax credit rules.

Information Reporting and Backup Withholding Requirement

Information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to a noncorporate U.S. Holder within the United States, and the payment of proceeds to a noncorporate U.S. Holder from the sale of Common Shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if a U.S. Holder fails to comply with applicable certification requirements or (in the case of dividend payments) is notified by the IRS that the U.S. Holder has failed to report all interest and dividends required to be shown on the U.S. Holder's federal income tax returns.

Payment of the proceeds from the sale of Common Shares effected at a non-U.S. office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a non-U.S. office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the U.S. Holder's income tax liability by filing a refund claim with the IRS.

U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of PCC Subordinate Voting Shares Received Pursuant to the Reorganization

Distributions on PCC Subordinate Voting Shares

Subject to the discussion below under "— Passive Foreign Investment Company Considerations" and "— Controlled Foreign Corporation Considerations", under the United States federal income tax laws, the gross amount of any distribution PCC pays out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes) to a U.S. Holder, other than certain pro-rata distributions of PCC shares, will be treated as a dividend that is subject to United States federal income taxation. Dividends that constitute qualified dividend income to a noncorporate U.S. Holder will be taxable to such U.S. Holder at the preferential rates applicable to long-term capital gains provided that such U.S. Holder holds the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends that PCC pays with respect to the PCC Subordinate Voting Shares generally will be qualified dividend income provided that, in the year that a U.S. Holder receives the dividend, PCC is eligible for the benefits of the U.S. Treaty and provided further that PCC is not classified as a PFIC (as discussed below) for the taxable year during which PCC pays the applicable dividend or for the preceding taxable year. PCC believes that it is currently eligible for the benefits of the U.S. Treaty and therefore expect that dividends on the PCC Subordinate Voting Shares will be qualified dividend income, but there can be no assurance that PCC will continue to be eligible for the benefits of the U.S. Treaty.

A U.S. Holder must include any Canadian tax withheld from the dividend payment in this gross amount even though the U.S. Holder does not in fact receive it. The dividend is taxable to a U.S. Holder when the U.S. Holder receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that a U.S. Holder must include in its income will be the U.S. dollar value of the Canadian dollar payments made, determined at the spot Canadian dollar/U.S. dollar rate on the date the dividend distribution is includible in the U.S. Holder's income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a U.S. Holder includes the dividend payment in income to the date such U.S. Holder converts the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of PCC's current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the PCC Subordinate Voting Shares and thereafter as capital gain. However, PCC does not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, a U.S. Holder should expect to generally treat distributions PCC makes as dividends.

Subject to certain limitations, the Canadian tax withheld in accordance with the Tax Act and the U.S. Treaty and paid over to Canada will be creditable or deductible against a U.S. Holder's United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to a U.S. Holder under Canadian law or under the U.S. Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against your United States federal income tax liability.

Dividends will generally be income from sources outside the United States and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a U.S. Holder.

Sale, Redemption or Other Taxable Dispositions of PCC Subordinate Voting Shares

Subject to the discussion below under "— Passive Foreign Investment Company Considerations" and "— Controlled Foreign Corporation Considerations", a U.S. Holder that sells or otherwise disposes of PCC Subordinate Voting Shares will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the adjusted tax basis, determined in U.S. dollars, in the U.S. Holder's PCC Subordinate Voting Shares. Capital gain of a noncorporate U.S. Holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Considerations

Similar to the discussion above under "Certain U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Passive Foreign Investment Company Considerations," certain adverse tax consequences could apply to a U.S. Holder if PCC is treated as a PFIC. In general, a non-U.S. corporation will be a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds PCC Subordinate Voting Shares, either (i) at least 75% of PCC's gross income for the taxable year is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income includes, among other things, dividends, interest, rents or royalties (other than certain rents or royalties derived from the active conduct of a trade or business), annuities, and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income. If PCC were classified as a PFIC for any taxable year that a U.S. Holder held the PCC Subordinate Voting Shares, PCC generally would continue to be treated as a PFIC with respect to that U.S. Holder in all succeeding years, even if PCC ceased to satisfy the requirements for being a PFIC. In addition, a U.S. Holder would be treated as owning a proportionate interest in the shares of any non-U.S. subsidiaries treated as PFICs and would be subject to the PFIC rules on a separate basis with respect to its indirect interests in any such lower-tier PFICs. If PCC were a PFIC with respect to a U.S. Holder, then such U.S. Holder generally would be subject to adverse tax consequences on the ownership and disposition of PCC Subordinate Voting Shares received pursuant to the Reorganization.

The PFIC rules were amended by the Tax Cut and Jobs Act. As amended, the PFIC rules provide that income derived in the active conduct of an insurance business by a qualifying insurance corporation is not treated as passive income. This exception, prior to amendment by the Tax Cuts and Jobs Act, originally was intended to ensure that income derived by a bona fide insurance company is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance businesses. The Tax Cuts and Jobs Act limits the insurance income exception to a non-U.S. insurance company that is a "qualifying insurance corporation" that would be taxable as an insurance company if it were a U.S. corporation and which maintains insurance liabilities of more than 25% of such company's assets for a taxable year (or that maintains insurance liabilities that meet certain other requirements).

Based on the income, assets, and activities of PCC and its subsidiaries, including those of Lifeco's subsidiaries engaged in the active conduct of an insurance business, PCC does not believe that it was a PFIC for the taxable year ending December 31, 2019, and it does not expect to be treated as a PFIC for the current taxable year. However, no final or temporary Treasury Regulations currently exist regarding the application of the PFIC provisions to an insurance company. Although the IRS recently issued proposed regulations relating to the recent changes to the PFIC rules under the Tax Cuts and Jobs Act, there is no assurance that such proposed regulations would be finalized in their current form. In addition, the PFIC determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond PCC's control, including the value of PCC's assets and the amount and type of PCC's income. Accordingly, there can be no assurance that PCC will not be classified as a PFIC for any taxable year or that the IRS will agree with this belief regarding PFIC status.

If PCC were a PFIC for any taxable year during which a U.S. Holder held PCC Subordinate Voting Shares, then gain recognized by such U.S. Holder upon a sale or other disposition of PCC Subordinate Voting Shares would be allocated ratably over such holder's holding period for PCC Subordinate Voting Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before PCC became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Certain elections, if made, might result in alternative treatments. U.S. Holders are urged to consult their own tax advisers about such elections.

If PCC were a PFIC for any taxable year during which a U.S. Holder held PCC Subordinate Voting Shares, then any "excess distribution" would be allocated to taxable years and subject to taxation in the same manner as gain, described immediately above. Distributions made in respect of PCC Subordinate Voting Shares during a taxable year will be excess distributions to the extent they exceed 125% of the average of the annual distributions on PCC Subordinate Voting Shares received by the U.S. Holder during the preceding three taxable years or the U.S. Holder's holding period, whichever is shorter. The favorable tax rates generally applicable to long-term capital gains discussed above with respect to dividends paid to noncorporate U.S. Holders would not apply.

Subject to certain exceptions, if a U.S. Holder were to own PCC Subordinate Voting Shares during any taxable year in which PCC is a PFIC, that holder generally will be required to file IRS Form 8621 both with respect to PCC and with respect to any lower-tier PFICs. Significant penalties are imposed for failing to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations for U.S. federal income tax purposes.

U.S. Holders are urged to consult their own tax advisers regarding the possible PFIC status of PCC for any relevant taxable year and the tax considerations relevant to the ownership of the PCC Subordinate Voting Shares, including the impact of the changes to the PFIC rules under the Tax Cuts and Jobs Act.

Controlled Foreign Corporation Considerations

Similar to the discussion above under, "Certain U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Controlled Foreign Corporation Considerations," certain adverse U.S. federal income and tax reporting rules may apply to a U.S. person who, directly or indirectly, owns stock of a non-U.S. corporation that earns RPII (as defined above). Because PCC is a holding company, and is not itself licensed as an insurance company, PCC does not expect PCC itself to have income treated as RPII. However, the RPII rules of the Code generally will apply to U.S. Holders who, through their ownership of PCC Subordinate Voting Shares, are indirect shareholders of a non-U.S. insurance subsidiary if (i) the subsidiary is an RPII CFC (as defined above), which generally will be the case if 25% or more of the value or voting power of such non-U.S. insurance subsidiary's shares is owned (directly, indirectly through non-U.S. entities, or by the application of certain constructive ownership rules) by U.S. persons, and (ii) neither of the exceptions described below applies. We expect each of Lifeco's non-U.S. insurance subsidiaries to be treated as an RPII CFC for this purpose, based on certain constructive ownership rules.

RPII is "insurance income" (as defined above) from the direct or indirect insurance or reinsurance of any U.S. person who holds shares of the applicable non-U.S. insurance subsidiary (directly or indirectly through non-U.S. entities) or of a person related to such a U.S. person. In general, and subject to certain limitations, "insurance income" is income, including investment income and premium income, attributable to the issuing of any insurance or reinsurance contract that would be taxed under the portions of the Code relating to insurance companies if the income were the income of a U.S. insurance company. A non-U.S. insurance subsidiary may be considered to indirectly reinsure the risk of a U.S. person that holds shares, directly or indirectly, and thus generate RPII, if an unrelated company that insured such risk in the first instance reinsures the risk with such non-U.S. insurance subsidiary.

The RPII rules do not apply to income derived from a non-U.S. insurance subsidiary if (a) direct and indirect insureds and persons related to such insureds, whether or not U.S. persons, are treated as owning (directly or indirectly through entities) less than 20% of the voting power and less than 20% of the value of the shares of such non-U.S. insurance subsidiary or (b) RPII, determined on a gross basis, is less than 20% of the gross insurance income of such non-U.S. insurance subsidiary for the taxable year. Although Lifeco owns interests in non-U.S. insurance subsidiaries, Lifeco has indicated that none of these non-U.S. insurance subsidiaries knowingly entered into reinsurance arrangements

where the ultimate risk insured is that of a holder of PCC Subordinate Voting Shares that is a U.S. person or a person related to such a U.S. person. Accordingly, Lifeco generally believes each of these subsidiaries operates in such a manner as to qualify for at least one of the foregoing exceptions. In such case, U.S. Holders would not be treated as earning RPII. However, because the RPII determination is made annually and depends on a number of factors, some of which are beyond our and Lifeco's control, there can be no assurance that the above RPII rules will not apply or that the IRS will agree with our conclusions regarding the expected application of the RPII rules.

If none of the exceptions described above were to apply to a non-U.S. insurance subsidiary of Lifeco for a taxable year, each U.S. person who directly or indirectly (through non-U.S. entities) owns any shares in such non-U.S. insurance subsidiary on the last day of such non-U.S. insurance subsidiary's taxable year on which it is a RPII CFC, will generally be required to include in its gross income for U.S. federal income tax purposes its share of RPII, whether or not distributed, for the portion of the taxable year during which the non-U.S. insurance subsidiary was a RPII CFC. The RPII rules are complex and U.S. Holders are urged to consult their own tax advisers regarding the application of the RPII rules (including rules relating to the computation of RPII, apportionment of RPII, basis adjustment rules and the potential effect of the RPII rules on the treatment of distributions from PCC) to ownership and disposition of PCC Subordinate Voting Shares received pursuant to the Reorganization.

A U.S. Holder who recognizes taxable gain from a sale or exchange of PCC Subordinate Voting Shares may be subject to additional rules under Section 1248 of the Code. Under Section 953(c)(7) of the Code, the rules of Section 1248 of the Code apply to the sale or exchange of shares of a non-U.S. corporation by a U.S. person if the non-U.S. corporation would be taxed under the provisions of the Code applicable to U.S. insurance companies if it were a U.S. corporation and the non-U.S. corporation is (or would be but for certain exceptions) treated as an RPII CFC. If Section 1248 of the Code applies under such circumstances, gain on the disposition of shares in the non-U.S. corporation may be recharacterized as a dividend to the extent of the U.S. person's share of the corporation's undistributed earnings and profits that were accumulated during the period that the U.S. person owned the shares (possibly whether or not those earnings and profits are attributable to RPII).

PCC does not directly engage in an insurance or reinsurance business, but Lifeco has non-U.S. subsidiaries that do so. Existing proposed Treasury Regulations do not address whether the provisions of Section 953(c)(7) of the Code may apply with respect to the sale of stock in a non-U.S. corporation, such as PCC, that is not an RPII CFC but which has a non-U.S. subsidiary that is an RPII CFC and that would be taxed under the provisions of the Code applicable to U.S. insurance companies if it were a U.S. corporation. In the absence of legal authority to the contrary, there is a strong argument that this specific rule should not apply to a disposition of PCC Subordinate Voting Shares, because PCC is not directly engaged in the insurance business. However, there can be no assurance that the IRS will not successfully assert that Section 953(c)(7) of the Code applies in such circumstances and thus may apply to a U.S. Holder who recognizes taxable gain from a sale or exchange of PCC Subordinate Voting Shares received pursuant to the Reorganization.

The RPII rules are complex and the application of the RPII rules to a U.S. person who owns shares of a holding corporation, such as a U.S. Holder owning the PCC Subordinate Voting Shares, are uncertain. U.S. Holders are urged to consult their own tax advisers regarding the application of these rules to their ownership and disposition of PCC Subordinate Voting Shares received pursuant to the Reorganization, including any information reporting requirements on IRS Form 5471 (disclosing certain information regarding direct or constructive ownership of a non-U.S. insurance subsidiary) or other applicable IRS form.

Information with Respect to Foreign Financial Assets

A U.S. Holder that owns "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax return. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. U.S. Holders are urged to contact their tax advisors regarding this filing requirement.

Information Reporting and Backup Withholding Requirement

Similar information reporting and backup withholding rules, discussed above under "Certain U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Information Reporting and Backup Withholding Requirement," will apply with respect to payments of dividends, as well as on the proceeds from the sale, redemption or other taxable disposition of the PCC Subordinate Voting Shares.

THE FOREGOING IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REORGANIZATION WITHOUT REGARD TO THE PARTICULAR FACTS AND CIRCUMSTANCES OF EACH SHAREHOLDER. SHAREHOLDERS THAT ARE U.S. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE TRANSACTION DESCRIBED HEREIN, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

RISK FACTORS

The following risk factors should be carefully considered by Shareholders in evaluating whether to approve the Reorganization Resolution. These risk factors relate to the Company, PCC and the Reorganization and should be considered in conjunction with the other information contained in or incorporated by reference into this Circular including, without limitation, the risks and potential issues disclosed under "The Reorganization — Background to and Reasons for the Reorganization — Information and Factors Considered by the Special Committee".

Risks Relating to the Company

Whether or not the Reorganization is completed, the Company will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed in the annual information form of the Company for the fiscal year ended December 31, 2018 under the heading "Risk Factors", which is incorporated by reference into this Circular and has been filed on SEDAR at www.sedar.com.

Risks Relating to PCC

Whether or not the Reorganization is completed, PCC will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed in the annual information form of PCC for the fiscal year ended December 31, 2018 under the heading "Risk Factors", which is incorporated by reference into this Circular and has been filed on SEDAR at www.sedar.com.

Risks Relating to the Reorganization

Conditions Precedent and Required Approvals

The completion of the Reorganization is subject to a number of conditions precedent, some of which are outside the Company's and PCC's control, including receipt of the Required Shareholder Approval, the Final Order and the Key Regulatory Approvals.

At the hearing on the Final Order, the Court will consider whether to approve the Reorganization based on the applicable legal requirements and the evidence before the Court. The distribution of the PCC Subordinate Voting Shares pursuant to the Reorganization also requires certain approvals that may be outside of the Company's and PCC's control, including the approval of the TSX for listing such PCC Subordinate Voting Shares on the TSX.

Failure to obtain the Final Order on terms acceptable to the Parties would likely result in the decision being made not to proceed with the Reorganization. If any required Key Regulatory Approvals cannot be obtained on terms satisfactory to the Parties, or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such approval, and, accordingly, the benefits available to

Shareholders resulting from the Reorganization may be reduced. Alternatively, in the event that the Plan of Arrangement cannot be amended so as to mitigate against the negative consequences of the failure to obtain a required regulatory or third-party approval, the Reorganization may not proceed at all.

It is a condition to completion of the Reorganization for the benefit of PCC that Dissent Rights have not been exercised with respect to more than 3% of the issued and outstanding Common Shares (excluding Common Shares held by PCC, any of its directors and senior officers, any other person who is an "interested party" (within the meaning of MI 61-101) and any "joint actor" (within the meaning of MI 61-101) with any of the foregoing with respect to the Reorganization) and, as such, the Reorganization may not be completed if Shareholders holding a greater percentage of the outstanding Common Shares exercise Dissent Rights.

There can be no certainty, nor can the Company provide any assurance, that all conditions precedent to the Reorganization will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If the Reorganization is not completed, the market price of the Common Shares may be materially adversely affected.

Market Price of the Common Shares

If, for any reason, the Reorganization is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of the Common Shares may be materially adversely affected. The Company's business, financial condition or results of operations or prospects, could also be subject to various material adverse consequences, including as a result of the Company remaining liable for costs relating to the Reorganization including, among others, legal, accounting, financial advisor, valuation, depositary and printing and mailing expenses.

Termination in Certain Circumstances

Both the Company and PCC have the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Arrangement Agreement. Accordingly, there can be no certainty, nor can the Company provide any assurance, that the Arrangement Agreement will not be terminated by the Company or PCC prior to the completion of the Reorganization. If the Reorganization is not completed, the market price of the Common Shares may be materially adversely affected.

Uncertainty Surrounding the Reorganization

As the Reorganization is dependent upon, among other things, receipt of the Key Regulatory Approvals and satisfaction of certain other conditions, its completion is uncertain. Any delay or deferral of key decisions as a result of such uncertainty could adversely affect the business and operations of the Company, regardless of whether the Reorganization is ultimately completed.

Occurrence of a Material Adverse Effect in Respect of the Company

The completion of the Reorganization is subject to the condition that, among other things, on or after the date on which the Arrangement Agreement was executed, there shall not have occurred any event, change, effect or development that individually or in the aggregate, has a Material Adverse Effect on the Company. Although a Material Adverse Effect excludes certain events, including events in some cases that are beyond the control of the Company, there can be no assurance that a Material Adverse Effect in respect of the Company will not occur prior to the Effective Time. If such a Material Adverse Effect occurs, the Reorganization may not proceed.

Fees, Costs and Expenses of the Reorganization Not Recoverable

If the Reorganization is not completed, the Company will not receive any reimbursement from PCC for the fees, costs and expenses it has incurred in connection with the Reorganization. Such fees, costs and expenses include, without limitation, legal fees, accounting fees, financial advisor fees, valuation fees, depositary fees and printing and mailing costs, which will be payable whether or not the Reorganization is completed.

Another Attractive Take-Over, Merger or Business Combination May Not Be Available

Given the Company's ownership and key commercial agreements with PCC there is a low likelihood that an alternative transaction would be available. Therefore, if the Reorganization is not completed, there is a low likelihood that the Company will be able to find a party willing to make a more attractive offer to that provided by PCC for the Common Shares or willing to proceed at all with a similar transaction or any alternative transaction.

The Exchange Ratio Is Fixed and Will Not Reflect Changes in the Market Value of PCC Subordinate Voting Shares

Subject to certain limitations in the Reorganization, Shareholders will receive 1.05 PCC Subordinate Voting Shares for each Common Share. The number of PCC Subordinate Voting Shares per Common Share is fixed and will not be adjusted to reflect any change in the market value of PCC Subordinate Voting Shares that may occur prior to the Effective Date. The market value of PCC Subordinate Voting Shares may vary significantly from the market value at the dates referenced in this Circular. For example, during the 12-month period ended on December 12, 2019, the trading price of PCC Subordinate Voting Shares on the TSX varied from a low of $23.35 to a high of $32.67 and closed on December 12, 2019 at $31.90. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of PCC, regulatory considerations, general market and economic conditions, foreign exchange fluctuations, and other factors over which the Company and PCC have no control.

The Issuance of a Significant Number of PCC Subordinate Voting Shares Could Adversely Affect the Market Price of PCC Subordinate Voting Shares

If the Reorganization is completed, a significant number of additional PCC Subordinate Voting Shares will be available for trading in the public market. The increase in the number of PCC Subordinate Voting Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, PCC Subordinate Voting Shares.

While the Reorganization Is Pending, the Company Is Restricted from Taking Certain Actions

The Arrangement Agreement restricts the Company from taking specified actions until the Reorganization is completed without the consent of PCC. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the Reorganization. See "Summary of the Arrangement Agreement — Covenants — Covenants Regarding the Reorganization".

The Company Has Not Verified the Reliability of the Information Regarding PCC Included in, or which May Have Been Omitted from, this Circular

Unless otherwise indicated, all historical information regarding PCC contained in this Circular, including all financial information of PCC has been derived from PCC's publicly disclosed information or provided by PCC. Although management of the Company has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in PCC's publicly disclosed information, including the information about or relating to PCC contained in this Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the entities or adversely affect the operational and development plans and results of operations and financial condition of PCC.

This Circular Does Not Address Any Tax Considerations of the Reorganization Other than Certain Canadian Federal Income Tax and Certain United States Federal Income Tax Considerations to Shareholders

The Reorganization may have adverse tax consequences for Shareholders. While this Circular contains a summary of the principal Canadian federal income tax considerations and United States federal income tax considerations relevant to Shareholders under the headings "Certain Canadian Federal Income Tax Considerations" and "Certain United States Federal Income Tax Considerations", respectively, this Circular does not address any other tax considerations that may be relevant to Shareholders who are resident in or otherwise subject to tax in jurisdictions other than Canada or

the United States. The tax implications of the Reorganization for Shareholders who are resident in or otherwise subject to tax in jurisdictions other than Canada or the United States may be materially different than as set out under the headings "Certain Canadian Federal Income Tax Considerations" or "Certain United States Federal Income Tax Considerations", respectively. Accordingly, Shareholders who are resident in or otherwise subject to tax in jurisdictions other than Canada or the United States are urged to consult their own independent tax advisors with respect to the relevant tax implications of the Reorganization and for advice regarding the specific tax considerations applicable to them, including, without limitation, any associated filing requirements, in such jurisdictions.

Interests of Certain Persons in the Reorganization

In considering the recommendations of the Board with respect to the Reorganization, the Shareholders should be aware that certain directors and executive officers have certain interests in connection with the Reorganization as further described herein that may be in addition to, or separate from, those of the Shareholders generally in connection with the Reorganization. See "The Reorganization — Interests of Certain Persons in the Reorganization".

The Synergies Expected to Be Produced May Not Be Realized

PCC has announced that it anticipates significant near-term cost reductions of approximately $50 million per year within two years by eliminating duplicative public company related expenses and rationalizing other general and administrative expenses. PCC's estimates are based on a number of assumptions, which may prove to be incorrect.

PCC's Dual Class Share Structure with PCC Subordinate Voting Shares Provide Fewer Rights than Those Held by Holders of Common Shares

Under the Reorganization, Minority Shareholders are exchanging Common Shares for PCC Subordinate Voting Shares. PCC has a dual class share structure where the PCC Subordinate Voting Shares have fewer rights than the Common Shares, as discussed below. The PCC Participating Preferred Shares entitle the holders to 10 votes per share, while the PCC Subordinate Voting Shares entitle the holder to one vote per share. While the PCC Subordinate Voting Shares to be received by Minority Shareholders pursuant to the Reorganization will represent approximately 37% of the number of outstanding voting shares of PCC upon completion of the Reorganization (including the issuance of PCC Participating Preferred Shares to Pansolo and other holders of PCC Participating Preferred Shares pursuant to the Pre-Emptive Right), such shares will represent approximately 21% of the voting power of the voting shares of PCC upon completion of the Reorganization (including the issuance of PCC Participating Preferred Shares to Pansolo and other holders of PCC Participating Preferred Shares pursuant to the Pre-Emptive Right).

Under the articles of PCC, holders of PCC Subordinate Voting Shares are not entitled to vote separately as a class in the case of an amendment to the articles referred to in subsections 176(a), (b) and (e) of the CBCA, which include on a vote to effect an exchange, reclassification or cancellation of all or part of the class of PCC Subordinate Voting Shares. Accordingly, on an exchange of the PCC Subordinate Voting Shares where no separate class vote is required under MI 61-101 or other applicable securities laws, PCC Subordinate Voting Shares could be exchanged with approval by a combined two-thirds vote by the holders of the PCC Subordinate Voting Shares and the PCC Participating Preferred Shares and in such circumstances could also have no dissent right under the CBCA.

Under the articles of PCC, PCC may not issue any PCC Subordinate Voting Shares unless PCC contemporaneously with such issue offers to the holders of the PCC Participating Preferred Shares the right to acquire pro rata to their holdings an aggregate number of PCC Participating Preferred Shares that is equal to 12.0% of the number of PCC Subordinate Voting Shares proposed to be issued for a consideration per share that is equal to the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued. As a result, holders of PCC Participating Preferred Shares have the opportunity to acquire additional PCC Participating Preferred Shares in certain circumstances.

There are no coattail provisions in favour of the PCC Subordinate Voting Shares, such that the PCC Participating Preferred Shares may be sold by the holders to a third party pursuant to a take-over bid and no equivalent offer need be made to the holders of the PCC Subordinate Voting Shares.

There are no restrictions on the ability of the holders of PCC Participating Preferred Shares to receive a premium as compared to the holders of PCC Subordinate Voting Shares on any collapse of the PCC DCS or on an issuer bid by PCC.

There are no sunset provisions for the termination of the PCC DCS, regardless of the passage of time or level of share ownership of the holders of PCC Participating Preferred Shares.

STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a Misrepresentation in a circular or notice that is required to be delivered to those Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

LEGAL MATTERS

Certain legal matters relating to the Reorganization are to be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Special Committee and by Blake, Cassels & Graydon LLP on behalf of PCC. Fried, Frank, Harris, Shriver & Jacobson LLP and Sullivan & Cromwell LLP have advised the Company regarding certain matters of U.S. law.

AUDITOR

Following the completion of the Reorganization, the auditor of the Company will continue to be Deloitte LLP.

ADDITIONAL INFORMATION

Upon request to the Secretary of the Company at 751 Victoria Square, Montréal, Québec H2Y 2J3, the Company shall provide to any person or company, one copy of: (i) the Company's annual information form, together with any document, or the pertinent pages of any document, incorporated therein by reference; (ii) the financial statements of the Company for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, management's discussion and analysis and any interim financial statements of the Company issued subsequent to the annual financial statements together with the related management's discussion and analysis; and (iii) the information circular of the Company in respect of the most recent annual meeting of Shareholders. The Company may require the payment of a reasonable charge when the request is made by someone who is not a security holder thereof, unless securities of the Company are in the course of a distribution pursuant to a short-form prospectus, in which case such documents will be provided free of charge.

Financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions, please contact Kingsdale Advisors, the Company's strategic shareholder advisor and proxy solicitation agent, at 1-877-659-1825 or by email at contactus@kingsdaleadvisors.com or the Company's transfer agent, Computershare Investor Services Inc., at 514-982-7555 or toll-free in North America at 1-800-564-6253.

GLOSSARY

In this Circular, unless the context otherwise requires, "you" and "your" refer to the Shareholders, as applicable, and "we", "us" and "our" refer to the Company.

The following is a glossary of certain terms used in this Circular:

"**171**" means 171263 Canada Inc., a wholly owned Subsidiary of PCC.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any *bona fide* offer, proposal or inquiry (whether written or oral) from any Person or group of Persons other than PCC (or any affiliate of PCC) made after the date of the Arrangement Agreement relating to: (i) any direct or indirect acquisition, purchase or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets of or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or of 20% or more of the voting, equity or other securities (or rights or interests therein or thereto) of the Company and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of the Company and its Subsidiaries; (ii) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Company and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of the Company and its Subsidiaries; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving the Company and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of the Company and its Subsidiaries; (iv) any other similar transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Reorganization or which would or could reasonably be expected to materially reduce the benefits to PCC under the Arrangement Agreement or the Reorganization; or (v) any public announcement of any intention to do any of the foregoing.

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus Exemptions*.

"**allowable capital loss**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Taxation of Capital Gains and Capital Losses".

"**Alternative Structure**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Arrangement Agreement**" means the arrangement agreement made as of December 12, 2019 between the Company and PCC (including the schedules thereto) as it may be amended, restated, supplemented or novated from time to time in accordance with its terms.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Reorganization required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and PCC, each acting reasonably.

"**Authorization**" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity having jurisdiction over such Person.

"**Blakes**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Board**" means the board of directors of the Company as constituted from time to time.

"**Board Recommendation**" means the statement that based on the recommendation of the Special Committee, which was made after consultation with its financial and legal advisors, the Board has unanimously (i) determined that the Reorganization is in the best interests of the Company and fair to Shareholders (excluding PCC and certain of its affiliates) and (ii) resolved to unanimously recommend that Shareholders (excluding PCC and certain of its affiliates) vote in favour of the Reorganization Resolution.

"**Breaching Party**" has the meaning ascribed thereto under "Summary of Arrangement Agreement — Termination".

"**Broadridge**" has the meaning ascribed thereto under "Information Concerning the Meeting and Voting — Voting Instructions for Non-Registered Shareholders".

"**Business Day**" means any day of the year, other than a Saturday, Sunday, a public holiday or a day when banks in the City of Toronto, Ontario or the City of Montréal, Québec are not generally open for business.

"**Canadian Resident**" means a beneficial owner of Common Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

"**Cash Consideration**" means $0.01 per Common Share.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CBI**" has the meaning ascribed thereto under "Summary — Regulatory Approvals".

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

"**Change in Recommendation**" means, prior to the Effective Time, (i) the Board fails to recommend, or withdraws, amends, modifies or qualifies, in a manner adverse to PCC, its recommendation of the Reorganization (or fails to publicly reaffirm such recommendation within three Business Days (and in any case prior to the Meeting) after having been requested in writing by PCC to do so) or (ii) the Board or a committee thereof shall have approved or recommended any Acquisition Proposal.

"**Circular**" means the notice of the Meeting and accompanying management proxy circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management proxy circular, to be sent to the holders of the Common Shares in connection with the Meeting, as amended, supplemented or otherwise modified from time to time.

"**Code**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations".

"**Common Shares**" means the Common Shares in the capital of the Company.

"**Company**" means Power Financial Corporation, a corporation continued under the CBCA.

"**Company Disclosure Letter**" means the disclosure letter dated the date of the Arrangement Agreement and delivered by the Company to PCC with the Arrangement Agreement.

"**Company Equity Awards**" means each deferred share unit, performance-based vesting deferred share units, performance share units or similar interest granted pursuant to a Company Equity Plan, but not including a Company Option.

"**Company Equity Plans**" means (i) the Deferred Share Unit Plan for directors of the Company, as amended on May 10, 2006, as the same may be amended from time to time; (ii) the Performance Share Unit Plan of the Company dated March 13, 2013, as the same may be amended from time to time; and (iii) DSU Award Agreement dated March 29, 2016 between the Company and an executive officer of the Company.

"**Company First Preferred Shares**" means, collectively, (i) the Series A Floating Rate Cumulative Redeemable First Preferred Shares, (ii) the 7.0% Non-Cumulative First Preferred Shares, Series B, (iii) the 5.20% Non-Cumulative First Preferred Shares, Series C, (iv) the 5.50% Non-Cumulative First Preferred Shares, Series D, (v) the 5.25% Non-Cumulative First Preferred Shares, Series E, (vi) the 5.90% Non-Cumulative First Preferred Shares, Series F, (vii) the 5.75% Non-Cumulative First Preferred Shares, Series H, (viii) 6.00% Non-Cumulative First Preferred Shares, Series I, (ix) the 4.95% Non-Cumulative First Preferred Shares, Series K, (x) the 5.10% Non-Cumulative First Preferred Shares, Series L, (xi) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M, (xii) the Non-Cumulative Floating Rate First Preferred Shares, Series N, (xiii) the 5.80% Non-Cumulative First Preferred Shares, Series O, (xiv) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P, (xv) the Non-Cumulative Floating Rate First Preferred Shares, Series Q, (xvi) the 5.50% Non-Cumulative First Preferred Shares, Series R, (xvii) the 4.80% Non-Cumulative First Preferred Shares, Series S, (xviii) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T, and (xix) the 5.15% Non-Cumulative First Preferred Shares, Series V; each in the capital of the Company.

"**Company First Quarter Dividend**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Company Held Public Securities**" means any common shares and other securities of the Company Public Subsidiaries held by the Company.

"**Company Material Contract**" means any Contract that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Company.

"**Company Option Plan**" means the Company's employee stock option plan dated November 6, 1986, as the same may be amended from time to time.

"**Company Options**" means the outstanding options to purchase Common Shares issued pursuant to the Company Option Plan.

"**Company Public Subsidiaries**" means, collectively, IGM, Lifeco and their respective Subsidiaries.

"**Company Replacement Option**" has the ascribed thereto under "Summary — Treatment of Company Options and Company Equity Awards".

"**Company Specified Subsidiaries**" means the Subsidiaries of the Company other than the Company Public Subsidiaries.

"**Confidentiality Agreements**" means, together, the confidentiality agreements dated November 15, 2019 among, *inter alios*, the Company and PCC governing, among other things, PCC obtaining access to confidential information regarding the Company.

"**Consideration**" means, collectively, the Share Consideration and the Cash Consideration.

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, indenture, bond, mortgage, deed of trust, instrument, understanding, joint venture, partnership or other right or obligation (written or

oral) to which a Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which any of their respective properties or assets is subject.

"**Controlling Individual**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**Court**" means the Ontario Superior Court of Justice (Commercial List), or such other court as applicable.

"**Court Approval**" means the approval of the Court.

"CRA" means the Canada Revenue Agency.

"**Demand for Payment**" has the meaning ascribed thereto under "Dissenting Holders' Rights".

"**Depositary**" means Computershare Trust Company of Canada.

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA.

"**Disinterested Directors**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Dissent Notice**" means a written objection to the Reorganization Resolution provided by a Dissenting Holder in compliance with section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order.

"**Dissent Rights**" means the rights of dissent in respect of the Reorganization described in the Plan of Arrangement.

"**Dissent Shares**" means the Common Shares of a Dissenting Holder in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such Dissenting Holder.

"**Dissenting Holder**" means a Registered Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of Common Shares in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such Registered Shareholder.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Reorganization.

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Elected Amount**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Exchange of Common Shares — Tax Election".

"**Eligible Holder**" means (i) a Canadian Resident or (ii) an Eligible Non-Resident.

"**Eligible Non-Resident**" means a beneficial owner of Common Shares immediately prior to the Effective Time, who is not a resident of Canada for the purposes of the Tax Act, and whose Common Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the Tax Act, or a partnership any member of which is not a resident of Canada for the purposes of the Tax Act, and whose Common Shares are "taxable Canadian property" and not "treaty protected property", in each case as defined in the Tax Act.

"**Fairness Opinion**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Final Order**" means the final order of the Court in a form acceptable to the Company and PCC, each acting reasonably, approving the Reorganization, as such order may be amended by the Court (with the consent of both the Company and PCC, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and PCC, each acting reasonably) on appeal.

"**Formal Valuations**" means the formal valuations of the Common Shares and the PCC Subordinate Voting Shares dated December 12, 2019 that were prepared by RBC in accordance with MI 61-101.

"**FSC**" has the meaning ascribed thereto under "Summary — Regulatory Approvals".

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner board, ministry, minister, bureau, division or agency, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

"**Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"IGM" means IGM Financial Inc.

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and PCC, each acting reasonably, providing for, among other things, the calling and holding of Meeting, as such order may be amended by the Court with the consent of both the Company and PCC, each acting reasonably.

"**Intermediary**" has the meaning ascribed thereto under "Information Concerning the Meeting and Voting — Voting Instructions for Non-Registered Shareholders".

"**In-The-Money Amount**" in respect of a stock option at any time means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.

"**IRS**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations".

"**Key Regulatory Approvals**" means the Regulatory Approvals of which the failure to obtain, receive or be made would have, or be reasonably expected to have, a material and adverse effect on PCC, the Company and their respective Subsidiaries, taken as a whole.

"**Kingsdale Advisors**" means Kingsdale Partners LP, the proxy solicitation and information agent hired by the Company.

"**Law**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal for use by Registered Shareholders, in the form accompanying this Circular.

"**Lifeco**" means Great-West Lifeco Inc.

"**Matching Period**" has the meaning ascribed thereto under "Summary of Arrangement Agreement — Additional Covenants Regarding Non-Solicitation — Right to Match".

"**Material Adverse Effect**" means, with respect to any Party, any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would likely be material and adverse to the business, operations, results of operations, assets (tangible or intangible), properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or obligations (whether absolute, accrued, conditional or otherwise) of such Party and its Subsidiaries, taken as a whole, except that none of the following changes, events, occurrences, effects, states of facts or circumstances, whether direct or indirect, either alone or in combination, shall be considered in determining whether there has been a Material Adverse Effect: (i) any change or development affecting the industries or markets in which such Party and its Subsidiaries operate; (ii) any change or development in general economic, business or regulatory conditions or in national or global financial, credit, currency or securities markets, including any regulatory developments in markets in which such Party or its Subsidiaries operate or derive revenue; (iii) any change or development in global, national or regional political conditions (including any act of terrorism or any outbreak of hostilities or war or any escalation or worsening thereof) or any natural disaster; (iv) any change or proposed change in Law or IFRS or in the interpretation or application of any Laws or IFRS by any Governmental Entity; (v) the announcement of the Arrangement Agreement or the transactions contemplated hereby; (vi) actions or inactions expressly required by the Arrangement Agreement (excluding any obligation to act in the ordinary course) or that are taken with the prior written consent of the other Party; (vii) any claim, action, inquiry, proceeding or investigation, or threatened claim, action, inquiry, proceeding or investigation, relating to the Arrangement Agreement or the Arrangement; or (viii) any change in the market price or trading volume of any securities of such Party (it being understood, without limiting the applicability of paragraphs (i) through (vii), that the causes underlying such changes in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any stock exchange on which any securities of such Party trades; provided, however, that with respect to clauses (i), (ii), (iii) and (iv), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), or liabilities (contingent or otherwise) of the Party and its Subsidiaries, taken as a whole, relative to other comparable entities operating in the same industry in which the Person and its Subsidiaries operate.

"**Material Subsidiary**" means, in relation to a Person, any Subsidiary of such Person that accounted for more than 10% of the consolidated assets or revenue of such Person as at the most recent financial year end of such Person.

"**Meeting**" means the special meeting of Shareholders to be held at 9:00 a.m. (Eastern time) on February 11, 2020, at the InterContinental Hotel, 360 Saint-Antoine St. W., Montréal, Québec, H2Y 3X4.

"**MI 61-101**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Minority Shareholders**" means the Shareholders other than PCC, 171 and any other wholly-owned subsidiary of PCC.

"**Misrepresentation**" has the meaning ascribed to "misrepresentation" or the corresponding term under Securities Laws.

"**NDAs**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**NI 52-110**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**NI 58-101**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Non-Disinterested Directors**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Non-PFC Assets and Liabilities**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Non-Resident Dissenting Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Non-Resident Dissenting Holders".

"**Non-Resident Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada".

"Non-Registered Shareholder" means a beneficial owner of Common Shares that are registered either in the name of an Intermediary or in the name of a depositary.

"**Notice of Appearance**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Court Approval and Completion of the Reorganization".

"**Notice of Application**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Court Approval and Completion of the Reorganization".

"**Offer to Pay**" has the meaning ascribed thereto under "Dissenting Holders' Rights".

"**officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**ordinary course**" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and its Subsidiaries and is taken in the ordinary course of the normal day-to-day operations and development of the business of the Person and its Subsidiaries, including, without limitation, actions taken in accordance with a budget approved by the Person's board of directors and actions taken consistent with the development plan and capital expenditure plan of the Person.

"**Osler**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Outside Date**" means April 30, 2020 or such later date as may be agreed to in writing by the Parties.

"**Pansolo**" means Pansolo Holding Inc. a corporation incorporated under the CBCA and controlled by the Trust.

"**Pansolo Issuance**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Pre-Emptive Right".

"**Pansolo Voting and Support Agreement**" means the agreement entered into among the Company, PCC and Pansolo pursuant to which, among other things, Pansolo agreed to provide evidence of its approval of the Reorganization and any actions in furtherance thereof, including the issuance of PCC Subordinate Voting Shares pursuant to the Reorganization, subject to the terms and conditions therein.

"**Parties**" means the Company and PCC and "**Party**" means either one of them.

"**PCC**" means Power Corporation of Canada, a corporation continued under the CBCA.

"**PCC Board**" means the board of directors of PCC as constituted from time to time.

"**PCC DCS**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**PCC Disclosure Letter**" means the disclosure letter dated the date of the Arrangement Agreement and delivered by PCC to the Company with the Arrangement Agreement.

"**PCC Material Contract**" means any Contract that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on PCC.

"**PCC Option Plan**" means PCC's executive stock option plan currently in effect, as the same may be amended from time to time.

"**PCC Options**" means the outstanding options to purchase PCC Subordinate Voting Shares issued pursuant to the PCC Option Plan.

"**PCC Participating Preferred Share Issuances**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Pre-Emptive Right".

"**PCC Participating Preferred Shares**" means the Participating Preferred Shares in the capital of PCC.

"**PCC Specified Subsidiaries**" means the wholly-owned Subsidiaries of PCC.

"**PCC Subordinate Voting Shares**" means the Subordinate Voting Shares in the capital of PCC.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**PFIC**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Passive Foreign Investment Company Considerations".

"**Plan of Arrangement**" means the plan of arrangement included in the Arrangement Agreement attached as Appendix "B", subject to any amendments or variations to such plan made in accordance with the terms of the Arrangement Agreement or the terms of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both the Company and PCC, each acting reasonably.

"**Potential Alternative**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Pre-Arrangement Reorganization**" has the meaning ascribed thereto under "Summary of the Arrangement Agreement — Covenants — Cooperation Regarding Pre-Arrangement Reorganization".

"**Pre-Emptive Right**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Pre-Emptive Right".

"**Pre-Emptive Right Offer**" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters — Pre-Emptive Right".

"**Proposed Agreement**" has the meaning ascribed thereto under "Summary of the Arrangement Agreement — Additional Covenants Regarding Non-Solicitation".

"**RBC**" means RBC Dominion Securities Inc.

"**Record Date**" means 5:00 p.m. (Eastern time) on December 27, 2019.

"**Registered Plan**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**Registered Shareholder**" means each Person whose name appears on the registers of Common Shares as the owner of the Common Shares.

"**Regulatory Approvals**" means, in relation to PCC and its Subsidiaries or the Company and its Subsidiaries, those consents, waivers, permits, exemptions, reviews, orders, decisions or approvals of, or registrations or filings with, Governmental Entities, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required under Laws in connection with the Reorganization.

"**Reorganization**" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both the Company and PCC, each acting reasonably.

"**Reorganization Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Meeting by Shareholders and attached as Appendix "A" to this Circular.

"**Representatives**" means, with respect to any Party, any officer, director, employee, representative (including any financial or other advisor) or agent of such Party or any of its Subsidiaries.

"**Required PCC Shareholder Approval**" means the approval of the securityholders of PCC required pursuant to Section 611 of the TSX Company Manual.

"**Required Shareholder Approval**" has the meaning ascribed thereto under "The Reorganization — Required Shareholder Approval".

"**Resident Dissenting Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Dissenting Holders".

"**Resident Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada".

"**RPII**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Controlled Foreign Corporation Considerations".

"**RPII CFC**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Controlled Foreign Corporation Considerations".

"**RESP**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**RRIF**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**RRSP**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**Rule 29.22**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**Securities Laws**" means the *Securities Act* (Québec), the *Securities Act* (Ontario) and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder.

"**Share Consideration**" means 1.05 PCC Subordinate Voting Shares for each Common Share.

"**Shareholders**" means the registered or beneficial holders of the Common Shares, as the context requires.

"**Special Committee**" means the committee of directors of the Board, consisting of Marc A. Bibeau, Susan J. McArthur and Siim A. Vanaselja.

"**Subject Securities**" has the meaning ascribed thereto under "The Reorganization — Voting and Support Agreements".

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus Exemptions* as in effect on the date of the Arrangement Agreement.

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal made after the date of the Arrangement Agreement: (i) to acquire not less than all of the outstanding Common Shares (other than any Common Shares held, directly or indirectly, by the Person making the Acquisition Proposal or its affiliates) or all or substantially all of the assets of the Company on a consolidated basis; (ii) that did not result from or involve a breach of Article 5 of the Arrangement Agreement by the Company or its Representatives; (iii) that is not subject to a due diligence and/or access condition; (iv) if cash is to make up all or a portion of the consideration to be paid, that the Board has determined in good faith is fully financed or is reasonably capable of being fully financed; (v) that the Board has determined in good faith is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; and (vi) in respect of which the Board and any relevant committee thereof determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors, and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal, and the party making such Acquisition Proposal, (a) would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable from a financial point of view to Shareholders (other than PCC and its affiliates) than the Reorganization (including any amendments to the terms and conditions of the Reorganization proposed by PCC pursuant to Article 5 of the Arrangement Agreement) and (b) failure to recommend such Acquisition Proposal to Shareholders would be inconsistent with its fiduciary duties.

"**Supporting Shareholders**" means those Shareholders that entered into Voting and Support Agreements.

"**Tax Act**" means the *Income Tax Act, R.S.C. 1985, c*. 1 (5th Supplement).

"**Tax Cut and Jobs Act**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — Passive Investment Company Considerations".

"**Tax Election**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Exchange of Common Shares – Tax Election".

"**Tax Exempt Person**" means a person who is generally exempt from tax on that person's taxable income under Part I of the Tax Act.

"**Tax Instruction Letter**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Procedure for Making a Tax Election".

"**Tax Proposals**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"**taxable capital gain**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Disposition of Common Shares Pursuant to the Reorganization — Taxation of Capital Gains and Capital Losses".

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above; (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Terminating Party**" has the meaning ascribed thereto under "Summary of Arrangement Agreement — Termination".

"**Termination Notice**" has the meaning ascribed thereto under "Summary of Arrangement Agreement — Termination".

"**TFSA**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Eligibility for Investment".

"**Treasury Regulations**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations".

"**Trust**" means the Desmarais Family Residuary Trust.

"**TSX**" means the Toronto Stock Exchange.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as the same has been, and hereafter from time to time may be, amended, and the rules and regulations promulgated thereunder.

"**U.S. Holder**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations".

"**U.S. Securities Act**" means the United States Securities Act of 1933, as the same has been, and hereafter from time to time may be, amended, and the rules and regulations promulgated thereunder.

"**U.S. Treaty**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Holding and Disposing of PCC Subordinate Voting Shares — Dividends on PCC Subordinate Voting Shares".

"**U.S. Dissenting Holder**" has the meaning ascribed thereto under "Certain United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Reorganization — U.S. Dissenting Holders".

"**Valuation Financial Information**" has the meaning ascribed thereto under "The Reorganization — Background to and Reasons for the Reorganization".

"**VIF**" has the meaning ascribed thereto under "Questions and Answers Relating to the Reorganization".

"**Voting and Support Agreements**" means the agreements entered into between PCC and the Supporting Shareholders pursuant to which, among other things, the Supporting Shareholder agreed to vote the Common Shares held by such Supporting Shareholder in support of the Reorganization Resolution, subject to the terms and conditions therein.

CONSENT OF RBC DOMINION SECURITIES INC.

To: The Special Committee of the Board of Directors and the Board of Directors of Power Financial Corporation

We refer to the valuations and fairness opinion of our firm dated December 12, 2019 (the "**RBC Valuations and Fairness Opinion**"), which we prepared for the Special Committee of the Board of Directors and the Board of Directors of Power Financial Corporation ("**PFC**") in connection with an arrangement under the Canada Business Corporations Act involving PFC and Power Corporation of Canada (the "**Reorganization**"). We refer also to the management proxy circular of PFC dated January 10, 2020 (the "**Circular**") relating to the special meeting of shareholders to approve, among other things, the Reorganization.

We hereby consent to the filing of the RBC Valuations and Fairness Opinion with the applicable securities regulatory authorities, the reference to the RBC Valuations and Fairness Opinion in the Circular, the inclusion of a summary of the RBC Valuations and Fairness Opinion in the Circular and the inclusion of the full text of the RBC Valuations and Fairness Opinion in the Circular. In providing such consent, we do not intend that any other person other than the Special Committee of the Board of Directors and the Board of Directors of PFC shall be entitled to rely upon such valuations and fairness opinion.

(Signed) "RBC Dominion Securities Inc."

RBC Dominion Securities Inc.
Toronto, Ontario
January 10, 2020

APPROVAL OF DIRECTORS AND CERTIFICATE

The contents and the sending of this management proxy circular have been approved by the Board of Directors.

(Signed) "Siim A. Vanaselja"	*(Signed) "Susan J. McArthur"*
Siim A. Vanaselja Director	Susan J. McArthur Director

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

(Signed) "R. Jeffrey Orr"	*(Signed) "Gregory D. Tretiak"*
R. Jeffrey Orr President and Chief Executive Officer	Gregory D. Tretiak Executive Vice President and Chief Financial Officer

On behalf of the Board of Directors

(Signed) "Siim A. Vanaselja"	*(Signed) "Susan J. McArthur"*
Siim A. Vanaselja Director	Susan J. McArthur Director

APPENDIX "A"

REORGANIZATION RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving Power Financial Corporation ("**PFC**"), pursuant to the arrangement agreement (the "**Arrangement Agreement**") between PFC, and Power Corporation of Canada, dated December 12, 2019, all as more particularly described and set forth in the management proxy circular of PFC dated January 10, 2020 (the "**Circular**"), accompanying the notice of this meeting (as the Arrangement may be amended, restated, supplemented or novated from time to time in accordance with its terms) is hereby authorized, approved and adopted.

2. The plan of arrangement, as it has been or may be amended, restated, supplemented or novated in accordance with the Arrangement Agreement and its terms, involving PFC (the "**Plan of Arrangement**"), the full text of which is set out in the Arrangement Agreement, which is included at Appendix "B" to the Circular, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of PFC in approving the Arrangement and the actions of the officers of PFC in executing and delivering the Arrangement Agreement and any modifications or amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by PFC Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), the directors of PFC are hereby authorized and empowered, at their discretion, without further notice to or approval of PFC Shareholders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

5. Any two officers or directors of PFC are hereby authorized and directed for and on behalf of PFC to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of PFC or otherwise, and to deliver or cause to be delivered, for filing with the Director under the CBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

6. Any two officers or directors of PFC are hereby authorized and directed for and on behalf of PFC to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

APPENDIX "B"

ARRANGEMENT AGREEMENT

See attached.

POWER CORPORATION OF CANADA

and

POWER FINANCIAL CORPORATION

ARRANGEMENT AGREEMENT

December 12, 2019

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of December 12, 2019,

BETWEEN:

POWER CORPORATION OF CANADA, a corporation incorporated under the laws of Canada ("**Power**")

- and -

POWER FINANCIAL CORPORATION, a corporation incorporated under the laws of Canada (the "**PFC**").

WHEREAS Power wishes to acquire all of the issued and outstanding common shares of PFC not already owned, directly or indirectly, by Power and its wholly-owned subsidiaries, by way of a plan of arrangement under the provisions of the CBCA;

AND WHEREAS, based on the recommendation of the PFC Special Committee, which was made after consultation with its financial and legal advisors, the PFC Board has unanimously (i) determined that the Arrangement is in the best interests of PFC and fair to PFC Shareholders (excluding Power and certain of its affiliates); (ii) resolved to unanimously recommend that PFC Shareholders (excluding Power and certain of its affiliates) vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by PFC of its obligations under this Agreement;

AND WHEREAS concurrently with the execution of this Agreement, the PFC Supporting Shareholders have entered into the Voting and Support Agreements with Power and Pansolo has entered into the Pansolo Voting and Support Agreement with Power and PFC;

AND WHEREAS the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the transactions contemplated herein;

NOW THEREFORE THIS AGREEMENT WITNESSES in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**171**" means 171263 Canada Inc., a wholly-owned Subsidiary of Power.

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any *bona fide* offer, proposal or inquiry (whether written or oral) from any Person or group of Persons other than Power (or any affiliate of Power) made after the date of this Agreement relating to:

(a) any direct or indirect acquisition, purchase or joint venture (or any lease or other arrangement having the same economic effect as a purchase), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets of or contributing 20% or more of the consolidated revenue of PFC and its Subsidiaries, taken as a whole, or of 20% or more of the voting, equity or other securities (or rights or interests therein or thereto) of PFC and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of PFC and its Subsidiaries, taken as a whole;

(b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for voting or equity securities) of PFC and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of PFC and its Subsidiaries, taken as a whole;

(c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving PFC and/or one or more of its Subsidiaries representing, individually or in the aggregate, 20% or more of the consolidated assets or contributing, individually or in the aggregate, 20% or more of the consolidated revenue of PFC and its Subsidiaries, taken as a whole;

(d) any other similar transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Power under this Agreement or the Arrangement; or

(e) any public announcement of any intention to do any of the foregoing.

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*.

"**Arrangement**" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or Section 5.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the PFC Meeting substantially in the form set out in Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of PFC in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to PFC and Power, each acting reasonably.

"**associate**" has the meaning specified in the *Securities Act* (Québec).

"**Authorization**" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity having jurisdiction over such Person.

"**Breaching Party**" has the meaning ascribed thereto in Section 4.9(2).

"**Business Day**" means any day of the year, other than a Saturday, a Sunday, a public holiday or a day on which banks in the City of Toronto, Ontario or the City of Montréal, Québec are not generally open for the transaction of business.

"**CBCA**" means the *Canada Business Corporations Act*.

"**Canadian Resident**" means a beneficial owner of PFC Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

"**Competition Act**" means the *Competition Act* (Canada).

"**Confidentiality Agreements**" means, together, the confidentiality agreements dated November 15, 2019 among, *inter alia*, PFC and Power governing, among other things, Power obtaining access to confidential information regarding PFC.

"**Consideration**" means 1.05 of a Power Share and $0.01 in cash per PFC Share.

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, indenture, bond, mortgage, deed of trust, instrument, understanding, joint venture, partnership or other right or obligation (written or oral) to which a Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which any of their respective properties or assets is subject.

"**Court**" means the Ontario Superior Court of Justice (Commercial List), or such other court as applicable.

"**Depositary**" means Computershare Investor Services Inc., or such other Person as the Parties agree in writing.

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA.

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Eligible Holder**" means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident.

"**Eligible Non-Resident**" means a beneficial owner of PFC Shares immediately prior to the Effective Time, who is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the Tax Act, or a partnership any member of which is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are "taxable Canadian property" and not "treaty protected property", in each case as defined in the Tax Act.

"**Final Order**" means the final order of the Court in a form acceptable to PFC and Power, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both PFC and Power, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both PFC and Power, each acting reasonably) on appeal.

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner board, ministry, minister, bureau, division or agency, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Indemnified Persons**" has the meaning specified in Section 8.6(1).

"**Interim Order**" means the interim order of the Court in a form acceptable to PFC and Power, each acting reasonably, providing for, among other things, the calling and holding of PFC Meeting, as such order may be amended by the Court with the consent of both PFC and Power, each acting reasonably.

"**In-The-Money Amount**" in respect of a stock option at any time means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.

"**Key Regulatory Approvals**" means the Regulatory Approvals of which the failure to obtain, receive or be made would have, or be reasonably expected to have, a material and adverse effect on Power, PFC and their respective Subsidiaries, taken as a whole.

"**Law**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

"**Lien**" means any mortgage, charge, pledge, assignment, encumbrance, hypothec, security interest, claim, encroachment, option, warrant, right of first refusal or first offer, occupancy right (including, but not limited to, a lease or sublease), covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**Matching Period**" has the meaning ascribed thereto in Section 5.4(1)(e).

"**Material Subsidiary**" means, in relation to a Person, any Subsidiary of such Person that accounted for more than 10% of the consolidated assets or revenue of such Person as at the most recent financial year end of such Person.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Misrepresentation**" has the meaning ascribed to "misrepresentation" or the corresponding term under Securities Laws.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations.*

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

"**officer**" has the meaning ascribed thereto in the *Securities Act* (Québec).

"**ordinary course**" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and its Subsidiaries and is taken in the ordinary course of the normal day-to-day operations and development of the business of the Person and its Subsidiaries, including, without limitation, actions taken in accordance with a budget approved by the Person's board of directors and actions taken consistent with the development plan and capital expenditure plan of the Person.

"**Outside Date**" means April 30, 2020 or such later date as may be agreed to in writing by the Parties.

"**Pansolo**" means Pansolo Holdings Inc., a corporation incorporated under the laws of Canada.

"**Pansolo Voting and Support Agreement**" means the agreement entered into among Pansolo, Power and PFC pursuant to which, among other things, Pansolo has agreed to provide evidence of its approval of the Arrangement (and any actions required in furtherance thereof, including the issuance of Power Shares pursuant to the Arrangement) to the TSX and to acquire the Specified Number of Pre-Emptive Shares (as defined in the Pansolo Voting and Support Agreement) on the Initial Closing Date (as defined in the Pansolo Voting and Support Agreement), subject to the terms and conditions therein.

"**Parties**" means PFC and Power, and a "**Party**" means either one of them.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

"**PFC**" has the meaning ascribed thereto in the preamble.

"**PFC Board**" means the board of directors of PFC as constituted from time to time.

"**PFC Board Recommendation**" has the meaning ascribed thereto in Section 2.4(2).

"**PFC Change in Recommendation**" has the meaning ascribed thereto in Section 7.2(1)(c).

"**PFC Circular**" means the notice of PFC Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to PFC Shareholders in connection with the PFC Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**PFC Constating Documents**" means the articles of continuance of PFC and all amendments or supplements to such articles of continuance.

"**PFC Disclosure Letter**" means the disclosure letter dated as of the date of this Agreement and delivered by PFC to Power with this Agreement.

"**PFC Employees**" means the officers, employees and independent contractors of PFC and its wholly-owned Subsidiaries.

"**PFC Equity Awards**" means each deferred share unit, performance-based vesting deferred share units, performance share units or similar interest granted pursuant to a PFC Equity Plan, but not including a PFC Option.

"**PFC Equity Plans**" means (i) the Deferred Share Unit Plan for Directors of PFC, as amended on May 10, 2006, as the same may be amended from time to time; (ii) the PFC Performance Share Unit Plan dated March 13, 2013, as the same may be amended from time to time; (iii) the DSU Award Agreement dated March 29, 2016 between PFC and an executive officer of PFC; and (iv) the DSU Award Agreement dated August 12, 2015 between PFC and an executive officer of PFC.

"**PFC Fairness Opinion**" means the opinion of RBC Dominion Securities Inc. addressed to the PFC Special Committee and the PFC Board to the effect that, as of the date of such opinion, the Consideration to be received by PFC Shareholders is fair, from a financial point of view, to the PFC Shareholders (other than Power and certain of its affiliates).

"**PFC Filings**" means all documents publicly filed by or on behalf of PFC on SEDAR since January 1, 2019.

"**PFC Financial Statements**" means the audited annual consolidated financial statements of PFC for the year ended December 31, 2018 and the unaudited interim condensed consolidated financial statements of PFC for the three and nine months ended September 30, 2019.

"PFC First Preferred Shares" means, collectively, (i) the Series A Floating Rate Cumulative Redeemable First Preferred Shares, (ii) the 7.0% Non-Cumulative First Preferred Shares, Series B, (iii) the 5.20% Non-Cumulative First Preferred Shares, Series C, (iv) the 5.50% Non-Cumulative First Preferred Shares, Series D, (v) the 5.35% Non-Cumulative First Preferred Shares, Series E, (vi) the 5.90% Non-Cumulative First Preferred Shares, Series F, (vii) the 5.75% Non-Cumulative First Preferred Shares, Series H, (viii) 6.00% Non-Cumulative First Preferred Shares, Series I, (ix) the 4.95% Non-Cumulative First Preferred Shares, Series K, (x) the 5.10% Non-Cumulative First Preferred Shares, Series L, (xi) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M, (xii) the Non-Cumulative Floating Rate First Preferred Shares, Series N, (xiii) the 5.80% Non-Cumulative First Preferred Shares, Series O, (xiv) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P, (xv) the Non-Cumulative Floating Rate First Preferred Shares, Series Q, (xvi) the 5.50% Non-Cumulative First Preferred Shares, Series R, (xvii) the 4.80% Non-Cumulative First Preferred Shares, Series S, (xviii) the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T, and (xix) the 5.15% Non-Cumulative First Preferred Shares, Series V; each in the capital of PFC.

"**PFC Held Public Securities**" means any common shares and other securities of the PFC Public Subsidiaries held by PFC.

"**PFC Interested Parties**" means Power, the directors and senior officers of Power, any other person who is an "interested party" (within the meaning of MI 61-101) and any "joint actor" (within the meaning of MI 61-101) with any of the foregoing with respect to the Arrangement.

"**PFC Material Adverse Effect**" means, with respect to PFC, any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would likely be material and adverse to the business, operations, results of operations, assets (tangible or intangible), properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or obligations (whether absolute, accrued, conditional or otherwise) of PFC and its Subsidiaries, taken as a whole, except that none of the following changes, events, occurrences, effects, states of facts or circumstances, whether direct or indirect, either alone or in combination, shall be considered in determining whether there has been a PFC Material Adverse Effect:

(a) any change or development affecting the industries or markets in which PFC and its Subsidiaries operate;

(b) any change or development in general economic, business or regulatory conditions or in national or global financial, credit, currency or securities markets, including any regulatory developments in markets in which PFC or its Subsidiaries operate or derive revenue;

(c) any change or development in global, national or regional political conditions (including any act of terrorism or any outbreak of hostilities or war or any escalation or worsening thereof) or any natural disaster;

(d) any change or proposed change in Law or IFRS or in the interpretation or application of any Laws or IFRS by any Governmental Entity;

(e) the announcement of this Agreement or the transactions contemplated hereby;

(f) actions or inactions expressly required by this Agreement (excluding any obligation to act in the ordinary course) or that are taken with the prior written consent of the other Party;

(g) any claim, action, inquiry, proceeding or investigation, or threatened claim, action, inquiry, proceeding or investigation, relating to this Agreement or the Arrangement; or

(h) any change in the market price or trading volume of any securities of PFC (it being understood, without limiting the applicability of paragraphs (a) through (g), that the causes underlying such changes in market price or trading volume may be taken into account in determining whether a PFC Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any stock exchange on which any securities of such Party trades;

provided, however, that with respect to clauses (a), (b), (c) and (d), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), or liabilities (contingent or otherwise) of PFC and its Subsidiaries, taken as a whole, relative to other comparable entities operating in the same industry in which PFC and its Subsidiaries operate.

"PFC Material Contract" means any Contract that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a PFC Material Adverse Effect.

"**PFC Meeting**" means the special meeting of PFC Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**PFC Option Plan**" means the PFC employee stock option plan dated November 6, 1986, as the same may be amended from time to time.

"**PFC Options**" means the outstanding options to purchase PFC Shares issued pursuant to the PFC Option Plan.

"**PFC Permitted Dividend**" has the meaning ascribed thereto in Section 2.15(3).

"**PFC Public Subsidiaries**" means, collectively, IGM Financial Inc., Great-West Lifeco Inc. and their respective Subsidiaries.

"**PFC Replacement Option**" has the meaning ascribed thereto in Section 2.9(1).

"**PFC Shareholders**" means the registered or beneficial holders of PFC Shares, as the context requires.

"**PFC Shares**" means the common shares in the capital of PFC.

"**PFC Special Committee**" means the committee of directors of the PFC Board, constituted to consider the transactions contemplated by this Agreement and related matters, consisting of Siim Vanaselja, Marc Bibeau and Susan McArthur.

"**PFC Specified Subsidiaries**" means the Subsidiaries of PFC other than the PFC Public Subsidiaries.

"**PFC Supporting Shareholders**" means each of the directors and officers of PFC who executed a Voting and Support Agreement.

"**PFC Valuation**" means the formal valuation of PFC prepared by RBC Dominion Securities Inc. in connection with the Arrangement in accordance with MI 61-101.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form set out in Schedule A, subject to any amendments or variations to such plan made in accordance with Section 8.1 of this Agreement or Section 5.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

"**Power**" has the meaning ascribed thereto in the preamble.

"**Power Board**" means the board of directors of Power as constituted from time to time.

"**Power Constating Documents**" means the articles of continuance of Power and all amendments or supplements to such articles of continuance.

"**Power Disclosure Letter**" means the disclosure letter dated as of the date of this Agreement and delivered by Power to PFC with this Agreement.

"**Power Filings**" means all documents publicly filed by or on behalf of Power on SEDAR since January 1, 2019.

"**Power Financial Statements**" means the audited annual consolidated financial statements of Power for the year ended December 31, 2018 and the unaudited interim consolidated financial statements of Power for the three and nine months ended September 30, 2019.

"**Power First Preferred Shares**" means (i) the Cumulative Redeemable First Preferred Shares, 1986 Series, (ii) the 5.60% Non-Cumulative First Preferred Shares, Series A, (iii) the 5.35% Non-Cumulative First Preferred Shares, Series B, (iv) the 5.80% Non-Cumulative First Preferred Shares, Series C, (v) the 5.00% Non-Cumulative First Preferred Shares, Series D and (vi) the 5.60% Non-Cumulative First Preferred Shares, Series G; each in the capital of Power.

"**Power Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would likely be material and adverse to the business, operations, results of operations, assets (tangible or intangible), properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or obligations (whether absolute, accrued, conditional or otherwise) of Power, PFC and their respective Subsidiaries, taken as a whole, except that none of the following changes, events, occurrences, effects, states of facts or circumstances, whether direct or indirect, either alone or in combination, shall be considered in determining whether there has been a Power Material Adverse Effect:

(i) any change or development affecting the industries or markets in which Power and its Subsidiaries operate;

(j) any change or development in general economic, business or regulatory conditions or in national or global financial, credit, currency or securities markets, including any regulatory developments in markets in which Power or its Subsidiaries operate or derive revenue;

(k) any change or development in global, national or regional political conditions (including any act of terrorism or any outbreak of hostilities or war or any escalation or worsening thereof) or any natural disaster;

(l) any change or proposed change in Law or IFRS or in the interpretation or application of any Laws or IFRS by any Governmental Entity;

(m) the announcement of this Agreement or the transactions contemplated hereby;

(n) actions or inactions expressly required by this Agreement (excluding any obligation to act in the ordinary course) or that are taken with the prior written consent of the other Party;

(o) any claim, action, inquiry, proceeding or investigation, or threatened claim, action, inquiry, proceeding or investigation, relating to this Agreement or the Arrangement; or

(p) any change in the market price or trading volume of any securities of Power (it being understood, without limiting the applicability of paragraphs (a) through (g), that the causes underlying such changes in market price or trading volume may be taken into account in determining whether a Power Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any stock exchange on which any securities of such Party trades;

provided, however, that with respect to clauses (a), (b), (c) and (d), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), or liabilities (contingent or otherwise) of Power and its Subsidiaries, taken as a whole, relative to other comparable entities operating in the same industry in which Power and its Subsidiaries operate.

"**Power Material Contract**" means any Contract that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Power Material Adverse Effect.

"**Power Option Plan**" means the Power executive stock option plan currently in effect, as the same may be amended from time to time.

"**Power Options**" means the outstanding options to purchase Power Shares issued pursuant to the Power Option Plan.

"**Power Participating Preferred Shares**" means the Participating Preferred Shares in the capital of Power.

"**Power Shareholders**" means holders of Power Shares and Power Participating Preferred Shares.

"**Power Shares**" means the Subordinate Voting Shares in the capital of Power.

"**Power Specified Subsidiaries**" means the wholly-owned Subsidiaries of Power.

"**Pre-Arrangement Reorganization**" has the meaning ascribed thereto in Section 4.11(1).

"**Regulatory Approvals**" means, in relation to Power and its Subsidiaries or PFC and its Subsidiaries, those consents, waivers, permits, exemptions, reviews, orders, decisions or approvals of, or registrations or filings with, Governmental Entities, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required under Laws in connection with the Arrangement.

"**Representative**" has the meaning ascribed thereto in Section 5.1(1).

"**Required Power Shareholder Approval**" means the approval of the Power Shareholders required pursuant to Section 611 of the TSX Company Manual, which approval shall be obtained either at a special meeting of Power's Shareholders or through a written consent in a form satisfactory to the TSX.

"**Required PFC Shareholder Approval**" has the meaning specified in Section 2.2(2).

"**Securities Regulatory Authority**" means the securities commission or securities regulatory authority in each province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Québec), the *Securities Act* (Ontario) and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Subsidiary**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*, but, in respect of Power, shall exclude PFC and its Subsidiaries.

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal made after the date of this Agreement:

(a) to acquire not less than all of the outstanding PFC Shares (other than any PFC Shares held, directly or indirectly, by the Person making the Acquisition Proposal or its affiliates) or all or substantially all of the assets of PFC on a consolidated basis;

(b) that did not result from or involve a breach of Article 5 by PFC or its Representatives;

(c) that is not subject to a due diligence and/or access condition;

(d) if cash is to make up all or a portion of the consideration to be paid, that the PFC Board has determined in good faith is fully financed or is reasonably capable of being fully financed;

(e) that the PFC Board has determined in good faith is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory

and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; and

(f) in respect of which the PFC Board and any relevant committee thereof determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors, and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal, and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable from a financial point of view to PFC Shareholders (other than Power and its affiliates) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by Power pursuant to Article 5) .

"**Tax Act**" means the *Income Tax Act, R.S.C. 1985, c. 1 (5th Supplement)*.

"**Tax Exempt Person**" means a person who is generally exempt from tax on that person's taxable income under Part I of the Tax Act.

"**Taxes**" means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above; (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"**Terminating Party**" has the meaning specified in Section 4.9(2).

"**Termination Notice**" has the meaning specified in Section 4.9(2).

"**TSX**" means the Toronto Stock Exchange.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as the same has been, and hereafter from time to time may be, amended, and the rules and regulations promulgated thereunder.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as the same has been, and hereafter from time to time may be, amended, and the rules and regulations promulgated thereunder.

"**Voting and Support Agreements**" means the agreements entered into between Power and the PFC Supporting Shareholders pursuant to which, among other things, the PFC Supporting Shareholder agreed to vote the PFC Shares held by PFC Supporting Shareholders in support of the Arrangement Resolution, subject to the terms and conditions therein.

Section 1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

(1) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) **Currency.** All references to dollars or to "$" are references to Canadian dollars.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (a) "including", "includes" and "include" mean "including (or includes or include) without limitation", (b) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of", and (c) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement.

(5) **Capitalized Terms.** All capitalized terms used in any Schedule, in the Power Disclosure Letter and in the PFC Disclosure Letter have the meanings ascribed to them in this Agreement.

(6) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of PFC, it is deemed to refer to the actual knowledge, after due inquiry, of R. Jeffrey Orr, as an executive officer of PFC and not in his personal capacity. Where any representation or warranty is expressly qualified by reference to the knowledge of Power, it is deemed to refer to the actual knowledge, after due inquiry, of André Desmarais, Paul Desmarais, Jr. and Gregory D. Tretiak, as executive officers of Power and not in their personal capacity.

(7) **Accounting Terms.** All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS.

(8) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it having the force of law, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(9) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 11:59 p.m. on the last day of the

period, if the last day of the period is a Business Day, or at 11:59 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(10) **Time References.** References to time are to local time, Montréal, Québec.

(11) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of Power or PFC, each such provision shall be construed as a covenant by Power or PFC, as the case may be, to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(12) **Consent.** If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(13) **Schedules.** The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement pursuant to which (among other things) PFC Shareholders (other than Power, 171 or any other Power Specified Subsidiary) who do not validly exercise Dissent Rights will receive the Consideration for each PFC Share held.

Section 2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement, but in any event on or before January 10, 2020, PFC shall apply to the Court in a manner acceptable to Power, acting reasonably, pursuant to Section 192 of the CBCA and, in cooperation with Power, prepare, file and diligently pursue a motion for the Interim Order, which must provide, among other things:

(1) for the class of persons to whom notice is to be provided in respect of the Arrangement and PFC Meeting and for the manner in which such notice is to be provided;

(2) that the required level of approval for the Arrangement Resolution (the "**Required PFC Shareholder Approval**") shall be:

(a) at least two-thirds of the votes cast on the Arrangement Resolution by PFC Shareholders present in person or represented by proxy at PFC Meeting; and

(b) a majority of the votes cast by the PFC Shareholders present in person or by proxy at the PFC Meeting after excluding the votes attached to the PFC Shares that, to the knowledge of PFC and its directors and senior officers, after reasonable

inquiry, are beneficially owned or over which control or direction is exercised by the PFC Interested Parties;

(3) that, in all other respects, the terms, restrictions and conditions of PFC Constating Documents, including quorum requirements and all other matters, shall apply in respect of PFC Meeting;

(4) for the grant of Dissent Rights to registered PFC Shareholders, as contemplated in the Plan of Arrangement;

(5) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(6) that the PFC Meeting may be adjourned or postponed from time to time by PFC subject to the terms of this Agreement without the need for additional approval of the Court;

(7) that the record date for PFC Shareholders entitled to notice of and to vote at the PFC Meeting will not change in respect of any adjournment(s) or postponement(s) of the PFC Meeting, unless required by Law; and

(8) for such other matters as Power may reasonably require.

Section 2.3 PFC Meeting

PFC shall:

(1) convene and conduct the PFC Meeting in accordance with the Interim Order, PFC Constating Documents and applicable Law as soon as reasonably practicable, but in any event on or before February 14, 2020, provided that Power has complied with its obligations pursuant to Section 2.4(4), for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the PFC Circular;

(2) subject to the terms of this Agreement, use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution, including by engaging the services of soliciting dealers or proxy solicitation services acceptable to Power and permitting Power to assist PFC in such solicitation;

(3) provide Power with copies of or access to information regarding the PFC Meeting generated by any dealer or proxy solicitation services firm, as requested from time to time by Power;

(4) consult with Power in fixing the date of the PFC Meeting and the record date for PFC Shareholders entitled to notice of and to vote at the PFC Meeting, give notice to Power of the PFC Meeting and allow Power's representatives and legal counsel to attend the PFC Meeting;

(5) provide Power, at such times as Power may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of PFC Meeting, with the aggregate tally of the proxies received by PFC in respect of the Arrangement Resolution;

(6) promptly advise Power of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement, and/or purported exercise or withdrawal of Dissent Rights by PFC Shareholders and written communications sent by or on behalf of PFC to any PFC Shareholder exercising or purporting to exercise Dissent Rights and provide Power the opportunity to participate in all negotiations and legal proceedings with respect to any exercise or purported exercise of Dissent Rights by PFC Shareholders;

(7) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to Dissent Rights without the prior written consent of Power;

(8) at the request of Power from time to time, provide, or cause to be provided, to Power a list (in both written and electronic form) of (i) the registered PFC Shareholders, together with their addresses and respective holdings of PFC Shares, (ii) the names, addresses and holdings of all Persons having rights issued by PFC to acquire PFC Shares (including any holders of PFC Options and PFC Equity Awards), and (iii) the participants in book-based nominee registrants such as CDS Clearing and Depository Inc. and the Depository Trust Company, and non-objecting beneficial owners of PFC Shares, together with their addresses and respective holdings of PFC Shares; at the request of Power, PFC shall from time to time require that its registrar and transfer agent furnish Power with such additional information, including updated or additional lists of PFC Shareholders, and lists of securities positions and other assistance as Power may reasonably request in order to be able to communicate with securityholders of PFC with respect to the Arrangement;

(9) not, except as required under Section 4.9(2) or as required for quorum purposes or as otherwise permitted under this Agreement, adjourn (except as required by Law or by valid PFC Shareholder action), postpone (except as required by Law or in order to hold the PFC Meeting at the same time as any meeting of Power Shareholders as may be required for purposes of obtaining the Required Power Shareholder Approval) or cancel (or propose or permit the adjournment, postponement or cancellation of) the PFC Meeting without Power's prior written consent; and

(10) not change the record date for the PFC Shareholders entitled to vote at the PFC Meeting in connection with any adjournment or postponement of the PFC Meeting unless required by Law or the Court.

Section 2.4 PFC Circular

(1) PFC shall promptly prepare and complete, in consultation with Power, the PFC Circular, together with any other documents required by Law in connection with the PFC Meeting and the Arrangement Resolution and PFC shall, promptly after obtaining the Interim Order, and in any event on or prior to January 17, 2020, cause the PFC Circular and such other documents to be filed with the applicable Securities Regulatory Authorities and sent to PFC Shareholders and other Persons as required by the Interim Order and applicable Law, in each case so as to permit the PFC Meeting to be held by the date specified in Section 2.3(1).

(2) PFC shall ensure that the PFC Circular complies in all material respects with Law, does not contain any Misrepresentation (except that PFC shall not be responsible to Power for any information relating to Power, including in relation to the Power Shares, that was

provided by Power in writing for inclusion in the PFC Circular pursuant to Section 2.4(4)) and provides PFC Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the PFC Meeting. Without limiting the generality of the foregoing, the PFC Circular must include: (i) a copy of the PFC Valuation, (ii) a copy of the PFC Fairness Opinion, (iii) a statement that each PFC Supporting Shareholder intends to vote all of their respective PFC Shares in favour of the Arrangement Resolution in accordance with the Voting and Support Agreement to which such Person is a party and (iv) a statement that, based on the recommendation of the PFC Special Committee, the PFC Board has received the PFC Fairness Opinion and the PFC Valuation, and has determined that the Arrangement is in the best interests of PFC and fair to the PFC Shareholders (excluding Power and certain of its affiliates) and unanimously recommends that the PFC Shareholders (excluding Power and certain of its affiliates) vote in favour of the Arrangement Resolution (the "**PFC Board Recommendation**").

(3) PFC shall give Power and its legal counsel a reasonable opportunity to review and comment on drafts of the PFC Circular and other related documents, and shall give reasonable consideration to any comments made by Power and its counsel, and agrees that all information relating solely to Power included in the PFC Circular must be in form and content satisfactory to Power, acting reasonably.

(4) Power shall provide all necessary information concerning Power, its affiliates (excluding PFC and its Subsidiaries) and the Power Shares, including financial statements, pro forma financial statements and auditor consents, that is required by Law to be included by PFC in the PFC Circular or other related documents to PFC in writing, and shall ensure that such information does not contain any Misrepresentation.

(5) Each Party shall promptly notify the other if it becomes aware that the PFC Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and PFC shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the PFC Shareholders, if required by the Court or by Law, and file the same with the Securities Regulatory Authorities and any other Governmental Entity, in each case as required.

Section 2.5 Required Power Shareholder Approval

Subject to the terms and conditions of this Agreement, in order to facilitate the Arrangement, Power shall take all action necessary in accordance with all applicable Laws, including Securities Laws, to (a) obtain the Required Power Shareholder Approval as promptly as practicable and in any event not later than March 31, 2020; and (b) seek approval as promptly as practicable from the TSX of the fulfillment of Power's obligations in Section 2.5(a) by written resolution. If the TSX or any other Governmental Entity requires that the Required Power Shareholder Approval be obtained at a meeting of Power's Shareholders, Sections 2.3(2)-(10) and Section 2.4 shall, to the extent applicable, apply to the holding of and any circular prepared in connection with such meeting, *mutatis mutandis*. The Parties acknowledge that Pansolo has entered into the Pansolo Voting and Support Agreement concurrently with the execution of this Agreement.

Section 2.6 Securities Law Compliance

PFC and Power shall co-operate and use commercially reasonable efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals, required or desirable in connection with this Agreement and the Arrangement and the preparation of any required documents, in each case, as reasonably necessary to discharge their respective obligations under this Agreement, the Arrangement and the Plan of Arrangement, and to complete any of the transactions contemplated by this Agreement, in accordance with applicable Securities Laws. It is acknowledged and agreed that neither Power nor PFC shall be required to file a prospectus or similar document or otherwise become subject to the securities laws of any jurisdiction (other than a province or territory of Canada) as a reporting issuer (or equivalent status in any such jurisdiction) in order to complete the Arrangement.

Section 2.7 Final Order

If the Interim Order is obtained, and the Arrangement Resolution is passed at the PFC Meeting as provided for in the Interim Order, PFC shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 192 of the CBCA, as soon as reasonably practicable, but in any event not later than three Business Days after the date the Arrangement Resolution is passed at the PFC Meeting.

Section 2.8 Court Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, or otherwise in connection with this Agreement or the transactions contemplated by this Agreement, PFC shall:

(1) diligently pursue obtaining the Interim Order and the Final Order;

(2) provide Power and its legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to such comments and will accept the comments of Power and its legal counsel with respect to any information required to be supplied by Power and included in such materials;

(3) provide legal counsel to Power, on a timely basis, with copies of any notice of appearance, evidence or other documents served on PFC or its legal counsel in respect of the motion for the Interim Order or the application for the Final Order or any appeal therefrom, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(4) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement;

(5) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with Power's prior written consent;

(6) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, do so only after notice to, and in consultation and cooperation with, Power; and

(7) not object to legal counsel to Power making such submissions on the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that such submissions are consistent with this Agreement and the Plan of Arrangement, and provided further that PFC and its legal counsel are advised of the nature of any such submissions prior to the hearing.

Section 2.9 Articles of Arrangement and Effective Date

(1) The Articles of Arrangement shall include the form of the Plan of Arrangement attached to this Agreement as Schedule A, as it may be amended from time to time as agreed by the Parties, acting reasonably, provided that no such amendment is inconsistent with the Interim Order, the Final Order or this Agreement or is prejudicial to the PFC Shareholders (without reference to Power and its affiliates).

(2) Provided that Power is in compliance with its obligations under this Agreement, PFC shall file the Articles of Arrangement with the Director no later than the third Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties; provided that, in any event, PFC shall not file the Articles of Arrangement with the Director prior to February 6, 2020, without the express written consent of Power.

(3) The closing of the Arrangement will take place at the offices of Blake, Cassels & Graydon LLP in Toronto, Ontario at the Effective Time, or at such other time and location as may be agreed upon by the Parties.

Section 2.10 PFC Options and PFC Equity Awards

(1) Power will assume the PFC Option Plan, and each PFC Option outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**PFC Replacement Option**") which shall entitle the holder to purchase Power Shares from Power. The number of Power Shares which the holder shall be entitled to purchase under such PFC Replacement Option shall be such number of Power Shares as is equal to the product obtained when (i) 1.05, is multiplied by (ii) the number of PFC Shares subject to such PFC Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of Power Shares). The exercise price per Power Share shall be the quotient obtained when (i) the exercise price per PFC Share payable under such PFC Option immediately prior to the Effective Time, is divided by (ii) 1.05 (such quotient to be rounded up to the nearest whole cent); provided that, it is intended that the provisions of subsection 7(1.4) of the Tax Act (and any corresponding provision of provincial tax legislation) shall apply to such exchange of PFC Options for PFC Replacement Options and, notwithstanding the foregoing, if, and to the extent, if any, determined by Power to be necessary for such provision to apply, the exercise price of a PFC Replacement Option

(as otherwise determined) will be increased (and will be deemed always to have been increased) such that the In-The-Money Amount of the PFC Replacement Option immediately after the exchange does not exceed the In-The-Money Amount of the PFC Option immediately before the exchange.

(2) The PFC Board or an appropriate committee thereof shall adopt such resolutions or take such other actions (including obtaining any required consents and making any required amendments to the PFC Equity Plans) as may be required to effect and/or procure the following:

(a) each PFC Equity Award that as of the Effective Time is outstanding shall be continued on the same terms and conditions as were applicable immediately prior to the Effective Time except that the terms of the PFC Equity Awards shall be amended so as to (i) equitably adjust the performance vesting conditions attached to any PFC Equity Awards that are subject to such vesting conditions to give effect to the transactions contemplated hereby; (ii) adjust the number of PFC Equity Awards by multiplying each PFC Equity Award by 1.05; and (iii) substitute Power Shares for PFC Shares, but subject to any adjustment required to that award by the PFC Equity Plan or grant documentation as a result of this Agreement or the Arrangement. For greater certainty, all other terms and conditions of such award, including the term to expiry and conditions to and manner of exercising, will be the same as the PFC Equity Award and shall be governed by the terms of the PFC Equity Plan and any document evidencing a PFC Equity Award shall thereafter evidence and be deemed to evidence such an amended award.

(3) Power shall take all corporate action necessary to reserve for issuance a sufficient number of Power Shares for delivery with respect to the PFC Replacement Options assumed by it in accordance with Section 2.10(1) and, as of the Effective Time, Power will assume the PFC Option Plan.

(4) As soon as reasonably practicable after the Effective Time, Power will take such steps as are necessary to provide all holders of PFC Replacement Options issued pursuant to Section 2.10(1) and PFC Equity Awards amended pursuant to Section 2.10(2) with replacement grant documentation to evidence such PFC Replacement Options and amended PFC Equity Awards and the terms and conditions thereof. Such terms and conditions shall provide that the holder's transfer of employment following the Effective Time from PFC to employment with Power or any Subsidiary of Power shall not affect the holder's rights with respect to such PFC Replacement Options or amended PFC Equity Awards, as the case may be.

Section 2.11 Payment of Consideration

Power will, following receipt by PFC of the Final Order and prior to the filing by PFC of the Articles of Arrangement, deposit in escrow with the Depositary (a) sufficient Power Shares and cash to satisfy the aggregate Consideration payable to PFC Shareholders (other than PFC Shareholders who have validly exercised their Dissent Rights and who have not withdrawn their notice of objection) and (b) sufficient cash to satisfy any cash payments to PFC Shareholders in lieu of fractional Power Shares, in each case pursuant to the Plan of Arrangement.

Section 2.12 Withholding Taxes

Power, PFC and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any PFC Shareholders under the Plan of Arrangement or this Agreement such amounts as Power, PFC or the Depositary, as applicable, are required or reasonably believe, after considering the advice of counsel, are required to be deducted and withheld from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement or this Agreement and remitted to the appropriate Governmental Entity. Provided that such deducted and withheld amounts are remitted to the appropriate Governmental Entity in accordance with applicable Law, they shall be treated for all purposes as having been paid to PFC Shareholders in respect of which such deduction, withholding and remittance was made.

Section 2.13 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all Power Shares issued and exchanged on completion of the Arrangement will be issued and exchanged by Power in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder. To ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act, the Parties agree that the Arrangement will be carried out on the following basis:

(1) the procedural and substantive fairness of the terms and conditions of the Arrangement will be subject to the approval of the Court;

(2) the Court will be advised as to the intention of the Parties to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act prior to the hearing required to approve the procedural and substantive fairness of the terms and conditions of the Arrangement;

(3) the Court will be asked to satisfy itself as to the procedural and substantive fairness of the terms and conditions of the Arrangement to PFC Shareholders subject to the Arrangement;

(4) PFC will ensure that each PFC Shareholder will be given adequate notice advising them of their right to attend the hearing of the Court at which the Court will consider the procedural and substantive fairness of the terms and conditions of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(5) PFC Shareholders will be advised that the securities to be issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued by Power in reliance on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and exemptions under applicable U.S. state securities laws and may be subject to restrictions on resale under the securities laws of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to “affiliates”, as such term is defined in Rule 405 under the U.S. Securities Act;

(6) the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will expressly reference the Court’s determination that the Arrangement is procedurally and substantively fair to PFC Shareholders;

(7) the Interim Order approving the PFC Meeting will specify that each PFC Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;

(8) the Court will hold a hearing before approving the procedural and substantive fairness of the terms and conditions of the Arrangement; and

(9) the Final Order shall include a statement confirming that the Court has been advised of the following (or substantially similar language): "This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the U.S. Securities Act, from the registration requirements otherwise imposed by that act with respect to the issuance of securities issuable pursuant to the Arrangement".

Section 2.14 No Fractional Shares

In no event shall any holder of PFC Shares be entitled to a fractional Power Share. Where the aggregate number of Power Shares to be issued to a PFC Shareholder as consideration under or as a result of the Arrangement would result in a fraction of a Power Share being issuable, the number of Power Shares to be received by such PFC Shareholder shall be rounded down to the nearest whole Power Share and, in lieu of a fractional Power Share, the PFC Shareholder shall receive a cash payment from Power (rounded down to the nearest cent) equal to (i) the fraction of a Power Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of Power Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to $0.01 per PFC Share in cash without rounding.

Section 2.15 Dividends

(1) If Power sets a record date for any dividend or other distribution on the Power Shares or the Power Participating Preferred Shares that is prior to the Effective Time or Power pays any dividend or other distribution on the Power Shares or the Power Participating Preferred Shares prior to the Effective Time, in either case, other than a dividend on the Power Shares in the amount of $0.4050 per Power Share and on the Power Participating Preferred Shares in the amount of $0.4050 per Power Participating Preferred Share, in each case, in respect of the first quarter of 2020 with a record date of February 5, 2020, then, in each case, the Consideration shall be equitably adjusted to give effect to the amount of any such dividend or distribution.

(2) If PFC sets a record date for any dividend or other distribution on the PFC Shares that is prior to the Effective Time or PFC pays any dividend or other distribution on the PFC Shares prior to the Effective Time, in either case, other than the previously declared dividend on the PFC Shares in the amount of $0.4555 per PFC Share with a record date of December 31, 2019, then, in each case, the Consideration shall be equitably adjusted to give effect to the amount of any such dividend or distribution.

(3) Notwithstanding anything to the contrary contained in Section 2.15(1) or Section 2.15(2), no equitable adjustment to the Consideration shall be made in respect of a dividend in the amount of $0.45555 per PFC Share with a record date prior to the Effective Time in respect of the first quarter of 2020 (or such other dividend or distribution agreed to by Power) (the "**PFC Permitted Dividend**") if PFC provides Power prompt written notice of such dividend

(and, in any event, at least 10 Business Days prior to any such record date) and, in such case, Power may, in its sole discretion, set a record date in respect of a dividend on the Power Shares in the amount of $0.4050 per Power Share in respect of the second quarter of 2020 (or such other dividend or distribution agreed to by PFC) that is the same record date as the PFC Permitted Dividend and no equitable adjustment to the Consideration shall be made in respect of such dividend on the Power Shares.

(4) If PFC has not set a record date in respect of a dividend in the amount of $0.4555 per PFC Share that PFC would ordinarily declare during the month of March (the "**PFC First Quarter Dividend**") that is prior to the Effective Time, then, following the Effective Time, Power shall, subject to applicable Law, set a record date for a dividend in the amount of not less than $0.4340 per Power Share that is after the Effective Time to account for the fact that no PFC First Quarter Dividend was paid to PFC Shareholders of record prior to the Effective Time.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of PFC

(1) Except as set forth in the PFC Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph in respect of which such qualification is being made), PFC represents and warrants to Power as set forth in Schedule C and acknowledges and agrees that Power is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) The representations and warranties of PFC contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated on the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of Power

(1) Except as set forth in the Power Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph in respect of which such qualification is being made), Power represents and warrants to PFC as set forth in Schedule D and acknowledges and agrees that PFC is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) The representations and warranties of Power contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated on the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of PFC

(1) Subject to compliance with applicable Law, PFC covenants and agrees that, during the period from the date hereof until the earlier of the Effective Date and the date on which

this Agreement is terminated in accordance with its terms, without the express written consent of Power, unless otherwise expressly contemplated or expressly permitted by this Agreement:

(a) PFC shall, and shall cause each of the PFC Specified Subsidiaries to, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in, the ordinary course of business and use commercially reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact PFC and its assets and properties, to keep available the services of its executive officers and employees as a group and to maintain relationships consistent with past practice with customers, employees, Governmental Entities and others having business relationships with them, as in the ordinary course of business;

(b) without limiting the generality of Section 4.1(1)(a), PFC shall not, and shall cause each of the PFC Specified Subsidiaries not to, directly or indirectly, without the prior written consent of Power, such consent not to be unreasonably withheld or delayed and which consent states that it is being given for the purposes of this Section 4.1(1)(b) and except in the ordinary course of business or as expressly specified in Section 4.1(1)(b) of the PFC Disclosure Letter:

(i) issue, deliver or sell, or authorize the issuance, delivery or sale of any shares of capital stock, any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of PFC or any of the PFC Specified Subsidiaries, other than the issuance, delivery or sale of: (A) PFC Shares on the exercise or settlement of PFC Options that have been granted or approved by the PFC Board on the date hereof or as granted or approved by the PFC Board hereafter in compliance with this Section 4.1(1)(b)(i); (B) up to a maximum of such number of PFC Options so that the aggregate number of PFC Shares issuable pursuant to such PFC Options does not exceed 1% of the issued and outstanding PFC Shares as of the date hereof; or (C) any shares of capital stock of any PFC Specified Subsidiary to PFC or any wholly-owned Subsidiary of PFC;

(ii) sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer or agree to sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any material assets or properties of PFC (including, for greater certainty, any securities or other interests held in any of the PFC Public Subsidiaries) or, to the extent materially prejudicial to the Arrangement or to Power, any PFC Specified Subsidiary or, to the extent materially prejudicial to the Arrangement or to Power, any interest in any assets of PFC or any PFC Specified Subsidiary;

(iii) amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of (A) PFC or (B) to the extent materially prejudicial to the Arrangement or to Power, any PFC Specified Subsidiary;

(iv) adjust, split, combine, consolidate or reclassify any shares of the share capital of PFC or undertake any capital reorganization, other than a capital reorganization which only involves wholly-owned Subsidiaries of PFC;

(v) reorganize, amalgamate, combine or merge PFC or any PFC Specified Subsidiary with any other Person, other than any such reorganization, amalgamation, combination or merger involving only wholly-owned Subsidiaries of PFC;

(vi) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of PFC or any PFC Specified Subsidiary;

(vii) reduce the stated capital of the shares of (A) PFC or (B) to the extent materially prejudicial to the Arrangement or to Power, any PFC Specified Subsidiary;

(viii) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise, other than mergers and amalgamations permitted in (v) above) any Person, or make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of any property or assets of any other Person, in each case, that have a value greater than $250,000,000 individually or $500,000,000 in the aggregate;

(ix) materially amend or propose to materially amend the terms of any PFC Material Contract that PFC or any PFC Specified Subsidiary is a party to the extent such amendment would, or would be reasonably likely to, materially adversely impact the value or operations of the business of PFC and its Subsidiaries;

(x) incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the indebtedness of any other Person or make any loans or advances to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than any amounts incurred by PFC or any of its wholly-owned Subsidiaries to PFC or any of its wholly-owned Subsidiaries, in excess of an amount of $500,000,000 individually or in the aggregate, other than amounts incurred by PFC or any of its wholly-owned Subsidiaries to PFC or any of its wholly-owned Subsidiaries;

(xi) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of PFC or any PFC Specified Subsidiary that is a Material Subsidiary of PFC or, to the extent materially prejudicial to the Arrangement or to Power, any PFC Specified Subsidiary or commence any bankruptcy, liquidation, winding-up or other similar proceeding of PFC or any PFC Specified Subsidiary that is a Material Subsidiary of PFC or, to the extent materially prejudicial to the Arrangement or to Power, any PFC Specified Subsidiary, it being understood that a liquidation, winding-up or dissolution of a wholly-owned PFC Specified Subsidiary that is not a Material Subsidiary of PFC into PFC or another of its wholly-owned Subsidiaries shall be deemed not to be materially prejudicial to the Arrangement;

(xii) take any action or fail to take any action which action or failure to act would reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension of, or the revocation or limitation of rights under, any material Authorizations necessary to conduct its material businesses, or for their Subsidiaries to conduct their material businesses, as now conducted;

(xiii) without prejudice to the obligations of the Parties under Section 4.5 in relation to actions required in connection with Regulatory Approvals, take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of PFC or Power to consummate the Arrangement or the transactions contemplated by this Agreement;

(xiv) other than in the ordinary course of business (including, for greater certainty, as part of PFC's annual review of its compensation practices and/or remuneration policy) and other actions taken by PFC, acting in good faith, as part of its retention program: (A) increase any severance, change of control, retention or termination pay to (or to enter into or amend any existing arrangement relating to the foregoing with) any director or named executive officer of PFC; (B) increase benefits payable under any existing severance or termination pay policies or employment agreements to any director or executive officer of PFC; (C) accelerate vesting or amend or waive any performance or vesting criteria under the PFC Option Plan or PFC Equity Plans or any grants made thereunder to any director or executive officer of PFC other than in accordance with the terms of the PFC Option Plan, PFC Equity Plans or any applicable grant documentation in force as at the date of this Agreement; or (D) increase base salary, bonus levels or other benefits payable to any director or named executive officer of PFC or any of its Subsidiaries;

(xv) except for employment agreements entered into in the ordinary course of business, enter into any Contract, commitment, agreement, arrangement or other transaction (including relating to indebtedness by PFC or any of its Subsidiaries) with (A) any executive officer or director of PFC, or (B) any affiliate or associate of any such executive officer or director;

(xvi) waive, release, assign, settle or compromise any litigation, proceedings or governmental investigations, except for (A) settlements covered by insurance, or (B) which would not reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by this Agreement; and

(xvii) in respect of the PFC Public Subsidiaries:

(A) vote (or cause to be voted) any applicable PFC Held Public Securities against any approval, consent, ratification or adoption of any resolutions at a PFC Public Subsidiary that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Arrangement;

(B) grant or agree to grant any proxies, powers of attorney or deliver any voting instruction form in respect of any applicable PFC Held Public Securities, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, in respect of any matter that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Arrangement;

(C) requisition or join in the requisition of, or submit or otherwise facilitate a shareholder proposal to, any meeting of any of the securityholders of a PFC Public Subsidiary in respect of a meeting to consider, or any proposal in respect of, as the case may be, any matter that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Arrangement; or

(D) take any other action in respect of the PFC Public Subsidiaries that would reasonably be expected to adversely affect, reduce the success of, materially delay or interfere with the completion of, or the anticipated benefits from, the Arrangement.

(2) Nothing in Section 4.1(1) shall operate so as to restrict or prevent any of the following:

(a) any action required for PFC and its Subsidiaries to make any changes to its Authorizations, or apply for any new Authorizations, as may be necessary for it to continue to operate its business, or for its Subsidiaries to continue to operate their businesses, in compliance with all applicable Laws;

(b) any action required or expressly contemplated by this Agreement or the Arrangement;

(c) any action reasonably undertaken by PFC or a Subsidiary of PFC in the case of an emergency or disaster or other serious incident or circumstance with the intention of minimising any adverse effect on the PFC business (and of which Power will be notified as soon as reasonably practicable); or

(d) any other action that PFC reasonably considers is required to be undertaken in order to comply with all applicable Laws or in the best interests of the PFC business provided that PFC:

(i) consults in good faith with Power prior to taking any such action to the extent reasonably practicable; and

(ii) subject to compliance with applicable Law, gives due consideration to any reasonable requests of Power with respect to such action.

(3) To the extent permitted by applicable Law, PFC shall promptly after becoming aware of the relevant matter notify Power in writing of:

(a) any PFC Material Adverse Effect or any change, effect, event, development, occurrence, circumstance or state of facts which would reasonably be expected to

have a PFC Material Adverse Effect or prevent the consummation of the Arrangement and the transactions contemplated by this Agreement;

(b) any material notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement;

(c) subject to compliance with applicable Law, any notice or other communication from any counterparty to a PFC Material Contract with PFC or a Subsidiary of PFC to the effect that such counterparty is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify such PFC Material Contract as a result of this Agreement or the Arrangement;

(d) any material notice or other communication from any Governmental Entity in connection with this Agreement (including in connection with the PFC Circular) (and PFC shall contemporaneously provide to Power a copy of any such written notice or communication or a detailed summary of any such oral communication); and

(e) any material filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting PFC, its Subsidiaries or their respective assets or properties.

(4) Without prejudice to the obligations of the Parties under Section 4.5, PFC shall use commercially reasonable efforts to maintain and preserve all of its rights and the rights of its Subsidiaries under each of its and its Subsidiaries' Authorizations and shall not solicit or encourage any Governmental Entity to make additions to the obligations under any existing or future Authorization (except to the extent necessary for PFC to continue operating its business in accordance with applicable Laws in which case PFC shall consult with Power prior to soliciting or encouraging such additions and shall, acting reasonably and having regard to the obligations of the Parties under Section 4.5, give reasonable consideration to Power's comments).

(5) PFC and each of the PFC Specified Subsidiaries shall not (without the written consent of Power, such consent not to be unreasonably withheld or delayed) settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes.

(6) PFC shall not authorize, propose, enter into or modify any Contract, agreement, commitment, Preferred Shares, debt arrangements (including outstanding debentures) or arrangement, to do any of the matters prohibited by the other subsections of this Section 4.1.

Section 4.2 Covenants of PFC Relating to the Arrangement

(1) PFC shall perform all obligations required or desirable to be performed by PFC under this Agreement, co-operate with Power in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions

contemplated by this Agreement and, without limiting the generality of the foregoing, PFC shall and, where appropriate, shall cause each of the PFC Specified Subsidiaries to:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to the Agreement or the Arrangement;

(b) use all commercially reasonable efforts to obtain and maintain all third party consents, waivers, approvals, agreements, amendments or confirmations that are required under PFC Material Contracts in order to complete the Arrangement or to maintain PFC Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are satisfactory to Power, acting reasonably;

(c) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from PFC and its Subsidiaries in order to complete the Arrangement;

(d) use all commercially reasonable efforts to, upon reasonable consultation with Power, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(e) use all commercially reasonable efforts to, upon reasonable consultation with Power, ensure that the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder is available for the issuance of securities pursuant to the Plan of Arrangement and, in that regard, use all commercially reasonable efforts to comply, or assist Power in complying, with the provisions of Section 2.13; and

(f) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Arrangement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transaction contemplated by this Agreement.

Section 4.3 Conduct of Business of Power

(1) Subject to compliance with applicable Law, Power covenants and agrees that, during the period from the date hereof until the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms, without the express written consent of PFC, unless otherwise expressly contemplated or expressly permitted by this Agreement:

(a) Power shall, and shall cause each of the Power Specified Subsidiaries to, and shall use reasonable commercial efforts to cause its Subsidiaries to, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in, the ordinary course of business and use commercially

reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact Power and its assets and properties, to keep available the services of its executive officers and employees as a group and to maintain relationships consistent with past practice with customers, employees, Governmental Entities and others having business relationships with them, as in the ordinary course of business;

(b) without limiting the generality of 4.3(1)(a), Power shall not, and shall cause each of the Power Specified Subsidiaries not to, directly or indirectly, without the prior written consent of PFC, such consent not to be unreasonably withheld or delayed and which consent states that it is being given for the purposes of this Section 4.3(1)(b) and except in the ordinary course of business or as expressly specified in Section 4.3(1)(b) of the Power Disclosure Letter:

(i) issue, deliver or sell, or authorize the issuance, delivery or sale of any shares of capital stock, any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock, of Power or any of the Power Specified Subsidiaries, other than the issuance, delivery or sale of: (A) Power Shares on the exercise or settlement of Power Options that have been granted or approved by the Power Board on the date hereof or as granted or approved by the Power Board hereafter in compliance with this Section 4.3(1)(b)(i); (B) up to a maximum of such number of Power Options so that the aggregate number of Power Shares issuable pursuant to such Power Options does not exceed 1% of the issued and outstanding Power Shares as of the date hereof; or (C) any shares of capital stock of any Power Specified Subsidiary to Power or any Power Specified Subsidiary;

(ii) sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer or agree to sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any material assets or properties of Power or, to the extent materially prejudicial to the Arrangement or to PFC, any of the Power Specified Subsidiaries or, to the extent materially prejudicial to the Arrangement or to PFC, any interest in any assets of Power or any Power Specified Subsidiary;

(iii) amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of (A) Power or (B) to the extent materially prejudicial to the Arrangement or to PFC, any Power Specified Subsidiary;

(iv) adjust, split, combine, consolidate or reclassify any shares of the share capital of Power or undertake any capital reorganization, other than a capital reorganization which only involves any Power Specified Subsidiary;

(v) reorganize, amalgamate, combine or merge Power or any Power Specified Subsidiary with any other Person, other than any such reorganization, amalgamation, combination or merger involving only Power Specified Subsidiaries;

(vi) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of Power or any Power Specified Subsidiary, except for securities in a Power Specified Subsidiary held by Power;

(vii) reduce the stated capital of the shares of (A) Power or (B) to the extent materially prejudicial to the Arrangement or to PFC, any Power Specified Subsidiary;

(viii) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise, other than mergers and amalgamations permitted in (v) above) any Person, or make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of any property or assets of any other Person, in each case, that have a value greater than $375,000,000 individually or $750,000,000 in the aggregate;

(ix) materially amend or propose to materially amend the terms of any Power Material Contract that Power or any Power Specified Subsidiary is a party to the extent such amendment would, or would be reasonably likely to, materially adversely impact the value or operations of the business of Power and its Subsidiaries;

(x) incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the indebtedness of any other Person or make any loans or advances to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person other than any amounts incurred by Power or any Power Specified Subsidiary to Power or any of its Power Specified Subsidiaries, in excess of an amount of $375,000,000 individually or $750,000,000 in the aggregate, other than amounts incurred by Power or any of its Power Specified Subsidiaries to Power or any of its Power Specified Subsidiaries;

(xi) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of Power or any Power Specified Subsidiary that is a Material Subsidiary of Power or, to the extent materially prejudicial to the Arrangement or to PFC, any Power Specified Subsidiary or commence any bankruptcy, liquidation, winding-up or other similar proceeding of Power or a Power Specified Subsidiary that is a Material Subsidiary of Power or, to the extent materially prejudicial to the Arrangement or to PFC, any Power Specified Subsidiary, it being understood that a liquidation, winding-up or dissolution of a Power Specified Subsidiary of Power that is not a Material Subsidiary of Power into Power or another of its Power Specified Subsidiaries shall be deemed not to be materially prejudicial to the Arrangement;

(xii) take any action or fail to take any action which action or failure to act would reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension of, or the revocation or limitation of rights

under, any material Authorizations necessary to conduct its material businesses as now conducted;

(xiii) use commercially reasonable efforts with respect to any Subsidiary of Power (other than Power Specified Subsidiaries) to prevent or oppose any action by such Subsidiary which would be prohibited by this Section 4.3 if such Subsidiary were a Power Specified Subsidiary; and

(xiv) without prejudice to the obligations of the Parties under Section 4.5 in relation to actions required in connection with Regulatory Approvals, take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of PFC or Power to consummate the Arrangement or the transactions contemplated by this Agreement.

(2) Nothing in Section 4.3(1) shall operate so as to restrict or prevent any of the following:

(a) any action required for Power and its Subsidiaries to make any changes to its Authorizations, or apply for any new Authorizations, as may be necessary for it to continue to operate its business, or for its Subsidiaries to continue to operate their businesses, in compliance with all applicable Laws;

(b) any action required or expressly contemplated by this Agreement or the Arrangement;

(c) any action reasonably undertaken by Power or a Subsidiary of Power in the case of an emergency or disaster or other serious incident or circumstance with the intention of minimising any adverse effect on the Power business (and of which PFC will be notified as soon as reasonably practicable); or

(d) any other action that Power reasonably considers is required to be undertaken in order to comply with all applicable Laws or in the best interests of the Power business provided that Power:

(i) consults in good faith with PFC prior to taking any such action to the extent reasonably practicable; and

(ii) subject to compliance with applicable Law, gives due consideration to any reasonable requests of PFC with respect to such action.

(3) To the extent permitted by applicable Law, Power shall promptly after becoming aware of the relevant matter notify PFC in writing of:

(a) any Power Material Adverse Effect or any change, effect, event, development, occurrence, circumstance or state of facts which would reasonably be expected to have a Power Material Adverse Effect or prevent the consummation of the Arrangement and the transactions contemplated by this Agreement;

(b) any material notice or other material communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement,

amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement;

(c) subject to compliance with applicable Law, any notice or other communication from any counterparty to a Power Material Contract with Power to the effect that such counterparty is terminating, may terminate or is otherwise materially adversely modifying or may materially adversely modify such Power Material Contract as a result of this Agreement or the Arrangement;

(d) any material notice or other material communication from any Governmental Entity in connection with this Agreement (and Power shall contemporaneously provide to PFC a copy of any such written notice or communication or a detailed summary of any such oral communication); and

(e) any material filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Power, its Subsidiaries or their respective assets or properties.

(4) Without prejudice to the obligations of the Parties under Section 4.5, Power shall use commercially reasonable efforts to maintain and preserve all of its rights under each of its and its Subsidiaries' Authorizations and shall not solicit or encourage any Governmental Entity to make additions to the obligations under any existing or future Authorization (except to the extent necessary for Power to continue operating its business in accordance with applicable Laws in which case Power shall consult with PFC prior to soliciting or encouraging such additions and shall, acting reasonably and having regard to the obligations of the Parties under Section 4.5, give reasonable consideration to PFC's comments).

(5) Power shall not, and shall use commercially reasonable efforts to cause any Subsidiary of Power to not, authorize, propose, enter into or modify any Contract, agreement, commitment, Power First Preferred Shares, debt arrangements (including outstanding debentures) or arrangement, to do any of the matters prohibited by the other subsections of this Section 4.3.

Section 4.4 Covenants of Power Relating to the Arrangement

(1) Power shall perform all obligations required or desirable to be performed by Power under this Agreement, co-operate with PFC in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, Power shall and, where appropriate, shall cause each of the Power Specified Subsidiaries to:

(a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement (including assisting PFC to diligently pursue obtaining the Interim Order and the Final Order) and take all steps set forth in the Interim Order and Final Order applicable to it;

(b) provide such assistance as may be reasonably requested by PFC for the purposes of obtaining the Required PFC Shareholder Approval at PFC Meeting;

(c) vote all of its PFC Shares, and cause the Power Specified Subsidiaries to vote all of their respective PFC Shares, in favour of the Arrangement Resolution, either in person or by proxy, at the PFC Meeting;

(d) use all commercially reasonable efforts to assist PFC and its Subsidiaries in obtaining the consents, waivers, approvals, agreements, amendments or confirmations referred to in Section 4.2(1)(c);

(e) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it relating to the Arrangement;

(f) use all commercially reasonable efforts to, upon reasonable consultation with PFC, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(g) (i) apply to list on the TSX (A) the Power Shares issuable or to be made issuable pursuant to the Arrangement (including any Power Shares issuable pursuant to the exercise of PFC Options and PFC Equity Awards) and (B) the Power Participating Preferred Shares issuable upon the exercise, if any, of the pre-emptive right in the corporate articles of Power triggered by the Arrangement; and (ii) use all commercially reasonable efforts to obtain approval, subject to customary conditions, for the listing of such Power Shares on the TSX;

(h) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Arrangement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement;

(i) make joint elections with Eligible Holders in respect of the disposition of their PFC Shares pursuant to subsection 85(1) (or in the case of a partnership, subsection 85(2)) of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Holder in his or her sole discretion within the limits set out in the Tax Act; and

(j) at or prior to the Effective Time, allot and reserve for issuance a sufficient number of (A) Power Shares to meet the obligations of Power under the Plan of Arrangement and (B) Power Participating Preferred Shares issuable upon the exercise, if any, of the pre-emptive right in the corporate articles of Power triggered by the Arrangement.

Section 4.5 Regulatory Approvals

(1) The Parties shall, as promptly as practicable, prepare and file all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals

and use their commercially reasonable efforts to obtain and maintain all Regulatory Approvals. Notwithstanding the foregoing, for greater certainty, nothing in this Agreement shall require Power or PFC to do any of the following in connection with the Regulatory Approvals: (i) sell or otherwise dispose of, or hold separate, or to offer to sell or otherwise dispose of or hold separate, assets, categories of assets or businesses of either or both Parties; (ii) terminate or assign any existing relationships or contractual rights and obligations of a Party; (iii) terminate or assign any relevant venture or other arrangement; or (iv) offer or agree to any other remedy, undertaking or commitment with a Governmental Entity.

(2) The Parties shall cooperate with one another in connection with obtaining the Regulatory Approvals, including providing one another with all information necessary or which a Party, acting reasonably, considers appropriate in order to prepare or file all documents, registrations, statements, petitions, filings, submissions and applications for or in support of the Regulatory Approvals and providing one another with copies of all notices and information or other correspondence supplied to, filed with or received from any Governmental Entity (except for information which a Party reasonably considers to be confidential or sensitive, which such Party shall provide on an "external legal counsel only" basis to the other Party's external legal counsel provided that such external legal counsel confirms that it will not provide any such information to its Party client and that its Party client has authorized its external legal counsel to receive information on that basis). Neither Party shall make any substantive filing, application or submission to a Governmental Entity in connection with the Regulatory Approvals without giving the other Party a reasonable opportunity to comment on any such filing, application or submission, and neither Party shall participate in any material communication or participate in any material meeting with any Governmental Entity in connection with the Regulatory Approvals without first notifying the other Party and providing the other Party or its external legal counsel with a reasonable opportunity to participate or attend.

(3) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a misrepresentation, or (ii) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated by this Agreement contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a misrepresentation, such that an amendment or supplement may be necessary or advisable.

(4) The Parties shall request that the Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approvals.

(5) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Section 4.6 Access to Information; Confidentiality

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of existing Contracts, PFC shall, and, subject to obtaining the prior written consent of any applicable PFC Public Subsidiaries, shall cause its Subsidiaries to, give Power and its officers, employees, agents, advisors and representatives: (a) upon reasonable advance notice and, at the option of PFC and, if applicable, the relevant PFC Public Subsidiary, with a representative of PFC or such Subsidiary, as the case may be, present, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts, and (iv) senior officers, independent auditors, agents, advisors and representatives; and (b) such financial and operating data or other information with respect to the assets or business of PFC and its Subsidiaries as Power from time to time reasonably requests, subject to such access not interfering with the ordinary conduct of the business of PFC or its Subsidiaries. Power agrees to hold the confidential information received from PFC and any of its Subsidiaries under this Section 4.6 confidential in accordance with the terms of Confidentiality Agreements.

(2) Investigations made by or on behalf of Power, whether under this Section 4.6 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by PFC in this Agreement.

(3) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of existing Contracts, Power shall, and, subject to obtaining the prior written consent of any applicable Subsidiary, shall cause its Subsidiaries to, give PFC and its officers, employees, agents, advisors and representatives: (a) upon reasonable advance notice and, at the option of Power and, if applicable, the relevant Subsidiary of Power, with a representative of Power or such Subsidiary, as the case may be, present, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts, and (iv) senior officers, independent auditors, agents, advisors and representatives; and (b) such financial and operating data or other information with respect to the assets or business of Power and its Subsidiaries as Power from time to time reasonably requests, subject to such access not interfering with the ordinary conduct of the business of Power or its Subsidiaries. PFC agrees to hold the confidential information received from Power and any of its Subsidiaries under this Section 4.6 confidential in accordance with the terms of Confidentiality Agreements.

(4) Investigations made by or on behalf of PFC, whether under this Section 4.6 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by Power in this Agreement.

Section 4.7 Further Assurances

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Parties may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the

Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

Section 4.8 Public Communications

The Parties shall co-operate in the preparation of presentations, if any, to PFC's and/or Power's investors regarding the Arrangement. No Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement or make any filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that if a Party, in the opinion of its outside legal counsel, is required to make disclosure by Law (other than in connection with the Regulatory Approvals) it shall use its reasonable commercial efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the public statement, disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), but if prior notice is not possible, the disclosing Party shall give such notice immediately following the making of such disclosure or filing. In making any such public statement, disclosure or filing, the disclosing Party shall give reasonable consideration to any comments made by the other Party and its counsel. The Parties agree to jointly issue a press release with respect to this Agreement as soon as practicable after its due execution.

Section 4.9 Notice and Cure Provisions

(1) Each of PFC and Power will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of (i) the termination of this Agreement pursuant to its terms and (ii) the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time (provided that this subsection (a) shall not apply in the case of any event or state of facts resulting from the actions or omissions of a Party which are required under this Agreement); or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time;

provided, however, that the delivery of any notice pursuant to this Section 4.9 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(2) Power may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(ii) and PFC may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i), unless the Party seeking to terminate this Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable),

the Terminating Party may not exercise such termination right until the earlier of (i) the Outside Date, and (ii) if such matter has not been cured by the date that is fifteen (15) Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of the PFC Meeting, unless the Parties agree otherwise, PFC shall postpone or adjourn the PFC Meeting to the earlier of (x) five (5) Business Days prior to the Outside Date and (y) the date that is fifteen (15) Business Days following receipt of such Termination Notice by the Breaching Party.

Section 4.10 Insurance and Indemnification

(1) Prior to the Effective Date, PFC shall, in reasonable consultation with Power, purchase customary "tail" policies of directors' and officers' liability insurance for directors of PFC who will be resigning their positions on or shortly following the Effective Date providing protection no less favourable in the aggregate to the protection provided by the policies maintained by PFC which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and Power will, or will cause PFC to, maintain such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided, that Power shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% of PFC's current annual aggregate premium for policies currently maintained by PFC.

(2) Power agrees that it shall cause PFC to honour all rights to indemnification or exculpation existing, both now and in the future, in favour of present and former employees, officers and directors of PFC to the extent that they are disclosed or are otherwise on usual terms for indemnity arrangements, and acknowledges that such rights, to the extent that they are disclosed or are otherwise on usual terms for indemnity arrangements, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

(3) This Section 4.10 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date for a period of six (6) years.

Section 4.11 Pre-Arrangement Reorganization

(1) PFC agrees that, upon the reasonable request of Power, PFC will and will cause its wholly-owned Subsidiaries to use its and their commercially reasonable efforts to effect such reorganizations of PFC's or such Subsidiaries' business, operations and assets as Power may reasonably request (each a "**Pre-Arrangement Reorganization**") and cooperate with Power and its advisors to determine the nature of the Pre-Arrangement Reorganizations that might be undertaken and the manner in which they most effectively could be undertaken; provided, however, that PFC need not effect a Pre-Arrangement Reorganization which in the opinion of PFC, acting reasonably, would not be in the best interests of PFC or its securityholders. Power acknowledges and agrees that all elements of any such Pre-Arrangement Reorganization (including the planning for and the implementation of any Pre-Arrangement Reorganization) shall, in the opinion of PFC acting reasonably:

(a) not impact the value and the form of the consideration to be paid to PFC Shareholders or otherwise prejudice PFC, PFC Shareholders (without reference to Power and its affiliates) or holders of the PFC Options or PFC Equity Awards in any material respect;

(b) not unreasonably interfere with the ongoing operations of PFC or its Subsidiaries;

(c) not require PFC to obtain the approval of PFC Shareholders (other than as may properly be included in the PFC Circular);

(d) not impede or delay the consummation of the Arrangement;

(e) not be considered in determining whether a representation, warranty or covenant of PFC hereunder has been breached or whether a condition precedent to the Arrangement has been satisfied, it being acknowledged by Power that actions taken pursuant to any Pre-Arrangement Reorganization could require the consent of third parties under applicable Contracts of PFC or its Subsidiaries;

(f) not require PFC or any Subsidiary to contravene any applicable Laws, their respective organizational documents or any Contract of PFC or its Subsidiaries; and

(g) not be reasonably expected to result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of PFC incrementally greater than the Taxes or other consequences to such securityholder in connection with the consummation of the Arrangement in the absence of any Pre-Arrangement Reorganization and for greater certainty and without limitation, adverse Tax or other consequence includes any Tax or other consequence that would not have arisen but for the Agreement.

(2) Power will provide written notice to PFC of any proposed Pre-Arrangement Reorganization at least 30 days prior to the Effective Date. Subject to Section 4.11(1) and Section 4.11(3), PFC and Power will work cooperatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization. The Parties will seek to have the steps and transactions contemplated under any such Pre-Arrangement Reorganization made effective at such times (as directed by Power) immediately prior to, on or after the Effective Date but in any event after the Final Order and all Regulatory Approvals are obtained (but if before the Effective Time, after Power will have waived or confirmed that all conditions referred to in Section 6.1 and Section 6.2 have been satisfied, and confirmed in writing that it is prepared to promptly proceed to effect the Arrangement).

(3) In the event the Arrangement is not completed (other than as a result of a breach of this Agreement by PFC), Power shall indemnify and reimburse PFC, its Subsidiaries and their respective Representatives for any and all Taxes, liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of their co-operation or assistance with or participation in any Pre-Arrangement Reorganization or in reversing or unwinding any Pre-Arrangement Reorganization (including any actual out-of-pocket costs and expenses for filing fees and external counsel). No director, officer, employee or agent of PFC or its

Subsidiaries shall be required, in connection with a Pre-Arrangement Reorganization, to take any action in any capacity other than as a director, officer, employee or agent of PFC or its Subsidiaries, as the case may be. This Section 4.11 shall survive the termination of this Agreement and is intended to be for the benefit of, and shall be enforceable by, each Representative and his or her heirs, executors, administrators and personal representatives and shall be binding on PFC and its successors and assigns and, for such purpose, PFC hereby confirms that it is acting as agent and trustee on behalf of each Subsidiary and Representative.

Section 4.12 Employment Matters

Unless otherwise agreed in writing between the Parties or by the relevant PFC Employee, Power covenants and agrees, and after the Effective Time shall cause PFC and any successor to PFC to covenant and agree, to honour and comply in all material respects with the terms of all existing employment (including compensation, pension arrangements and other benefits) and severance obligations of PFC and all obligations of PFC under the PFC Option Plan and PFC Equity Plans.

Section 4.13 TSX De-Listing

Power and PFC shall use their commercially reasonable efforts to cause the PFC Shares to be delisted from the TSX promptly, with effect immediately following the acquisition by Power of the PFC Shares pursuant to the Arrangement.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) Except as otherwise expressly provided in this Section 5.1 (including but not limited to Section 5.4), PFC shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of PFC or any of the PFC Specified Subsidiaries (collectively, the "**Representatives**"):

(a) solicit, initiate, or knowingly encourage, assist or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of PFC or any Subsidiary, as applicable, or entering into any form of agreement, arrangement or understanding (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.4) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into, continue or otherwise engage or participate in any discussions or negotiations with any Person (other than Power) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(c) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more

than two (2) Business Days following the formal announcement of such Acquisition Proposal will not be considered to be in violation of this Section 5.1(1) (or in the event that the PFC Meeting is scheduled to occur within such two (2) Business Day period, prior to the first (1st) Business Day before the date of the PFC Meeting); provided the PFC Board has rejected such Acquisition Proposal and affirmed its recommendation of the Arrangement before the end of such period);

(d) accept or enter into, or propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) (a "**Proposed Agreement**") or any other Contract or agreement in principle requiring PFC to abandon, terminate or fail to consummate the Arrangement or any other transactions contemplated by this Agreement or to breach its obligations hereunder;

(e) fail to enforce, or grant any waiver under, any standstill or similar agreement with any Person; or

(f) make a PFC Change in Recommendation.

(2) PFC shall, and shall cause the PFC Specified Subsidiaries and Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activity with any Person (other than Power) conducted by PFC or any of the PFC Specified Subsidiaries or Representatives with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and, in connection therewith, PFC will discontinue access to, and disclosure of, any of its information (and not establish or allow access to any of its or the PFC Specified Subsidiaries' information, any data room, virtual or otherwise, or any of its or the PFC Specified Subsidiaries' properties, facilities, books or records); and shall as soon as possible request, and exercise all rights it has to require, (i) the return or destruction of all confidential information (including any copies thereof) regarding PFC and the PFC Specified Subsidiaries previously provided to any such Person or any other Person (other than Power and its Representatives) and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding PFC or any of the PFC Specified Subsidiaries, in each case, to the extent such information has not already been returned or destroyed. PFC shall not release any third party from any confidentiality, non-solicitation or standstill agreement, or terminate, modify, amend or waive the terms thereof, and PFC undertakes to enforce, and cause the PFC Specified Subsidiaries to enforce, all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that PFC or any of the PFC Specified Subsidiaries has entered into prior to the date hereof (it being acknowledged that the automatic termination or release of any such agreement, restriction or covenant as a result of PFC entering into this Agreement shall not be a violation of this Section 5.1(2)). PFC covenants and agrees (i) that it shall take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which it or any PFC Specified Subsidiary is a party, and (ii) that neither it, nor any PFC Specified Subsidiary or any of its Representatives have or will, without the prior written consent of Power, release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting it, or any of the PFC Specified Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which it or any PFC Specified Subsidiary is a party.

Section 5.2 Notification of Acquisition Proposals

(1) If PFC, any of the PFC Specified Subsidiaries or any of their respective Representatives or, to the knowledge of PFC, any PFC Public Subsidiary, receives or otherwise becomes aware of any written or oral inquiry, proposal, offer or request that constitutes or could reasonably be expected to constitute an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to PFC or any Subsidiary in connection with an Acquisition Proposal, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of PFC or any of its Subsidiary, PFC shall immediately notify Power, at first orally, and then promptly (and in any event within 24 hours) in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and, to the extent applicable, shall provide Power with copies of all written documents, correspondence or other material received in respect of, from or on behalf of any such Person, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to PFC by or on behalf of any Person making any such Acquisition Proposal, inquiry, proposal, offer or request. PFC shall keep Power informed on a current basis (and, in any event, within 24 hours following receipt of a written request from Power) of the status of developments and negotiations with respect to any Acquisition Proposal, or any inquiry, proposal, offer or request which would reasonably be expected to constitute an Acquisition Proposal, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to Power copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to PFC by or on behalf of any Person making any such Acquisition Proposal, inquiry, proposal, offer or request.

Section 5.3 Responding to an Acquisition Proposal

Notwithstanding Section 5.1, if at any time prior to obtaining the Required PFC Shareholder Approval, PFC receives an unsolicited *bona fide* written Acquisition Proposal from a Person, PFC may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of PFC or its Subsidiaries to such Person, if and only if:

(1) PFC has complied with the terms of this Agreement, including Article 5;

(2) the PFC Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute a Superior Proposal;

(3) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction;

(4) prior to providing any such copies, access, or disclosure to the Person, PFC enters into a confidentiality and standstill agreement with such Person on terms no less favourable to PFC than the Confidentiality Agreements (provided that such confidentiality and standstill agreement may not include any provision providing for an exclusive right to negotiate with PFC and may not restrict PFC from complying with this Section 5) and any such copies,

access or disclosure provided to such Person shall have already (or simultaneously be) provided to Power; and

(5) PFC promptly provides Power with:

(a) two (2) Business Days prior written notice stating PFC's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;

(b) prior to providing any such copies, access or disclosure to the Person, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(4); and

(c) any non-public information concerning PFC and its Subsidiaries provided to such other Person which was not previously provided to Power.

Section 5.4 Superior Proposal and Right to Match

(1) Notwithstanding anything to the contrary contained in Section 5.1(1) or any other provision of this Agreement, if PFC receives an Acquisition Proposal that constitutes a Superior Proposal, PFC may (i) make a PFC Change in Recommendation in respect of such Superior Proposal or (ii) enter into a Proposed Agreement with respect to such Superior Proposal if, and only if, prior to effecting such PFC Change in Recommendation and/or entering into such Proposed Agreement:

(a) the Required PFC Shareholder Approval has not been obtained;

(b) such Person was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;

(c) PFC has complied with the terms of this Agreement, including Article 5;

(d) PFC has provided Power with a notice in writing that there is a Superior Proposal, together with a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including documentation supporting the valuation of any non-cash consideration and any financing documents supplied in connection therewith, subject to, in the case of financing documents, customary confidentiality provisions with respect to fee letters or similar information, such documents to be so provided to Power not less than five (5) Business Days prior to the proposed acceptance, approval or execution of the Proposed Agreement by PFC;

(e) five (5) Business Days (the "**Matching Period**") shall have elapsed from the date Power received the notice and documentation referred to in Section 5.4(1)(d) from PFC and, during any Matching Period, Power has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal, and, if Power has proposed to amend the terms of this Agreement and the Arrangement in accordance with Section 5.4(2), the PFC Board shall have determined, in good faith, after consultation with its financial advisors and outside legal counsel, that the Acquisition Proposal is a Superior

Proposal compared to any such proposed amendments to the terms of this Agreement and the Arrangement by Power; and

(f) after the Matching Period, the PFC Board in receipt of the Acquisition Proposal determines, after consultation with its outside legal counsel and financial advisors, that the Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by Power pursuant to Section 5.4(2) and the PFC Board has determined in good faith, after consultation with its outside legal counsel, that it is necessary for PFC to enter into a definitive agreement with respect to such Superior Proposal and/or a make a PFC Change in Recommendation in order to properly discharge its fiduciary duties.

(2) Each of PFC and Power acknowledges and agrees that, during the Matching Period or such longer period as PFC may approve for such purpose, Power shall have the opportunity, but not the obligation, to propose to amend the terms of this Agreement and the Arrangement, including an increase in, or modification of, the Consideration. The PFC Board will, in consultation with outside legal counsel and financial advisers, review any proposal made by Power to amend the terms of this Agreement in order to determine in good faith in the exercise of its fiduciary duties whether Power's proposal to amend this Agreement would upon acceptance result in the Acquisition Proposal ceasing to be a Superior Proposal, and will respond to Power with such determination within two (2) Business Days of receiving Power's proposal to amend this Agreement. If the PFC Board determines that the Acquisition Proposal is not a Superior Proposal as compared to the proposed amendments to the terms of this Agreement, it will promptly enter into an amended agreement with Power reflecting such proposed amendments. Each Party undertakes to the other to negotiate in good faith and in a timely manner with the other Party during the Matching Period.

(3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by PFC or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and Power shall be afforded a new full five (5) Business Day Matching Period from the date on which Power received the notice and documentation referred to in Section 5.4(1)(d) with respect to each new Superior Proposal.

(4) PFC shall ensure that its Representatives and its Subsidiaries are aware of the provisions of this Article 5, and shall be responsible for any breach of this Article 5 by its Representatives and its Subsidiaries.

(5) The PFC Board shall promptly affirm the PFC Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the PFC Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. PFC shall provide Power and its outside legal counsel with a reasonable opportunity to review the form and content of such press

release or other disclosure and shall make all reasonable amendments as requested by Power and its legal counsel.

(6) In circumstances where:

(a) PFC has notified the other that it intends to make a PFC Change in Recommendation under Section 5.4(7); or

(b) PFC provides the other with notice of a Superior Proposal contemplated by Section 5.4(1),

on a date that is less than fifteen (15) Business Days prior to the PFC Meeting, PFC may, or if requested by the other, shall adjourn the PFC Meeting to a date that is fifteen (15th) Business Days after the date of such notice, provided, however, that the PFC Meeting shall not be adjourned or postponed to a date that is later than the fifteenth (15th) Business Day prior to the Outside Date.

(7) Nothing in this Agreement shall prohibit the PFC Board from (i) making a PFC Change in Recommendation or from making any disclosure to any securityholders of PFC prior to the Effective Time, if, in the good faith judgment of the PFC Board, after consultation with outside counsel and financial advisors, failure to take such action or make such disclosure would be inconsistent with the fiduciary duties of the PFC Board, or such action or disclosure is otherwise required under applicable Law and (ii) responding through a directors' circular or equivalent document to an Acquisition Proposal that it determines is not a Superior Proposal, provided that (x) PFC shall provide Power and its outside legal counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and shall make all reasonable amendments as requested by Power and its legal counsel and (y) PFC shall not make a Change in Recommendation in connection with a Superior Proposal until after complying with Section 5.4.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of the Parties:

(1) the Required PFC Shareholder Approval shall have been obtained and the Arrangement Resolution shall have been approved and adopted by PFC Shareholders at PFC Meeting in accordance with the Interim Order and applicable Laws;

(2) the Required Power Shareholder Approval shall have been obtained;

(3) all of the Power Participating Preferred Shares issuable to the controlling shareholder of Power upon the exercise, if any, of the pre-emptive right in the corporate articles of Power triggered by the Arrangement shall have been duly and validly issued.

(4) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, on appeal or otherwise;

(5) each of the Key Regulatory Approvals has been made, given or obtained on terms acceptable to both PFC and Power, each acting reasonably, and each such Key Regulatory Approval is in force and has not been modified or withdrawn;

(6) no Law shall have been enacted, made or issued that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins PFC or Power from consummating the Arrangement; and

(7) there is no action or proceeding by a Governmental Entity known to Power or PFC to be pending or threatened in any jurisdiction to:

(a) cease trade, temporarily or permanently enjoin, prohibit, or impose any limitations, damages or conditions on, Power's ability to acquire, hold or exercise full rights of ownership over, any PFC Shares, including the right to vote PFC Shares; or

(b) prohibit, restrict or impose terms or conditions on the Arrangement, or the ownership or operation by Power of the business or assets of Power, its affiliates and related entities, PFC or any of PFC's Subsidiaries and related entities, or compel Power to dispose of or hold separate any of the business or assets of Power, its affiliates and related entities, PFC or any of PFC's Subsidiaries and related entities as a result of the Arrangement.

Section 6.2 Additional Conditions Precedent to the Obligations of Power

Power is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of Power and may only be waived, in whole or in part, by Power in its sole discretion:

(1) (A) the representations and warranties of PFC which are qualified by the expression "PFC Material Adverse Effect" shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct in all respects as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty shall be determined as of such specified date), (B) all other representations and warranties of PFC shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty shall be determined as of such specified date), except to the extent that the failure of such representations and warranties to be true and correct would not have a PFC Material Adverse Effect, and (C) PFC shall have delivered a certificate confirming the satisfaction of (A) and (B) to Power, executed by two senior officers of PFC (in each case without personal liability), addressed to Power and dated the Effective Date;

(2) PFC shall have fulfilled or complied in all material respects with each of the covenants of PFC contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and PFC shall delivered a certificate confirming same to Power, executed

by two senior officers of PFC (in each case without personal liability) addressed to Power and dated the Effective Date;

(3) the time period for the exercise of the Dissent Rights shall have expired and PFC Shareholders shall not have exercised (or otherwise be deemed to have exercised) Dissent Rights with respect to more than 3% of the number of issued and outstanding PFC Shares (excluding PFC Shares held by PFC Interested Parties); and

(4) there shall not have been or occurred a PFC Material Adverse Effect prior to the date hereof that has not been publicly disclosed and from the date hereof to the Effective Time there shall not have been or occurred a PFC Material Adverse Effect.

Section 6.3 Additional Conditions Precedent to the Obligations of PFC

PFC is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of PFC and may only be waived, in whole or in part, by PFC in its sole discretion:

(1) (A) the representations and warranties of Power which are qualified by the expression "Power Material Adverse Effect" shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct in all respects as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty shall be determined as of such specified date), (B) all other representations and warranties of Power shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time as if made on and as of such date (unless made as of a specified date, in which case the accuracy of such representation and warranty shall be determined as of such specified date), except to the extent that the failure of such representations and warranties to be true and correct would not have a Power Material Adverse Effect, and (C) Power shall have delivered a certificate confirming the satisfaction of (A) and (B) to PFC, executed by two senior officers of Power (in each case without personal liability), addressed to PFC and dated the Effective Date;

(2) Power shall have fulfilled or complied in all material respects with each of the covenants of Power contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and Power shall have delivered a certificate confirming same to PFC, executed by two senior officers of Power (in each case without personal liability) addressed to PFC and dated the Effective Date;

(3) there shall not have been or occurred a Power Material Adverse Effect prior to the date hereof that has not been publicly disclosed and from the date hereof to the Effective Time there shall not have been or occurred a Power Material Adverse Effect; and

(4) subject to the terms and conditions of this Agreement and the Plan of Arrangement, and in compliance with Section 2.11, Power will have deposited or caused to be deposited with the Depositary sufficient Power Shares and funds to effect payment in full of the aggregate Consideration.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination

(1) This Agreement may be terminated at any time prior to the Effective Time as provided below (notwithstanding any approval of this Agreement or of the Arrangement Resolution by the PFC Shareholders and/or by the Court, as applicable):

(a) by mutual written agreement of the Parties;

(b) by either PFC or Power, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 7.2(1)(b)(i) shall not be available to any Party whose failure to fulfil any of its obligations or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date;

(ii) the Required Power Shareholder Approval shall not have been obtained before March 31, 2020, except that Power shall not have the right to terminate this Agreement under this Section 7.2(1)(b)(i)(ii) if the failure to obtain the Required Power Shareholder Approval is the result of Pansolo having failed to vote in favour of the issuance of the Power Shares contemplated by this Agreement; or

(iii) the Required PFC Shareholder Approval shall not have been obtained at the PFC Meeting in accordance with the Interim Order;

(c) by Power, if:

(i) prior to the Effective Time: (1) the PFC Board fails to recommend, or withdraws, amends, modifies or qualifies, in a manner adverse to Power, its recommendation of the Arrangement (or fails to publicly reaffirm such recommendation within three (3) Business Days (and in any case prior to the PFC Meeting) after having been requested in writing by Power to do so); (2) the PFC Board or a committee thereof shall have approved or recommended any Acquisition Proposal ((1) and (2) each a "**PFC Change**

in Recommendation"); or (3) PFC shall have breached Article 5 in any material respect;

(ii) subject to Section 4.9(2), a material breach of any representation or warranty or failure to perform any covenant or agreement on the part of PFC set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by Power and provided that Power is not then in breach of this Agreement so as to cause any condition in Section 6.1 or Section 6.2 not to be satisfied; or

(iii) PFC enters into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 5.3(4)); or

(d) by PFC, if

(i) subject to Section 4.9(2), a material breach of any representation or warranty or failure to perform any covenant or agreement on the part of Power set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by PFC and provided that PFC is not then in breach of this Agreement so as to cause any condition in Section 6.1 or Section 6.3 not to be satisfied.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

(3) If this Agreement is terminated pursuant to this Section 7.2, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except that the provisions of this Section 7.2(3) and Sections 4.11(3), 8.2, 8.3, 8.4, 8.5, 8.6, 8.8, 8.9, 8.10, 8.11, 8.12 and 8.13 and all related definitions set forth in Section 1.1 (and, for the avoidance of doubt, the provisions of the Confidentiality Agreements) shall survive any termination hereof pursuant to Section 7.2(1).

(4) The termination of this Agreement pursuant to this Section 7.2 shall be without prejudice to the rights, obligations or liabilities of any Party which shall have accrued or arisen prior to termination.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the PFC Meeting, but not later than the Effective Time and subject to the

Interim Order and Final Order and applicable Laws, be amended by mutual written agreement of the Parties without further notice to or authorization on the part of PFC Shareholders , and any such amendment may, without limitation:

(1) change the time for performance of any of the obligations or acts of the Parties;

(2) waive any inaccuracy in or modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(3) waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(4) waive compliance with or modify any of the conditions contained in this Agreement,

provided, however, that no such amendment may reduce or materially affect the Consideration to be received by PFC Shareholders without their approval at the PFC Meeting or, following the PFC Meeting, without their approval given in the same manner as required by applicable Laws for the approval of the Arrangement or as may be required by the Court.

Section 8.2 Expenses

Except as expressly provided in this Agreement, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of each Party incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

Section 8.3 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier, facsimile or electronic mail and addressed:

(1) to Power at:

Power Corporation of Canada
751 Victoria Square
Montréal, PQ H2Y 2J3

Attention: Stéphane Lemay
Telephone:
Facsimile:
Email: [redacted] Redacted: Personal Information

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Attention: John Tuzyk/Geoff Belsher
Telephone: (416) 863-3400
Facsimile: (416) 863-2653
Email: john.tuzyk@blakes.com/geoff.belsher@blakes.com

and with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Attention: Neill May
Telephone: (416) 597-4187
Facsimile: (416) 979-1234
Email: nmay@goodmans.ca

(2) to PFC at:

Power Financial Corporation
751 Victoria Square
Montréal, PQ H2Y 2J3

Attention: Siim A. Vanaselja
Telephone:
Facsimile:
Email: [redacted] Redacted: Personal Information

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Jeremy Fraiberg
Telephone: (416) 862-6505
Facsimile: (416) 862-6666
Email: jfraiberg@osler.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other

communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.4 Time of the Essence

Time is of the essence in this Agreement.

Section 8.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 8.6 Third Party Beneficiaries

(1) Except for the rights of PFC Shareholders to receive the applicable Consideration following the Effective Time pursuant to the Plan of Arrangement (for which purpose PFC hereby confirms that it is acting as agent on behalf of PFC Shareholders but without any obligation to consult or seek instructions from those PFC Shareholders in respect of any amendment or waiver of those rights under this Agreement) and except as provided in Section 4.10 and Section 4.11, which, without limiting their terms, are intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.6 as the "**Indemnified Persons**"), the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(2) Despite the foregoing, the Parties acknowledge to each of the Indemnified Persons their direct rights against the applicable Party under Section 4.10 and Section 4.11, respectively, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, each Party, as applicable, confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve the right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a party, without notice to or consent of that Person, including any Indemnified Person.

Section 8.7 Waiver

PFC or Power may (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that (x) any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party

and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived and (y) no such waiver may reduce or materially affect the Consideration to be received by PFC Shareholders without their approval at the PFC Meeting or, following the PFC Meeting, without their approval given in the same manner as required by applicable Laws for the approval of the Arrangement or as may be required by the Court.

Section 8.8 Entire Agreement

This Agreement, together with the Confidentiality Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to the transactions contemplated by this Agreement. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.9 Successors and Assigns

(1) This Agreement becomes effective only when executed by the Parties. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party, provided that Power may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of the Power Specified Subsidiaries, provided that if such assignment and/or assumption takes place, Power shall continue to be liable jointly and severally with such Subsidiary for all of its obligations hereunder.

Section 8.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.11 Governing Law

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.12 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 8.13 No Liability

No director or officer of Power or any of its Subsidiaries shall have any personal liability whatsoever (other than in the case of fraud or wilful misconduct by such director or officer) to PFC under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of Power or any of its Subsidiaries. No director or officer of PFC or any of its Subsidiaries shall have any personal liability whatsoever (other than in the case of fraud or wilful misconduct by such director or officer) to Power under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of PFC or any of its Subsidiaries.

Section 8.14 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or any other form of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*Remainder of page intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement as of the date first written above.

POWER CORPORATION OF CANADA

By: (Signed) *"Paul Desmarais, Jr.*
Name: Paul Desmarais, Jr.
Title: Chairman and Co-Chief Executive Officer

By: (Signed) *"Gregory D. Tretiak"*
Name: Gregory D. Tretiak
Title: Executive Vice-President and Chief Financial Officer

POWER FINANCIAL CORPORATION

By: (Signed) *"Susan McArthur"*
Name: Susan McArthur
Title: Company Director

By: (Signed) *"Siim A. Vanaselja"*
Name: Siim A. Vanaselja
Title: Company Director

SCHEDULE A
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

"**171**" means 171263 Canada Inc., a wholly-owned Subsidiary of Power.

"**Arrangement**" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement made as of December 12, 2019 between Power and PFC (including the Schedules thereto) as it may be amended, restated, supplemented or novated from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the PFC Meeting by PFC Shareholders.

"**Articles of Arrangement**" means the articles of arrangement of PFC in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to PFC and Power, each acting reasonably.

"**Business Day**" means any day of the year, other than a Saturday, a Sunday, a public holiday or a day when banks in the City of Toronto, Ontario or the City of Montréal, Québec are not generally open for business.

"**Canadian Resident**" means a beneficial owner of PFC Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

"**CBCA**" means the *Canada Business Corporations Act*.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

"**Consideration**" means 1.05 of a Power Share and $0.01 in cash per PFC Share.

"**Court**" means the Ontario Superior Court of Justice (Commercial List), or such other court as applicable.

"**Depositary**" means Computershare Investor Services Inc., or such other Person as the Parties agree in writing.

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA.

"**Dissent Rights**" has the meaning specified in Section 3.1 of this Plan of Arrangement.

"**Dissent Shares**" means the PFC Shares of a Dissenting Holder in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder.

"**Dissenting Holder**" means a registered holder of PFC Shares who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of PFC Shares in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder of PFC Shares.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing on or before the Effective Date.

"**Eligible Holder**" means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident.

"**Eligible Non-Resident**" means a beneficial owner of PFC Shares immediately prior to the Effective Time, who is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the Tax Act, or a partnership any member of which is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are "taxable Canadian property" and not "treaty protected property", in each case as defined in the Tax Act.

"**Final Order**" means the final order of the Court in a form acceptable to PFC and Power, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both PFC and Power, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both PFC and Power, each acting reasonably) on appeal.

"**Former PFC Shareholders**" means, at and following the Effective Time, the holders of the PFC Shares immediately prior to the Effective Time (other than Power, 171 or any other wholly-owned subsidiary of Power);

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner board, ministry, minister, bureau, division or agency, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or

private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

"**Interim Order**" means the interim order of the Court in a form acceptable to PFC and Power, each acting reasonably, providing for, among other things, the calling and holding of the PFC Meeting, as such order may be amended by the Court with the consent of both PFC and Power, each acting reasonably.

"**In-The-Money Amount**" in respect of a stock option at any time means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.

"**Law**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal sent to PFC Shareholders for use in connection with the Arrangement.

"**Lien**" means any mortgage, charge, pledge, assignment, encumbrance, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**PFC**" means Power Financial Corporation, a corporation incorporated under the laws of Canada.

"**PFC Meeting**" means the special meeting of PFC Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**PFC Option Plan**" means the PFC employee stock option plan dated November 6, 1986, as the same may be amended from time to time.

"**PFC Options**" means the outstanding options to purchase PFC Shares issued pursuant to the PFC Option Plan.

"**PFC Replacement Option**" has the meaning ascribed thereto in Section 2.3(c).

"**PFC Shareholders**" means the registered or beneficial holders of PFC Shares, as the context requires.

"**PFC Shares**" means common shares in the capital of PFC.

"**Plan of Arrangement**" means this plan of arrangement, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 5.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

"**Power**" means Power Corporation of Canada, a corporation incorporated under the laws of Canada.

"**Power Shares**" means the Subordinate Voting Shares in the capital of Power.

"**Section 85 Election**" has the meaning specified in Section 4.1(e) of this Plan of Arrangement.

"**Tax Act**" means the *Income Tax Act, R.S.C. 1985, c.1 (5th Supplement).*

"**Tax Exempt Person**" means a person who is generally exempt from tax on that person's taxable income under Part I of the Tax Act.

"**TSX**" means the Toronto Stock Exchange.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc**. The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency**. All references to dollars or to "$" are references to Canadian dollars.

(3) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number include the plural and vice versa.

(4) **Certain Phrases, etc**. The words (a) "including", "includes" and "include" mean "including (or includes or include) without limitation," (b) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (c) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(5) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it having the force of law, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted

to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) **Time References**. References to time are to local time, Montréal, Québec.

(8) **Terms Defined in Arrangement Agreement or CBCA.** Words and phrases used herein that are defined in the Arrangement Agreement and not defined herein have the same meaning herein as in the Arrangement Agreement, unless the context otherwise requires. Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement have the same meaning herein as in the CBCA, unless the context otherwise requires.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on Power, PFC, all registered and beneficial PFC Shareholders, all holders of PFC Options, the registration and transfer agents in respect of PFC Shares and the Power Shares at and after the Effective Time without any further act or formality required on the part of any Person except as expressly provided herein.

2.3 Arrangement

Commencing at the Effective Time, except as otherwise indicated, the following events or transactions will occur in the following sequence in five minute intervals starting at the Effective Time without any further authorization, act or formality:

(a) each PFC Share held by a Dissenting Shareholder entitled to be paid fair value for its Dissent Shares will be transferred by the holder thereof, without any further act, or formality on its part, to PFC for cancellation in consideration for a claim against PFC for an amount determined in accordance with Article 3 and thereupon:

(i) each Dissenting Shareholder will have only the rights set out in Article 3 and will cease to be the holder of such Dissent Shares; and

(ii) such Dissenting Shareholder's name will be removed from PFC's register of holders of PFC Shares; and

(b) each PFC Share outstanding at the Effective Time (other than those PFC Shares held by Power, 171 or any other wholly-owned subsidiary of Power, and the Dissent Shares transferred to PFC pursuant to Section 2.3(a)) will be transferred and assigned by the holder thereof to, and acquired by, Power, in exchange for the Consideration, and

(i) in respect of each such PFC Share transferred and assigned pursuant to this Section 2.3(b), each Former PFC Shareholder will cease to be the holder of such PFC Shares so exchanged and such holder's name will be removed from PFC's register of holders of PFC Shares at such time; and

(ii) Power will be the holder of such PFC Shares and will be entered in PFC's register of holders of PFC Shares as the registered holder of the PFC Shares so transferred and shall be the legal and beneficial owner thereof; and

(c) Power will assume the PFC Option Plan, and each PFC Option outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**PFC Replacement Option**") which shall entitle the holder to purchase from Power such number of Power Shares as is equal to the product obtained when (i) 1.05, is multiplied by (ii) the number of PFC Shares subject to such PFC Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of Power Shares) and the exercise price per Power Share shall be the quotient obtained when (x) the exercise price per PFC Share payable under such PFC Option immediately prior to the Effective Time, is divided by (y) 1.05 (such quotient to be rounded up to the nearest whole cent); provided that, it is intended that the provisions of subsection 7(1.4) of the Tax Act (and any corresponding provision of provincial tax legislation) shall apply to such exchange of PFC Options for PFC Replacement Options and, notwithstanding the foregoing, if, and to the extent, if any, determined by Power to be necessary for such provision to apply, the exercise price of a PFC Replacement Option (as otherwise determined) will be increased (and will be deemed always to have been increased) such that the In-The-Money Amount of the PFC Replacement Option immediately after the exchange does not exceed the In-The-Money Amount of the PFC Option immediately before the exchange.

ARTICLE 3
DISSENT RIGHTS

3.1 Dissent Rights

Registered PFC Shareholders may exercise dissent rights with respect to PFC Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 3.1; provided that, notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by PFC not later than 5:00 p.m. on the day that is two Business Days immediately preceding the date of the PFC Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall transfer the PFC Shares held by them and in respect of which Dissent Rights have been validly exercised to PFC (free and clear of all Liens), as provided in Section 2.3(a) and if they:

(a) ultimately are entitled to be paid fair value for such PFC Shares: (i) shall be deemed to have transferred such PFC Shares to PFC pursuant to Section 2.3(a); (ii) will be entitled to be paid by PFC the fair value of such PFC Shares (less any amounts withheld pursuant to Section 4.4), which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as

of the close of business on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such PFC Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for such PFC Shares shall be deemed to have participated in the Arrangement on the same basis as non-dissenting PFC Shareholders.

3.2 Recognition of Dissenting Holders

(a) In no circumstances shall Power, PFC or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those PFC Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall Power, PFC or any other Person be required to recognize Dissenting Holders as holders of PFC Shares after the completion of the transfer under Section 2.3(a), and the names of such Dissenting Holders shall be removed from the register of holders of PFC Shares at the same time as the event described in Section 2.3(a) occurs. In addition to any other restrictions under Section 190 of the CBCA, holders of PFC Shares who vote or have instructed a proxyholder to vote such PFC Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights (but only in respect of such PFC Shares so voted).

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

(a) Following receipt of the Final Order and prior to the filing of the Articles of Arrangement, Power shall deposit or arrange to be deposited with the Depositary, for the benefit of PFC Shareholders, sufficient funds and certificates representing Power Shares to satisfy the aggregate Consideration to be delivered to PFC Shareholders pursuant to Section 2.3(b) of this Plan of Arrangement.

(b) Upon surrender to the Depositary for cancellation of a certificate that immediately prior to the Effective Time represented outstanding PFC Shares that were transferred pursuant to Section 2.3(b), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of PFC Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Consideration which such holder has the right to receive under the Arrangement for such PFC Shares less any amounts withheld pursuant to Section 4.4, and any certificate so surrendered shall forthwith be cancelled.

(c) After the Effective Time and until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented PFC Shares shall represent only the right to receive upon such surrender payment of

the Consideration as contemplated in this Section 4.1, less any amounts required to be withheld pursuant to Section 4.4. Any such certificate formerly representing PFC Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former PFC Shareholder of any kind or nature against or in PFC or Power. On such date, all Consideration to which such former PFC Shareholder was entitled shall be deemed to have been surrendered to Power or PFC, as applicable, and shall be transferred by the Depositary to Power, or as directed by Power, and certificates representing Power Shares so transferred shall be cancelled by Power.

(d) Subject to Section 3.1, no PFC Shareholder shall be entitled to receive any consideration with respect to their PFC Shares other than the Consideration to which such holder is entitled to receive in accordance with this Plan of Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date.

(e) An Eligible Holder whose PFC Shares are exchanged for the Consideration pursuant to this Arrangement shall be eligible to make a joint income tax election with Power, pursuant to subsection 85(1) (or, in the case of a partnership, subsection 85(2)) of the Tax Act (and any corresponding provision of provincial income tax law) (a "**Section 85 Election**") with respect to the disposition of such Eligible Holder's PFC Shares by providing the necessary information in accordance with the procedures set out in the tax instruction letter on or before 120 days after the Effective Date. Power shall, within 60 days of receipt thereof, sign and return validly completed election forms which are in compliance with the provisions of the Tax Act (and applicable provincial tax law) and the procedures in the tax instruction letter and which are received within 120 days of the Effective Date to the relevant Eligible Holders for filing with the Canada Revenue Agency (or applicable provincial tax authority). Other than the foregoing obligation, neither PFC, Power nor any successor corporation shall be responsible for the proper completion of any election form, nor for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Power or any successor corporation may choose to sign and return an election form received by it more than 120 days following the Effective Date, but will have no obligation to do so.

(f) Upon receipt of a Letter of Transmittal in which an Eligible Holder has indicated that such holder wishes to receive a tax instruction letter, Power will promptly deliver a tax instruction letter to such holder. The tax instruction letter will provide general instructions on how to make the Section 85 Election with Power in order to obtain a full or partial tax-deferred rollover for Canadian income tax purposes (subject to the applicable provisions of the Tax Act and applicable provincial tax law) in respect of the sale of the Eligible Holder's PFC Shares to Power.

4.2 Fractional Shares

In no event shall any holder of PFC Shares be entitled to a fractional Power Share. Where the aggregate number of Power Shares to be issued to a PFC Shareholder as consideration under

or as a result of the Arrangement would result in a fraction of a Power Share being issuable, the number of Power Shares to be received by such PFC Shareholder shall be rounded down to the nearest whole Power Share and, in lieu of a fractional Power Share, the PFC Shareholder shall receive a cash payment from Power (rounded down to the nearest cent) equal to (i) the fraction of a Power Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of Power Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to $0.01 per PFC Share in cash without rounding.

4.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding PFC Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will pay to such holder, in exchange for such lost, stolen or destroyed certificate, the consideration which such holder has the right to receive under the Arrangement for such PFC Shares, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to PFC, Power and the Depositary, each acting reasonably, in such sum as Power may direct, or otherwise indemnify Power and PFC in a manner satisfactory to Power and PFC, each acting reasonably, against any claim that may be made against Power or PFC with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles and by-laws of PFC.

4.4 Withholding Rights

Power, PFC and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any PFC Shareholders under this Plan of Arrangement such amounts as Power, PFC or the Depositary, as applicable, are required or reasonably believe, after considering the advice of counsel, are required to be deducted and withheld from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to this Plan of Arrangement, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity in accordance with applicable Law, they will be treated for all purposes under this Agreement as having been paid to PFC Shareholders in respect of which such deduction, withholding and remittance was made.

4.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.6 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all PFC Shares and PFC Options issued or outstanding prior to the Effective Time, (b) the rights and obligations of each of the PFC Shareholders, the holders of PFC Options, PFC, Power, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall

be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any PFC Shares or PFC Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

4.7 Calculations

All calculations and determinations made by Power, PFC or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final, and binding.

ARTICLE 5
AMENDMENTS

5.1 Amendments to Plan of Arrangement

(a) PFC and Power may amend, modify and/or supplement this Plan of Arrangement in accordance with Arrangement Agreement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by PFC and Power, each acting reasonably (iii) filed with the Court and, if made following the PFC Meeting, approved by the Court, and (iv) be communicated to PFC Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement made in accordance with the Arrangement Agreement may be proposed by PFC at any time prior to or at the PFC Meeting (provided that Power shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at PFC Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the PFC Meeting shall be effective only if (i) it is consented to in writing by each of PFC and Power (in each case, acting reasonably) and (ii) if required by the Court, it is consented to by PFC Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Power, provided that it concerns a matter which, in the reasonable opinion of Power, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving PFC ("**PFC**"), pursuant to the arrangement agreement (the "**Arrangement Agreement**") between PFC, and Power, dated December 12, 2019, all as more particularly described and set forth in the management information circular of PFC dated **[●]**, 20**[20]** (the "**Circular**"), accompanying the notice of this meeting (as the Arrangement may be amended, restated, supplemented or novated from time to time in accordance with its terms) is hereby authorized, approved and adopted.

2. The plan of arrangement, as it has been or may be amended, restated, supplemented or novated in accordance with the Arrangement Agreement and its terms, involving PFC (the "**Plan of Arrangement**"), the full text of which is set out in Schedule [●] to the Circular, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of PFC in approving the Arrangement and the actions of the officers of PFC in executing and delivering the Arrangement Agreement and any modifications or amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by PFC Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), the directors of PFC are hereby authorized and empowered, at their discretion, without further notice to or approval of PFC Shareholders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

5. Any two officers or directors of PFC are hereby authorized and directed for and on behalf of PFC to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of PFC or otherwise, and to deliver or cause to be delivered, for filing with the Director under the CBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

6. Any two officers or directors of PFC are hereby authorized and directed for and on behalf of PFC to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF PFC

(1) **Organization and Qualification.** PFC is a corporation or other entity duly incorporated or organized, as applicable, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted. PFC is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration necessary, except for those qualifications, licensing or registrations the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a PFC Material Adverse Effect, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted, except for those Authorizations the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a PFC Material Adverse Effect. True and complete copies of the PFC Constating Documents have been delivered or made available to Power, and PFC has not taken any action to amend or supersede such documents.

(2) **Corporate Authorization.** PFC has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by PFC of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of PFC and no other corporate proceedings on the part of PFC are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than the Required PFC Shareholder Approval in the manner required by the Interim Order and Law and approval by the Court.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by PFC, and constitutes a legal, valid and binding agreement of PFC enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally, and general equitable principles, and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** The execution, delivery and performance by PFC of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by PFC or by any PFC Specified Subsidiary or, to the knowledge of PFC, by any Public PFC Subsidiary other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the CBCA; (iv) in relation to the Regulatory Approvals; (v) filings with the Securities Regulatory Authorities and the TSX; and (vi) such other Authorizations the failure of which to obtain do not have and would not be reasonably expected to have, individually or in the aggregate, a PFC Material Adverse Effect.

(5) **Non-Contravention.** The authorization, execution, delivery and performance by PFC of its obligations under this Agreement and the consummation of the Arrangement and the

other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach, in each case, in any material respect, of any provision of, or require, any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration of material indebtedness under, or result in the creation of any material Lien upon any of the properties or assets of PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiary, or cause any material indebtedness to come due before its stated maturity or cause any credit commitment to cease to be available or cause any payment or other obligation to be imposed on PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiary, under any of the terms, conditions or provisions of:

i. their respective articles, charters, by-laws or other comparable organizational documents; or

ii. any Authorization or PFC Material Contract to which PFC or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which PFC or any of its Subsidiaries is bound; or

(b) result in PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiary being unable, in whole or in part, to carry on any material aspect of their businesses after the date hereof as their businesses are currently carried on.

(6) **Capitalization**.

(a) the authorized capital of PFC consists of (i) an unlimited number of common shares, (ii) an unlimited number of first preferred shares, issuable in series, and (iii) an unlimited number of second preferred shares issuable in series, of which, as of the date hereof, there are: (A) 664,096,506 common shares issued and outstanding; (B) 4,000,000 Series A Floating Rate Cumulative Redeemable First Preferred Shares issued and outstanding; (C) 6,000,000 5.50% Non-Cumulative First Preferred Shares; Series D issued and outstanding; (D) 8,000,000 5.35% Non-Cumulative First Preferred Shares, Series E issued and outstanding; (E) 6,000,000 5.90% Non-Cumulative First Preferred Shares, Series F issued and outstanding; (F) 6,000,000 5.75% Non-Cumulative First Preferred Shares, Series H issued and outstanding; (G) 8,000,000 6.00% Non-Cumulative First Preferred Shares, Series I issued and outstanding; (H) 10,000,000 4.95% Non-Cumulative First Preferred Shares, Series K issued and outstanding; (I) 8,000,000 5.10% Non-Cumulative First Preferred Shares, Series L issued and outstanding; (J) 6,000,000 5.80% Non-Cumulative First Preferred Shares, Series O issued and outstanding; (K) 8,965,485 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P issued and outstanding; (L) 2,234,515 Non-Cumulative Floating Rate First Preferred Shares, Series Q issued and outstanding; (M) 10,000,000 5.50% Non-Cumulative First Preferred Shares, Series R issued and outstanding; (N) 12,000,000 4.80% Non-Cumulative First Preferred Shares, Series S issued and

outstanding; (O) 8,000,000 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T issued and outstanding; (P) 10,000,000 5.15% Non-Cumulative First Preferred Shares, Series V issued and outstanding and (Q) no second preferred shares issued and outstanding. All outstanding PFC Shares and PFC First Preferred Shares have been duly authorized and validly issued as fully paid and non-assessable. PFC has issued and outstanding, as of the date hereof, $250 million aggregate principal amount of 6.90% debentures due March 11, 2033.

(b) Section C(6)(b) of the PFC Disclosure Letter sets forth (i) the aggregate number of PFC Options outstanding as of the date of this Agreement and (ii) the aggregate number of PFC Shares issuable upon exercise of all outstanding PFC Options. The PFC Option Plan and the issuance of PFC Shares under such plan (including all outstanding PFC Options) have been duly authorized by the PFC Board in compliance with Law and the terms of the PFC Option Plan, and have been recorded on the PFC Financial Statements in accordance with IFRS.

(c) Section C(6)(c) of the PFC Disclosure Letter sets forth the aggregate number of PFC Equity Awards outstanding as of the date of this Agreement. The PFC Equity Plans have been duly authorized by PFC Board in compliance with Law and the terms of the applicable PFC Equity Plans, and have been recorded on the PFC Financial Statements in accordance with IFRS.

(d) Except as set out in Section C(6)(d) of the PFC Disclosure Letter and except for the rights under the outstanding PFC Options and under the PFC Constating Documents, there are no issued, outstanding or authorized options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiary to, directly or indirectly, issue or sell any securities of PFC or of any of its Subsidiaries, or give any Person a right to subscribe for or acquire, any securities of PFC or of any of its Subsidiaries.

(e) There are no issued, outstanding or authorized:

i. obligations to repurchase, redeem or otherwise acquire any securities of PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiaries, or qualify securities for public distribution in Canada, the United States or elsewhere, or with respect to the voting or disposition of any securities of PFC, any PFC Specified Subsidiaries or, to the knowledge of PFC, any PFC Public Subsidiary; or

ii. notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of PFC Shares on any matter.

(7) **Securities Law Matters.** PFC is a “reporting issuer” under Canadian securities Laws in each of the provinces and territories of Canada and is not on any list of reporting issuers in default under applicable Securities Laws and is not in material default of any requirements of any Securities Laws or the rules and regulations of the TSX. PFC has not taken any action to cease to be a reporting issuer in any province or territory of Canada

nor has PFC received notification from any Securities Regulatory Authority seeking to revoke the reporting issuer status of PFC. Other than as contemplated by this Agreement, no delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of PFC is to the knowledge of PFC, pending, in effect, has been threatened, or is expected to be implemented or undertaken, and to the knowledge of PFC, it is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. PFC has timely filed with or furnished to each Securities Regulatory Authority with which it is required to do so, all forms, reports, schedules, certifications, statements and other documents required to be filed or furnished by PFC with such Securities Regulatory Authority since January 1, 2019, except where a failure to timely file or furnish does not have and would not be reasonably expected to have, individually or in the aggregate, a PFC Material Adverse Effect. The PFC Filings, as of their respective dates, (i) did not contain any Misrepresentation and (ii) complied in all material respects with the requirements of applicable Securities Laws. PFC has not filed any confidential material change report (which at the date of this Agreement remains confidential) or any other confidential filings filed with or furnished to, as applicable, any Securities Regulatory Authority. There are no outstanding or unresolved comments in comment letters from any Securities Regulatory Authority with respect to any of the PFC Filings.

(8) **Financial Statements**.

(a) The PFC Financial Statements (including, in each case, any the notes or schedules to and, as applicable, the auditor's report thereon) included in the PFC Filings: (i) have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board applicable as at the reporting date, and encompass individual IFRS, International Accounting Standards, and interpretations made by the International Financial Reporting Interpretations Committee; and (ii) fairly present the assets, liabilities (whether accrued, absolute, contentment or otherwise), financial position, results of operations or financial performance and cash flows of PFC, on a consolidated basis, as of their respective dates and for the respective periods covered by such PFC Financial Statements (except as may be expressly indicated in the notes thereto). There has been no material change in PFC's accounting policies since December 31, 2018.

(b) The financial books, records and accounts of PFC: (i) have been maintained in accordance with IFRS as established by the Canadian Accounting Standards Board; (ii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of PFC and its Subsidiaries; and (iii) accurately and fairly reflect the basis of the PFC Financial Statements.

(9) **Disclosure Controls and Internal Control over Financial Reporting**.

(a) PFC has established and maintains a system of disclosure controls and procedures (as such term is defined in NI 52-109) that are designed to provide reasonable assurance that information required to be disclosed by PFC in its annual filings, interim filings or other reports filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods specified in Securities Laws.

(b) PFC has established and maintains a system of internal control over financial reporting (as such term is defined in NI 52-109) that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

(c) There is no material weakness (as such term is defined in NI 52-109) relating to the design, implementation or maintenance of its internal control over financial reporting, or, to the knowledge of PFC, fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of PFC.

(d) Since January 1, 2019, none of PFC, any PFC Specified Subsidiary or, to the knowledge of PFC, any PFC Public Subsidiary, director, officer, employee, auditor, accountant or representative of PFC or any of its Subsidiaries has received or otherwise obtained knowledge of any material substantive complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any material substantive complaint, allegation, assertion, or claim that PFC or any of its Subsidiaries has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the PFC Board.

(10) **Auditors.** The auditors of PFC are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in NI 51-102) with the present or any former auditors of PFC.

(11) **No Undisclosed Liabilities.** There are no material liabilities or obligations of PFC of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (i) disclosed in the PFC Financial Statements or in the notes thereto; (ii) incurred in the ordinary course since January 1, 2019; or (iii) incurred in connection with this Agreement.

(12) **Absence of Certain Changes or Events.** Since January 1, 2019, other than the transactions contemplated in this Agreement or as publicly disclosed in the PFC Filings, (i) the business of PFC, the PFC Specified Subsidiaries and, to the knowledge of PFC, the PFC Public Subsidiaries has been conducted in the ordinary course and (ii) there has not been a PFC Material Adverse Effect.

(13) **Compliance with Laws.** To the knowledge of PFC, PFC and each of its Subsidiaries is in compliance with Law in all material respects. To the knowledge of PFC, neither PFC nor any of its Subsidiaries is or has been under any investigation with respect to, is or has been charged or threatened to be charged with, or has received notice of, any material violation or potential material violation of any Law or disqualification by a Governmental Entity.

(14) **Authorizations**.

(a) PFC, the PFC Specified Subsidiaries and, to the knowledge of PFC, the PFC Public Subsidiaries own, possess or have obtained all material substantive Authorizations that are required by Law in connection with the operation of the business of PFC and its Subsidiaries as presently or previously conducted, or in connection with the ownership, operation or use of its property and assets and

PFC, the PFC Specified Subsidiaries and, to the knowledge of PFC, the PFC Public Subsidiaries are in all material respects in compliance with the Authorizations held.

(b) To the knowledge of PFC, no action, investigation or proceeding is pending in respect of or regarding any such Authorization and none of PFC or any of its Subsidiaries, or to the knowledge of PFC any of their respective officers or directors has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such Authorization.

(15) **Taxes**.

(a) Each of PFC, the PFC Specified Subsidiaries and, to the knowledge of PFC, the PFC Public Subsidiaries:

i. has duly and timely filed all income Tax Returns and other material Tax Returns required to be filed by it at or prior to the date hereof and all such Tax Returns are true, correct and complete in all material respects;

ii. has timely paid all material Taxes, whether or not shown on any Tax Return, that are required to be paid by any of them at or prior to the date hereof except with respect to matters contested in good faith by appropriate proceedings;

iii. has timely deducted, withheld and remitted (or accounted for) to the proper Governmental Entities all material Taxes required to have been deducted, withheld and remitted (or accounted for) by any of them in connection with amounts paid or owing to any person, including to any employee, creditor, person that is or is deemed to be a non-resident of Canada (for purposes of the Tax Act) or a non-resident with respect to any paying Subsidiary's jurisdiction of residence, in compliance with all applicable Laws related to Taxes, except with respect to matters contested in good faith by appropriate proceedings; and

iv. has charged, collected and remitted on a timely basis all material Taxes as required under applicable Law on any sale, supply or delivery whatsoever, made by it.

(16) **Opinion of Financial Advisors.** The PFC Board and the PFC Special Committee have received the PFC Fairness Opinion and the PFC Valuation and such PFC Fairness Opinion and PFC Valuation have not been withdrawn or modified as of the date of this Agreement.

(17) **PFC Board and Special Committee Approval**.

(a) The PFC Special Committee, after consultation with its financial and legal advisors, has unanimously recommended that the PFC Board approve the Arrangement and that PFC Shareholders vote in favour of the Arrangement Resolution.

(b) The PFC Board, acting on the unanimous recommendation in favour of the Arrangement by the PFC Special Committee, has unanimously: (i) determined that the Arrangement is in the best interests of PFC and fair to PFC Shareholders (excluding Power and certain of its affiliates); (ii) resolved to unanimously recommend that PFC Shareholders (excluding Power and certain of its affiliates) vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by PFC of its obligations under this Agreement, and no action has been taken to amend, or supersede such determinations, resolutions, or authorizations.

(18) **Corrupt Practices Legislation.** To the knowledge of PFC, neither PFC, its Subsidiaries nor any of their respective officers, directors or employees acting on behalf of PFC or any of its Subsidiaries or affiliates has taken, committed to take or been alleged to have taken any action either in Canada or outside Canada which would cause PFC or any of its Subsidiaries or affiliates to be in violation of the United States' Foreign Corrupt Practices Act (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (and the regulations promulgated thereunder) or any applicable Law of similar effect (including any applicable Laws relating to the corruption of public officials in Canada), and to the knowledge of PFC no such action has been taken by any of its agents, representatives or other Persons acting on behalf of PFC or any of its Subsidiaries or affiliates.

(19) **Brokers.** Except as disclosed in Section C(19) of the PFC Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of PFC, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section C(19) of the PFC Disclosure Letter.

(20) **Prior Valuation.** To the knowledge of PFC, no prior valuations (within the meaning of MI 61-101) of PFC have been made in the 24 months prior to the date hereof.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF POWER

(1) **Organization and Qualification.** Power is a corporation or other entity duly incorporated or organized, as applicable, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted. Power is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration necessary, except for those qualifications, licensing or registrations the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Power Material Adverse Effect, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted, except for those Authorizations the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Power Material Adverse Effect. True and complete copies of the Power Constating Documents have been delivered or made available to PFC, and Power has not taken any action to amend or supersede such documents.

(2) **Corporate Authorization.** Power has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by Power of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Power and no other corporate proceedings on the part of Power are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than the Required Power Shareholder Approval.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by Power, and constitutes a legal, valid and binding agreement of Power enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally, and general equitable principles, and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** The execution, delivery and performance by Power of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by Power or by any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the CBCA; (iv) in relation to the Regulatory Approvals; (v) filings with the Securities Regulatory Authorities and the TSX; and (vi) such other Authorizations the failure of which to obtain do not have and would not be reasonably expected to have, individually or in the aggregate, a Power Material Adverse Effect.

(5) **Non-Contravention.** The authorization, execution, delivery and performance by Power of its obligations under this Agreement and the consummation of the Arrangement and the

other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(a) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach, in each case, in any material respect of any provision of, or require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration of material indebtedness under, or result in the creation of any material Lien upon any of the properties or assets of Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries, or cause any material indebtedness to come due before its stated maturity or cause any credit commitment to cease to be available or cause any payment or other obligation to be imposed on Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries,, under any of the terms, conditions or provisions of:

i. their respective articles, charters, by-laws or other comparable organizational documents; or

ii. any Authorization or Power Material Contract to which Power or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Power or any of its Subsidiaries; or

(b) result in Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries, being unable, in whole or in part, to carry on any material aspect of their businesses after the date hereof as their businesses are currently carried on.

(6) **Capitalization**.

(a) the authorized capital of Power consists of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Power First Preferred Shares, issuable in one or more series, (iii) an unlimited number of Participating Preferred Shares, of which, as of the date hereof, there are: (A) 377,516,277 Subordinate Voting Shares issued and outstanding; (B) 48,854,772 Participating Preferred Shares issued and outstanding; (C) 243,700 Cumulative Redeemable First Preferred Shares, 1986 Series issued and outstanding, (D) 6,000,000 Non-Cumulative First Preferred Shares, Series A issued and outstanding; (E) 8,000,000 5.35% Non-Cumulative First Preferred Shares, Series B issued and outstanding; (F) 6,000,000 5.80% Non-Cumulative First Preferred Shares, Series C issued and outstanding; (G) 10,000,000 5.00% Non-Cumulative First Preferred Shares, Series D issued and outstanding and (H) 8,000,000 5.60% Non-Cumulative First Preferred Shares, Series G issued and outstanding. All outstanding Power Shares, Power Participating Preferred Shares and Power First Preferred Shares have been duly authorized and validly issued as fully paid and non-assessable. Power has issued and outstanding, as of the date hereof (i) $250,000,000 aggregate principal amount of 4.455% debentures due July 27, 2048, (ii) $250,000,000 aggregate principal amount of 4.81% debentures due January 31, 2047 and (iii) $150,000,000 aggregate principal amount of 8.57% debentures due April 22, 2039.

(b) Section D(6)(b) of the Power Disclosure Letter sets forth (i) the aggregate number of Power Options outstanding as of the date of this Agreement and (ii) the number of Power Shares issuable upon the exercise of all outstanding Power Options. The Power Option Plan and the issuance of Power Shares under such plan (including all outstanding Power Options) have been duly authorized by the Power Board in compliance with Law and the terms of the Power Option Plan, and have been recorded on the Power Financial Statements in accordance with IFRS.

(c) Except as set out in Section C(6)(d) of the Power Disclosure Letter and except for the rights under the outstanding Power Options and under the Power Constating Documents, there are no issued, outstanding or authorized options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries, to, directly or indirectly, issue or sell any securities of Power or any of its Subsidiaries, or give any Person a right to subscribe for or acquire, any securities of Power or of any of its Subsidiaries.

(d) There are no issued, outstanding or authorized:

i. other than as set out in Section D(6)(e)(i) of the Power Disclosure Letter, obligations to repurchase, redeem or otherwise acquire any securities of Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries, or qualify securities for public distribution in Canada, the United States or elsewhere, or with respect to the voting or disposition of any securities of Power or any Power Specified Subsidiary or, to the knowledge of Power, any other of its Subsidiaries; or

ii. notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Power Shares on any matter.

(7) **Securities Law Matters.** Power is a "reporting issuer" under Canadian securities Laws in each of the provinces and territories of Canada and is not on any list of reporting issuers in default under applicable Securities Laws. Power is not in material default of any requirements of any Securities Laws or the rules and regulations of the TSX. Power has not taken any action to cease to be a reporting issuer in any province or territory of Canada nor has Power received notification from any Securities Regulatory Authority seeking to revoke the reporting issuer status of PFC. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of Power is to the knowledge of Power, pending, in effect, has been threatened, or is expected to be implemented or undertaken, and to the knowledge of Power, it is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. Power has timely filed with or furnished to each Securities Regulatory Authority with which it is required to do so, all forms, reports, schedules, certifications, statements and other documents required to be filed or furnished by Power with such Securities Regulatory Authority since January 1, 2019, except where a failure to timely file or furnish does not have and would not be reasonably expected to have, individually or in the aggregate, a Power Material Adverse Effect. The Power Filings, as of their respective

dates, (i) did not contain any Misrepresentation and (ii) complied in all material respects with the requirements of applicable Securities Laws. Power has not filed any confidential material change report (which at the date of this Agreement remains confidential) or any other confidential filings filed with or furnished to, as applicable, any Securities Regulatory Authority. There are no outstanding or unresolved comments in comment letters from any Securities Regulatory Authority with respect to any of the Power Filings.

(8) **Financial Statements**.

(a) The Power Financial Statements (including, in each case, any the notes or schedules to and, as applicable, the auditor's report thereon) included in the Power Filings: (i) have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board applicable as at the reporting date, and encompass individual IFRS, International Accounting Standards, and interpretations made by the International Financial Reporting Interpretations Committee; and (ii) fairly present the assets, liabilities (whether accrued, absolute, contentment or otherwise), financial position, results of operations or financial performance and cash flows of Power, on a consolidated basis, as of their respective dates and for the respective periods covered by such Power Financial Statements (except as may be expressly indicated in the notes thereto). There has been no material change in Power's accounting policies since December 31, 2018.

(b) The financial books, records and accounts of Power: (i) have been maintained in accordance with IFRS as established by the Canadian Accounting Standards Board; (ii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of Power and its Subsidiaries; and (iii) accurately and fairly reflect the basis of the Power Financial Statements.

(9) **Disclosure Controls and Internal Control over Financial Reporting**.

(a) Power has established and maintains a system of disclosure controls and procedures (as such term is defined in NI 52-109) that are designed to provide reasonable assurance that information required to be disclosed by Power in its annual filings, interim filings or other reports filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods specified in Securities Laws.

(b) Power has established and maintains a system of internal control over financial reporting (as such term is defined in NI 52-109) that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

(c) There is no material weakness (as such term is defined in NI 52-109) relating to the design, implementation or maintenance of its internal control over financial reporting, or, to the knowledge of Power, fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of Power.

(d) Since January 1, 2019, none of Power, any Power Specified Subsidiary or, to the knowledge of Power, any other Subsidiary, director, officer, employee, auditor,

accountant or representative of Power or any of its Subsidiaries has received or otherwise obtained knowledge of any material substantive complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any material substantive complaint, allegation, assertion, or claim that Power or any of its Subsidiaries has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of Power Board.

(10) **Auditors.** The auditors of Power are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in NI 51-102) with the present or any former auditors of Power.

(11) **No Undisclosed Liabilities.** There are no material liabilities or obligations of Power of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (i) disclosed in the Power Financial Statements or in the notes thereto; (ii) incurred in the ordinary course since January 1, 2019; or (iii) incurred in connection with this Agreement.

(12) **Absence of Certain Changes or Events.** Since January 1, 2019, other than the transactions contemplated in this Agreement or as publicly disclosed in the Power Filings, (i) the business of Power, the Power Specified Subsidiaries and, to the knowledge of Power, its other Subsidiaries has been conducted in the ordinary course and (i) there has not been a Power Material Adverse Effect.

(13) **Compliance with Laws.** To the knowledge of Power, Power and each of its Subsidiaries is in compliance with Law in all material respects. To the knowledge of Power, neither Power nor any of its Subsidiaries is or has been under any investigation with respect to, is or has been charged or threatened to be charged with, or has received notice of, any material violation or potential material violation of any Law or disqualification by a Governmental Entity.

(14) **Authorizations**.

(a) Power, the Power Specified Subsidiaries and, to the knowledge of Power, each of its other Subsidiaries own, possess or have obtained all material substantive Authorizations that are required by Law in connection with the operation of the business of Power and its Subsidiaries as presently or previously conducted, or in connection with the ownership, operation or use of its property and assets. Power, the Power Specified Subsidiaries and, to the knowledge of Power, each of its other Subsidiaries are in all material respects in compliance with the Authorizations held.

(b) To the knowledge of Power, no action, investigation or proceeding is pending in respect of or regarding any such Authorization and none of Power or any of its Subsidiaries, or to the knowledge of Power any of their respective officers or directors has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such Authorization.

(15) **Taxes**.

(a) Power, the Power Specified Subsidiaries and, to the knowledge of Power, each of its other Subsidiaries:

i. has duly and timely filed all income Tax Returns and other material Tax Returns required to be filed by it at or prior to the date hereof and all such Tax Returns are true, correct and complete in all material respects;

ii. has timely paid all material Taxes, whether or not shown on any Tax Return, that are required to be paid by any of them at or prior to the date hereof except with respect to matters contested in good faith by appropriate proceedings;

iii. has timely deducted, withheld and remitted (or accounted for) to the proper Governmental Entities all material Taxes required to have been deducted, withheld and remitted (or accounted for) by any of them in connection with amounts paid or owing to any person, including to any employee, creditor, person that is or is deemed to be a non-resident of Canada (for purposes of the Tax Act) or a non-resident with respect to any paying Subsidiary's jurisdiction of residence, in compliance with all applicable Laws related to Taxes, except with respect to matters contested in good faith by appropriate proceedings; and

iv. has charged, collected and remitted on a timely basis all material Taxes as required under applicable Law on any sale, supply or delivery whatsoever, made by it.

(b) No action or proceeding for assessment or collection of Taxes has been asserted or threatened against Power, the Power Specific Subsidiaries or, to the knowledge of Power, any of its other Subsidiaries or any of their respective assets that would, if successful, have a Power Material Adverse Effect.

(16) **Power Board Approval.** The Power Board has unanimously authorized the entering into of this Agreement and the performance by Power of its obligations under this Agreement, and no action has been taken to amend, or supersede such determinations, resolutions, or authorizations.

(17) **Corrupt Practices Legislation.** To the knowledge of Power, neither Power, its Subsidiaries nor any of their respective officers, directors or employees acting on behalf of Power or any of its Subsidiaries or affiliates has taken, committed to take or been alleged to have taken any action either in Canada or outside Canada which would cause Power or any of its Subsidiaries or affiliates to be in violation of the United States' Foreign Corrupt Practices Act (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (and the regulations promulgated thereunder) or any applicable Law of similar effect (including any applicable Laws relating to the corruption of public officials in Canada), and to the knowledge of Power no such action has been taken by any of its agents, representatives or other Persons acting on behalf of Power or any of its Subsidiaries or affiliates.

(18) **Brokers.** Except as disclosed in Section D(18) of the Power Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions

contemplated hereby based upon arrangements made by or on behalf of Power, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section D(18) of the Power Disclosure Letter.

(19) **Funds Available.** At the Effective Time, Power will have sufficient funds available to satisfy the aggregate cash portion of the Consideration payable by Power pursuant to the Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement, and to satisfy all other obligations payable in cash by Power pursuant to this Agreement and the Arrangement.

(20) **Issuance of Power Shares.** The Power Shares to be issued as part of the Consideration will, when issued pursuant to the Arrangement, be validly issued as fully paid and non-assessable subordinate voting shares in the capital of Power.

APPENDIX "C"

FAIRNESS OPINION AND FORMAL VALUATIONS

See attached.

RBC Capital Markets®

RBC Dominion Securities Inc.
P.O. Box 50
Royal Bank Plaza
Toronto, Ontario M5J 2W7
Telephone: (416) 842-2000

December 12, 2019

The Special Committee of the Board of Directors and the Board of Directors
Power Financial Corporation
751 Victoria Square
Montreal, Quebec
H2Y 2J3

To the Special Committee and the Board of Directors:

RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, understands that Power Financial Corporation ("PFC" or the "Company") and Power Corporation of Canada ("PCC") propose to enter into an agreement to be dated December 12, 2019 (the "Arrangement Agreement") to effect an arrangement under the *Canada Business Corporations Act* pursuant to which PCC will acquire all of the issued and outstanding common shares of PFC (the "PFC Shares") not already owned, directly or indirectly, by PCC and its wholly-owned subsidiaries (collectively, the "Reorganization"), for consideration of 1.05 (the "Exchange Ratio") subordinate voting shares of PCC (the "PCC Shares") and $0.01 in cash per PFC Share (collectively, the "Consideration"). RBC also understands that PCC currently owns approximately 64% of the PFC Shares. The terms of the Reorganization will be more fully described in a management information circular (the "Circular"), which will be mailed to the holders of PFC Shares in connection with the Reorganization.

RBC understands that each director and executive officer of the Company will individually enter into a voting and support agreement with PCC to be dated December 12, 2019 (each a "Voting and Support Agreement") pursuant to which each PFC director and executive officer will agree to vote all of his or her PFC Shares in favour of the special resolution approving the Reorganization. Further, RBC understands that Pansolo Holding Inc. ("Pansolo"), a holder of PCC Shares and substantially all of the participating preferred shares (the "PPS") of PCC, which in the aggregate represent an approximate 62% voting interest in PCC, will enter into a voting and support agreement (the "Pansolo Voting Agreement") with PCC and PFC to be dated December 12, 2019. Pursuant to the Pansolo Voting Agreement, Pansolo will deliver its written consent to the issuance of PCC Shares pursuant to the Reorganization to the Toronto Stock Exchange (the "TSX") to satisfy shareholder approval requirements for the issuance of such PCC Shares to the holders of the PFC Shares other than PCC and its affiliates and associates (the "PFC Minority Shareholders") under the Reorganization.

RBC also understands that a committee (the "Special Committee") of the board of directors (the "Board") of the Company has been constituted to consider the Reorganization and make recommendations thereon to the Board. RBC was instructed by the Special Committee that the Reorganization is a business combination within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). The Board has retained RBC to provide advice and assistance to the Special Committee in evaluating the Reorganization, including the preparation and delivery to the Special Committee and the Board of formal valuations of the PFC Shares and the PCC Shares (collectively the "Valuations") in accordance with the requirements of MI 61-101 and RBC's opinion (the "Fairness Opinion") as to the fairness of the Consideration under the Reorganization from a financial point of view to the PFC Minority Shareholders (the Valuations and Fairness Opinion are collectively referred to herein as the "Opinions"). The Opinions have been prepared in accordance with the guidelines of the Investment Industry

Regulatory Organization of Canada. RBC also understands that the Board, with the recusals of conflicted directors, has supervised the preparation of the Opinions.

All dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.

Engagement

The Special Committee initially contacted RBC regarding a potential advisory assignment in early November 2019. RBC was formally engaged by the Board through an agreement between the Company and RBC (the "Engagement Agreement") dated November 11, 2019. The terms of the Engagement Agreement provide that RBC is to be paid $5,250,000 for the Opinions. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company in certain circumstances. RBC consents to the inclusion of the Opinions in their entirety and a summary thereof in the Circular and to the filing thereof, as necessary, by the Company with the securities commissions or similar regulatory authorities in each province of Canada.

Relationship With Interested Parties

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, PCC or any of their respective associates or affiliates. RBC has not been engaged to provide any financial advisory services nor has it participated in any financing involving the Company, PCC or any of their respective associates or affiliates, within the past two years, other than the services provided under the Engagement Agreement and described herein. RBC acted as: (i) bookrunner of a $250 million preferred share offering in May 2017 for PFC; (ii) co-manager of a $200 million preferred share offering in May 2017 for Great-West Lifeco Inc. ("GWO"); (iii) financial advisor to GWO on a substantial issuer bid ("SIB") of approximately $2.0 billion in April 2019; (iv) sole lender for a $350 million bilateral revolving credit facility in support of the SIB; (v) bookrunner on three GWO debt offerings between USD$300 million to USD$700 million representing USD$1.5 billion in aggregate with dates ranging from May 2017 to May 2018; (vi) bookrunner of a $500 million debt offering for GWO in February 2018; (vii) either bookrunner, co-lead or co-manager on five IGM Financial Inc. ("IGM") debt offerings between $200 million to $400 million representing $1.3 billion in aggregate with dates ranging from January 2017 to March 2019 and (viii) either bookrunner or co-lead on two PCC debt offerings of $250 million representing $500 million in aggregate with dates ranging from January 2017 to July 2018. There are no understandings, agreements or commitments between RBC and the Company, PCC or any of their respective associates or affiliates with respect to any future business dealings. RBC may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company, PCC or any of their respective associates or affiliates. The compensation of RBC under the Engagement Agreement does not depend in whole or in part on the conclusions reached in the Opinions or the successful outcome of the Reorganization. Royal Bank of Canada, of which RBC is a wholly-owned subsidiary, provides banking services to the Company, PCC and certain of their affiliates and associates in the normal course of business.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company, PCC or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, PCC, any of their respective associates and affiliates or the Reorganization.

Credentials of RBC Capital Markets

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The Opinions expressed herein represent the opinions of RBC and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Scope of Review

In connection with our Opinions, we have reviewed and relied upon or carried out, among other things, the following:

1. the most recent draft, dated December 11, 2019, of the Arrangement Agreement;
2. the most recent draft, dated December 9, 2019, of the form of the Voting and Support Agreements;
3. the most recent draft, dated December 12, 2019, of the Pansolo Voting Agreement;
4. audited financial statements of each of the Company, PCC, GWO, IGM, Pargesa Holding SA ("Pargesa") and Groupe Bruxelles Lambert SA ("GBL") for each of the five years ended December 31, 2014 to 2018;
5. the unaudited interim reports of each of the Company, PCC, GWO and IGM for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019;
6. the unaudited interim reports of each of Pargesa and GBL for the half-year ended June 30, 2019;
7. annual reports of each of the Company, PCC, GWO, IGM, Pargesa and GBL for each of the two years ended December 31, 2017 and 2018;
8. the Notice of Annual Meeting of Shareholders and Management Proxy Circulars of each of the Company, PCC, GWO and IGM for each of the two years ended December 31, 2017 and 2018;
9. the Notice of the Ordinary General Shareholders' Meeting and Proxy for GBL for each of the two years ended December 31, 2017 and 2018;
10. the Summons to the Annual General Meeting for Pargesa for each of the two years ended December 31, 2017 and 2018;
11. annual information forms of each of the Company, PCC, GWO and IGM for each of the two years ended December 31, 2017 and 2018;
12. unaudited projected income statements for IGM, on a consolidated basis and segmented by business unit, prepared by management of IGM for the years ending December 31, 2019 to 2024;
13. unaudited projected income statements and cash flows for China Asset Management Co., Ltd ("CAMC"), prepared by IGM management for the years ending December 31, 2019 to 2029;
14. certain forward looking financial information for GWO prepared by management of GWO for the years ending December 31, 2019 to 2023
15. recent limited partner reports for investments in funds held by each of the Company, PCC and their respective associates and affiliates;
16. recent internal valuations prepared by the management teams of the funds and private assets managed directly or indirectly by PCC and its respective associates and affiliates;

17. a list of public equities held by Sagard China as at October 28, 2019;
18. discussions with senior management of the Company, PCC and certain of its subsidiaries, IGM and GWO;
19. discussions with the Special Committee's legal counsel and PCC's legal counsel;
20. public information relating to the business, operations, financial performance and stock trading history of each of the Company, PCC, GWO, IGM, Pargesa, GBL and other selected public companies considered by us to be relevant;
21. public information with respect to other transactions of a comparable nature considered by us to be relevant;
22. public information regarding the segments of the financial services industry in which each of the Company, PCC and their respective affiliates and associates compete;
23. representations contained in certificates addressed to us, dated as of the date hereof, from senior officers of each of the Company, PCC, GWO and IGM respectively as to the completeness and accuracy of the information upon which the Opinions are based; and
24. such other corporate, industry and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

RBC has not, to the best of its knowledge, been denied access by the Company, PCC, GWO IGM or any of their respective associates and affiliates to any information requested by RBC.

Prior Valuations

Each of the Company, PCC, GWO and IGM have represented to RBC that there have not been any prior valuations (as defined in MI 61-101) of the Company, PCC, GWO and IGM or their material assets or securities respectively in the past twenty-four month period.

Assumptions and Limitations

With the Special Committee's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy and fair presentation of all of the financial (including, without limitation, the financial statements of PFC, PCC, GWO, IGM, and Pargesa) and other information, data, advice, opinions or representations obtained by it from public sources, senior management of PFC, PCC, GWO, and IGM, and their consultants and advisors (collectively, the "Information", and for the respective companies, the "PFC Information", the "PCC Information", the "GWO Information", the "IGM Information", and the "Pargesa Information"). The Opinions are conditional upon such completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

Senior officers of PFC have represented to RBC in a certificate delivered as of the date hereof, among other things, that (1) with the exception of forecasts, projections, estimates and budgets, (a) the PFC Information, taken as a whole, and (b) to their knowledge in their capacities as officers of PFC, the Opco Information (the "Opco Information", comprising the GWO Information, IGM Information, and Pargesa Information, collectively), taken as a whole, in each case as provided to RBC either (x) orally by the President and Chief Executive Officer or the Executive Vice-President and Chief Financial Officer of PFC or any officer or employee of PFC in the presence of the President and Chief Executive Officer or the Executive Vice President and Chief Financial Officer of PFC or (y) in writing by PFC or any of its agents or advisors, in each case for the purpose of preparing the Opinions (i) in the case of the PFC Information or Opco Information as applicable provided orally to RBC is at the date hereof complete, true and correct in all material respects, (ii) was in the case of the PFC Information or Opco Information as applicable provided in writing to RBC, complete, true and correct in all material respects as of the

date indicated in the written PFC Information or Opco Information as applicable, and, to the best of their knowledge, information and belief, is at the date hereof, complete, true and correct in all material respects unless otherwise publicly disclosed by PFC or indicated to RBC (iii) did not and does not contain any untrue statement of a material fact unless otherwise disclosed to RBC as of those respective dates, and (iv) did not and does not omit to state any material fact necessary to make such PFC Information, or any statement contained therein, not misleading in light of the circumstances in which it was provided to RBC as of those respective dates; and that (2) since the dates on which the PFC Information was provided to RBC by PFC, except as disclosed in writing to RBC, there has been no (i) material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of PFC, (ii) material change in (a) the PFC Information, taken as a whole, or (b) to their knowledge in their capacities as officers of PFC, the Opco Information, taken as a whole, or (iii) other material change or change in material facts in respect of (x) PFC or (y) to their knowledge in their capacities as officers of PFC, GWO, IGM or Pargesa, in each case, that might reasonably be considered material to the Opinions.

Senior officers of PCC have represented to RBC in a certificate delivered as of the date hereof, among other things, that (1) with the exception of forecasts, projections, estimates and budgets, the PCC Information, taken as a whole, as provided to RBC either (x) orally by the Chairman and Co-Chief Executive Officer, the Deputy Chairman, President and Co-Chief Executive Officer or the Executive Vice-President and Chief Financial Officer of PCC or any officer or employee of PCC in the presence of the Chairman and Co-Chief Executive Officer, the Deputy Chairman, President and Co-Chief Executive Officer or the Executive Vice-President and Chief Financial Officer of PCC or (y) in writing by PCC or any of its agents or advisors, in each case for the purpose of preparing the Opinions (i) in the case of the PCC Information provided orally to RBC is at the date hereof, complete, true and correct in all material respects, (ii) was, in the case of the PCC Information provided in writing to RBC, complete, true and correct in all material respects as of the date indicated in the written PCC Information, and, to the best of the their knowledge, information and belief, is at the date hereof complete, true and correct in all material respects unless otherwise publicly disclosed by PCC or indicated to RBC, (iii) did not and does not contain any untrue statement of a material fact unless otherwise disclosed to RBC as of those respective dates, and (iv) did not and does not omit to state any material fact necessary to make such Information, or any statement contained therein, not misleading in light of the circumstances in which it was provided to RBC as of those respective dates; and that (2) since the dates on which the PCC Information was provided to RBC by PCC, except as disclosed in writing to RBC, there has been no (i) material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of PCC, (ii) material change in the PCC Information, taken as a whole, or (iii) other material change or change in material facts in respect of PCC, in each case, that might reasonably be considered material to the Opinions.

Senior officers of GWO have represented to RBC in a certificate delivered as of the date hereof, among other things, that (1) with the exception of forecasts, projections, estimates and budgets, the GWO Information, taken as a whole, provided to RBC for the purposes of preparing the Opinions either (x) orally by GWO or in the presence of any officer or employee of GWO or (y) in writing by GWO or any of its respective agents or advisors, (i) in the case of GWO Information provided orally to RBC, is complete, true and correct in all material respects at the date hereof, (ii) was in the case of GWO Information provided in writing to RBC, complete, true and correct in all material respects as of the date indicated in the written GWO Information and, to the best of their knowledge, information and belief is at the date hereof complete, true and correct in all material respects unless otherwise publicly disclosed by GWO or indicated to RBC, (iii) did not and does not contain any untrue statement of a material fact unless otherwise disclosed to RBC as of those respective dates, and (iv) did not and does not omit to state any material fact necessary to make such GWO Information, or any statement contained therein, not misleading in light of the circumstances in which it was provided to RBC, as of those respective

dates; and that (2) since the dates on which the GWO Information was provided to RBC, except as disclosed in writing to RBC, there has been no (i) material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of GWO or (ii) material change in the GWO Information, taken as a whole.

Senior officers of IGM have represented to RBC in a certificate delivered as of the date hereof, among other things, that (1) with the exception of forecasts, projections, estimates and budgets, (a) the IGM Information, taken as a whole, and (b) to their knowledge in their capacities as officers of IGM, the CAMC Information (which refers to information in respect of China Asset Management Co., Ltd.), taken as a whole, in each case as provided to RBC for the purposes of preparing the Opinions either (x) orally by IGM or in the presence of any officer or employee of IGM, or (y) in writing by IGM or any of its respective agents or advisors, in each case, for the purpose of preparing the Opinions (i) in the case of the IGM Information or CAMC Information as applicable provided orally to RBC is of the date hereof complete, true and correct in all material respects, (ii) was in the case of the IGM Information or CAMC Information as applicable provided in writing to RBC, complete, true and correct in all material respects as of the date indicated in the written IGM Information and, to the best of their knowledge, information and belief, is at the date hereof complete, true and correct unless otherwise publicly disclosed by IGM or indicated to RBC, (iii) did not and does not contain any untrue statement of a material fact unless otherwise disclosed to RBC as of those respective dates, and (iv) did not and does not omit to state any material fact necessary to make such IGM Information, or any statement contained therein, not misleading in light of the circumstances in which it was provided to RBC as of those respective dates; and that (2) since the dates on which the IGM Information was provided to RBC, except as disclosed in writing to RBC, there has been no (i) material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of IGM or (ii) material change in (a) the IGM Information, taken as a whole, or (b) to their knowledge in their capacities as officers of IGM, the CAMC Information, taken as a whole.

In preparing the Opinions, RBC has made several assumptions, including that all of the conditions required to implement the Reorganization will be met.

The Opinions are rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company, PCC, and their subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to RBC in discussions with management of the Company, PCC, GWO, and IGM. In its analyses and in preparing the Opinions, RBC made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RBC or any party involved in the Reorganization.

The Opinions have been provided for the use of the Special Committee and the Board and may not be used by any other person or relied upon by any other person other than the Special Committee and the Board without the express prior written consent of RBC. The Opinions are given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting any of the Opinions which may come or be brought to RBC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting any of the Opinions after the date hereof, RBC reserves the right to change, modify or withdraw any of the Opinions.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinions. The preparation of a valuation or fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary

description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Neither the Valuations nor the Fairness Opinion are to be construed as a recommendation to any PFC shareholder as to whether to vote in favour of the Reorganization.

Overview of the Company

PFC is a diversified international management and holding company with interests substantially in the financial services sector in Canada, the United States and Europe. It also has interests in global industrial and services companies based in Europe. PFC's main holdings consist of public companies, which include a 66.8% equity interest in GWO, a 62.1% equity interest in IGM and a 27.8% effective equity interest in Pargesa. The Company is listed on the TSX.

Overview of PCC

PCC is a diversified international management and holding company with interests in companies in the financial services, asset management, sustainable and renewable energy, and other business sectors in North America, Europe and Asia. PCC's primary holding is a 64.1% equity interest in PFC. PCC also has equity interests in Sagard investment platforms and managerial funds, Power Energy, a manager of businesses in the sustainable and renewable energy sector, and CAMC, an investment management company located in China. PCC is listed on the TSX.

Definition of Fair Market Value

For purposes of the Valuations, fair market value means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. In preparing the valuation of the PFC Shares, RBC has not made any downward adjustment to the value of the PFC Shares to reflect the liquidity of the PFC Shares, the effect of the Reorganization or the fact that the PFC Shares held by PFC Minority Shareholders do not form part of a controlling interest. As discussed under "Valuation of the PCC Shares", RBC has valued the PCC Shares on the basis of their expected market trading value pro forma completion of the Reorganization. The context in which the Valuations are used in preparing the Fairness Opinion is described more fully under "Fairness Opinion - Factors Considered".

Valuation of the PFC Shares

Valuation Approach

RBC valued the PFC Shares on a going concern basis primarily relying on a net asset value ("NAV") approach. The NAV approach allows for the separate assessment of all assets and liabilities in the manner most appropriate to the nature of the particular asset or liability. Adjustments were made for balance sheet items including cash, debt, preferred shares and capitalized corporate general and administrative expenses ("PFC G&A"), which were either added to or subtracted from the asset values to arrive at the NAV of the PFC Shares.

Net Asset Value Analysis

There are eight components to the NAV of the PFC Shares:

(i) PFC's 66.8% equity interest in GWO (the "GWO Interest")
(ii) PFC's 62.1% equity interest in IGM (the "IGM Interest")
(iii) PFC's 27.8% effective equity interest in Pargesa (the "Pargesa Interest")

(iv) PFC's equity interests in various investment funds and private assets (the "PFC Investment Funds and Private Assets")
(v) cash and other balance sheet assets
(vi) debt and other balance sheet liabilities
(vii) preferred shares
(viii) the PFC G&A

A summary of RBC's NAV analysis of the PFC Shares is presented below.

Asset / Liability	Equity Interest (%)	Value ($ millions)	
		Low	High
GWO Interest	66.8%	$24,048	$28,056
IGM Interest	62.1%	$6,303	$7,450
Pargesa Interest	27.8%(1)	$3,249	$4,062
PFC Investment Funds & Private Assets	Various(2)	$325	$325
Subtotal		$33,926	$39,892
Cash and Other Balance Sheet Assets		$1,175	$1,175
Debt and Other Balance Sheet Liabilities		($964)	($964)
Preferred Shares		($2,531)	($2,531)
Total NAV – PFC Shares		**$31,607**	**$37,573**
PFC G&A(3)		($686)	($858)
Net NAV – PFC Shares		**$30,920**	**$36,715**
PFC Fully Diluted Shares (in millions)		664.6	664.6
PFC NAV / Share		**$46.52**	**$55.24**

Note: Numbers may not add due to rounding. Values in foreign currencies converted to Canadian dollars using market exchange rates as of market close on December 11, 2019

(1) Held through Parjointco N.V. ("Parjointco"), a jointly controlled corporation (50.0%). Parjointco owns 55.5% of Pargesa

(2) PFC Investments Funds and Private Assets include a 63.0% equity interest in Portag3 Ventures LP ("Portag3 I"), a 9.3% equity interest in Portag3 II Ventures LP ("Portag3 II"), various equity interests in funds managed by Putnam Investments ("Putnam Funds"), a 20.9% equity interest in Wealthsimple Financial Inc. ("Wealthsimple") and a 8.9% equity interest in Koho Financial Inc. ("Koho")

(3) Low and high of 8.0x to 10.0x multiplied by approximately $86 million of corporate general and administrative expenses

(i) GWO Interest

Valuation Approach

PFC owns a 66.8% equity interest in GWO. RBC did not perform a DCF analysis for GWO as it would have required current embedded value and appraisal value analysis, which GWO does not perform in the regular course of business. RBC instead primarily relied on a precedent transaction analysis to determine the value of the GWO Interest.

RBC also reviewed trading multiples of publicly traded comparable companies from the perspective of whether a public market value analysis might exceed precedent transaction values. However, RBC concluded that public company trading multiples implied values that were below precedent transaction values. Given the foregoing and that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

Precedent Transaction Analysis

RBC reviewed the available public information for Canadian life insurance company precedent transactions. RBC reviewed over twenty transactions since 1997 and selected five transactions as being the most relevant based on the size of GWO and the diversity of its underlying business segments. For the purposes of its analysis, RBC determined that the transactions set forth were the most comparable

to GWO, but noted that each transaction was: (i) unique in terms of size, timing, market position, business risks and opportunities for growth, profitability and transaction structure and (ii) reflective of the strategic rationale of both the respective acquirer and target. The primary criterion used in analyzing these transactions was a multiple of book value, while a multiple of net earnings was used as a secondary measure.

Announce Date	Acquiror	Target	Equity Value ($ millions)	Equity Value / Book Value	Equity Value / Net Earnings
3-Sept-14	Manulife	Standard Life's Canadian Assets	$4,000	1.9x	19.5x
17-Feb-03	Great-West Lifeco Inc.	Canada Life Financial Corp.	$7,200	2.1x	14.6x
17-Dec-01	Sun Life Financial	Clarica Life Insurance Company	$7,300	2.4x	17.4x
13-Mar-98	Mutual Life of Canada	Metropolitan Life	$1,200	1.8x	10.7x
19-Aug-97	Great-West Lifeco Inc.	London Insurance Group Inc.	$2,900	2.5x	21.3x
Mean				**2.1x**	**16.7x**
Median				**2.1x**	**17.4x**

In assessing a range of book value and net earnings multiples for GWO, RBC considered (i) the limited number of potential buyers which would have the ability to acquire GWO given its overall size and market share in certain segments of its business and (ii) the potential synergies which would be available to such buyers. RBC selected a multiple of book value range of 1.6x to 2.0x and a multiple of net earnings range of 14.0x to 16.0x as presented in the table below.

($ millions)	Low	High
Multiples of Book Value:		
GWO book value of common equity as at September 30, 2019	$22,443	$22,443
Multiples of Book Value	1.6x	2.0x
Implied Equity Value	**$35,909**	**$44,886**
Multiples of Net Earnings:		
Net earnings for trailing twelve months ending September 30, 2019	$2,556	$2,556
Multiples of Net Earnings	14.0x	16.0x
Implied Equity Value	**$35,784**	**$40,896**

Based on the foregoing, RBC has assessed a value of $36,000 million to $42,000 million for 100% of GWO, which equates to a value of $24,048 million to $28,056 million for the GWO Interest.

(ii) IGM Interest

Valuation Approach

PFC owns a 62.1% equity interest in IGM. IGM's major business segments include IG Wealth, Mackenzie Investments and Investment Planning Counsel (the "IGM Core Businesses"). IGM also holds an approximately 4.0% equity interest in GWO (the "IGM GWO Interest") and various equity interests in private assets (the "IGM Private Assets") and investment funds (the "IGM Investment Funds").

RBC primarily relied on a NAV approach in order to value the IGM Interest. The NAV approach allows for a separate assessment of all assets and liabilities in the manner most appropriate to the nature of the particular asset or liability. Adjustments were made for balance sheet items including cash and debt, which were either added to or subtracted from the asset values to arrive at the NAV of the IGM Interest.

Net Asset Value Analysis

There are five components to the NAV of the IGM Interest:

(a) the IGM Core Businesses
(b) the IGM GWO Interest
(c) the IGM Private Assets and Investment Funds
(d) cash
(e) debt

All of IGM's corporate general and administrative expenses were included in the cash flows and financial results of the IGM Core Businesses, and hence were not valued as a separate component of NAV. Similarly, IGM's other balance sheet assets and liabilities were also included in the IGM Core Businesses and, as such, were not valued as a separate component of NAV.

A summary of RBC's NAV analysis of the IGM Interest is presented below.

Asset / Liability	Ownership Interest (%)	Value ($ millions)	
		Low	High
IGM Core Businesses	100.0%	$9,500	$11,000
IGM GWO Interest	4.0%	$1,447	$1,688
IGM Private Assets and Investment Funds	Various[1]	$1,075	$1,179
Subtotal – Enterprise Value		$12,022	$13,867
Cash		$683	$683
Debt		($2,555)	($2,555)
NAV – IGM	100%	$10,150	$11,996
NAV – IGM Interest	62.1%	**$6,303**	**$7,450**

Note: Numbers may not add due to rounding
(1) Includes a 13.9% equity interest in CAMC, a 24.8% equity interest in Personal Capital Corporation ("Personal Capital"), a 46.8% equity interest in Wealthsimple, a 8.9% equity interest in Koho, a 18.5% equity interest in Portag3 I and a 9.3% equity interest in Portag3 II

(a) IGM Core Businesses

Valuation Approach

RBC primarily relied on a DCF analysis and precedent transaction analysis to value the IGM Core Businesses. RBC also reviewed trading multiples of publicly traded comparable companies from the perspective of whether a public market value analysis might exceed precedent transaction values. However, RBC concluded that public company trading multiples implied values that were below precedent transaction values. Given the foregoing and that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology

Discounted Cash Flow Analysis

The DCF approach takes into account the amount, timing and relative certainty of projected cash flows expected to be generated. The DCF approach requires that certain assumptions be made regarding, among other things, future cash flows, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values.

As a basis for the development of projected future unlevered cash flows for the IGM Core Businesses, RBC performed the following procedures: (i) reviewed management's 2020 to 2024

projections, (ii) reviewed supplementary analysis provided by management and (iii) held discussions with the IGM management team. Based on the foregoing, RBC determined that material adjustments to the assumptions in management's projections were not necessary, except for the annual net sales rate. RBC reduced the annual net sales rate in management's projections to an average of approximately 2.5% of assets under management ("AuM") per annum (the "RBC Sensitivity Case"), which more closely approximated historical results for the IGM Core Businesses and the growth rate outlook for the Canadian asset management industry.

Pursuant to the terms of a non-disclosure agreement by and between PCC, PFC and IGM, (the "NDA"), no confidential information of IGM may be disclosed in the Valuations, including the projected future unlevered cash flows for the IGM Core Businesses without the consent of IGM. The projected future unlevered cash flows for the IGM Core Businesses were made available to and taken into account by RBC in valuing the IGM Core Businesses. IGM, relying on its rights under the NDA, did not consent to the disclosure of the unlevered cash flows for the IGM Core Businesses following a request by the Special Committee as this disclosure is not made publicly available by IGM. In entering into the NDA, the Special Committee considered, among other things, IIROC Rule 29.22, and as a result, and having regard to PFC's obligations under the NDA, the Special Committee decided that the perceived detriment to PFC of the disclosure of the projected future unlevered cash flows for the IGM Core Businesses in the Valuations outweighed the benefit of disclosure of such information to the readers of the Valuations and instructed RBC not to disclose the projected future unlevered cash flows for the IGM Core Businesses in the Valuations.

RBC selected a range of discount rates from 9.0% to 10.0% to apply to the projected unlevered free cash flows in the RBC Sensitivity Case. RBC believes that this range of discount rates reflects (i) the risk inherent in the IGM Core Businesses based on current market conditions and the competitive environment and (ii) ranges used by financial and industry participants in evaluating assets of this nature. The multiple range used to calculate the terminal value was based on enterprise value / EBITDA multiples in 2024 ranging from 9.0x to 11.0x. These multiples were selected based on (i) RBC's analysis of precedent company transaction multiples, as subsequently disclosed; (ii) an assessment of the risk and growth prospects for the IGM Core Businesses beyond the terminal year and (iii) the long-term outlook for the Canadian investment management industry beyond the terminal year.

The DCF approach, taking into consideration the RBC Sensitivity Case as described above, resulted in an enterprise value range of $10,628 million to $12,766 million for the IGM Core Businesses.

Precedent Transaction Analysis

RBC reviewed the available public information for Canadian and major International asset and wealth management precedent transactions. RBC reviewed over fifty transactions since 2009 and selected nine transactions as being the most relevant based on total AuM and the nature of each company's operations compared to the IGM Core Businesses. For the purposes of its analysis, RBC determined that the transactions set forth were the most comparable to IGM, but noted that each transaction was: (i) unique in terms of size, geography, timing, market position, business risks and opportunities for growth, profitability and transaction structure and (ii) reflective of the strategic rationale of both the respective acquirer and target. The primary criterion used in analyzing these transactions was a multiple of EBITDA.

Announce Date	Acquiror	Target	Currency	AuM ($ millions)	Enterprise Value ($ millions)	Enterprise Value / EBITDA
22-Mar-19	Onex Corporation	Gluskin Sheff + Associates Inc.	CAD	$8,191	$445	9.1x
13-Mar-19	Brookfield Asset Management	Oaktree Capital Group LLC	USD	$120,000	$4,700	11.4x
31-Oct-18	MUFG	Colonial First State Group	AUD	$210,000	$4,000	12.4x
01-May-18	Scotiabank	MD Financial	CAD	$48,000	$2,585	22.3x
10-Aug-17	CI Financial Corp	Sentry Investments	CAD	$19,100	$780	9.0x
06-Mar-17	Standard Life Plc	Aberdeen Asset Management	GBP	$312,100	$3,800	11.3x
14-Feb-17	SoftBank Group	Fortress Investment Group	USD	$70,100	$3,300	10.3x
12-Dec-16	Amundi	Pioneer Investments	EUR	$222,000	$3,545	11.4x
04-Oct-16	Henderson Group Plc	Janus Capital Group, Inc	USD	$195,000	$2,610	7.2x
Mean						**11.6x**
Median						**11.3x**

Following such review, RBC selected a multiple of EBITDA[1] range of 9.0x to 11.0x, resulting in an enterprise value of $9,123 million to $11,150 million for the IGM Core Businesses.

Value of IGM Core Businesses

Based on the foregoing analysis, RBC has assessed the value of the IGM Core Businesses as $9,500 million to $11,000 million.

(b) IGM GWO Interest

To determine the value of IGM's GWO Interest, RBC multiplied the value range RBC determined for 100% of the GWO shares of $36,000 million to $42,000 million, as previously disclosed, by the approximately 4.0% equity interest owned by IGM. This resulted in a value range of $1,447 million to $1,688 million for IGM's GWO Interest.

(c) IGM Private Assets and Investment Funds

The IGM Private Assets include a 24.8% equity interest in Personal Capital, a 46.8% equity interest in Wealthsimple, a 8.9% equity interest in Koho and a 13.9% equity interest in CAMC.

RBC determined that the most appropriate way to value the investments in Personal Capital, Wealthsimple and Koho was to use the value implied by the latest rounds of financing for each of the companies as of February 2019, May 2019 and November 2019, respectively. The resulting value for 100% of each of the companies was then multiplied by IGM's equity interest, yielding an aggregate value of $457 million for Personal Capital, Wealthsimple and Koho.

RBC relied primarily on a DCF analysis and precedent transaction analysis to value IGM's equity interest in CAMC. RBC did not rely on a review of public company trading multiples, given the limited universe of publicly listed, pure-play Chinese asset managers.

Ten year levered free cash flow projections prepared by IGM management were provided to RBC. RBC reviewed the assumptions in the projections and determined that material adjustments were not necessary. RBC selected a range of discount rates from 12.0% to 15.0% to apply to the projected levered cash flows which RBC deemed to reflect (i) the risk inherent in CAMC give its current stage of development and geographic location and (ii) ranges used by financial and industry participants in evaluating assets of this nature. The multiple range used to calculate the terminal value was based on

[1] EBITDA for IGM Core Businesses after sales commission and excluding income attributable to IGM GWO Interest, IGM Private Assets, and IGM Investment Funds

price / net earnings multiples of 15.0x to 17.0x in 2029 and was selected based on (i) RBC's analysis of precedent transaction multiples for Chinese asset management companies; (ii) an assessment of the risk and growth prospects for CAMC beyond the terminal year and (iii) the long-term outlook for the Chinese asset management industry beyond the terminal year. RBC also applied a minority discount of 20% to the DCF valuation to account for IGM's non-controlling stake in CAMC.

RBC also reviewed the available public information for Chinese asset management company precedent transactions since 2010 and selected seven transactions as being the most relevant based on the total AUM and scope of operations. For the purposes of its analysis, RBC determined that the transactions selected were the most comparable to CAMC, but noted that each transaction was: (i) unique in terms of size, timing, market position, business risks and opportunities for growth, profitability and transaction structure and (ii) reflective of the strategic rationale of both the respective acquirer and target. The primary criterion used in analyzing these transactions was a multiple of net earnings. RBC selected a multiple range of 17.0x to 19.0x of net earnings.

Based on the foregoing, RBC determined the value of IGM's equity interest in CAMC to be $574 million to $679 million (using the RMB to CAD exchange rate as of market close on December 11, 2019), which, when combined with the value of Personal Capital, Wealthsimple and Koho, resulted in an aggregate value of $1,032 million to $1,136 million for the IGM Private Assets.

The IGM Investment Funds consist of a 18.5% equity interest in Portag3 I and a 9.3% equity interest in Portag3 II. To determine the value of the IGM Investments Funds, RBC reviewed a combination of (i) the most recent limited partner report prepared for Portag3 II as at September 30, 2019, (ii) term sheets from the latest financing rounds for select Portag3 I and II direct investments and (iii) internal valuations prepared by management of the Portag3 funds. Based on the foregoing, RBC determined the value of the IGM Investment Funds to be $43 million.

(d) Cash

Cash represents the publicly reported balance of $683 million as at September 30, 2019.

(e) Debt

Debt of IGM includes (i) several senior unsecured bonds with a publicly reported face value of $2,100 million as at September 30, 2019 and a market trading value of $2,458 million as of market close on December 11, 2019 and (ii) capital leases of $97 million as at September 30, 2019. RBC used the market trading values of IGM's publicly traded bonds to reflect the present value of these liabilities. Adding the market trading value of debt to the amount of capital leases resulted in a total value of $2,555 million.

Valuation of IGM Interest

Based on the foregoing analysis, RBC has assessed the value of 100% of the common shares of IGM as $10,150 million to $11,996 million, which equates to a value of $6,303 million to $7,450 million for the IGM Interest.

(iii) Pargesa Interest

Approach to Valuation

To determine the value of the Pargesa Interest, RBC primarily relied on the NAV approach. The NAV approach allows for the separate assessment of all assets and liabilities in the manner most

appropriate to the nature of the particular asset or liability. Adjustments were made for balance sheet items including cash and debt, which were either added to or subtracted from the asset values to arrive at the NAV of the Pargesa Interest.

Net Asset Value Analysis

There are four components to the NAV of the Pargesa Interest:

(a) GBL's equity interest in public companies (the "GBL Public Investments")
(b) GBL's equity interest in private holdings through Sienna Capital (the "GBL Sienna Capital Holdings")
(c) Corporate net debt of GBL ("GBL Net Debt")
(d) Corporate net debt of Pargesa ("Pargesa Net Debt")

A summary of RBC's NAV analysis of the Pargesa Interest is presented below.

Asset / Liability	**Value ($ millions)**	
	Low	**High**
GBL Public Investments	$26,072	$26,072
GBL Sienna Capital Holdings	$2,517	$2,517
GBL Net Debt	$956	$956
NAV – GBL	**$29,545**	**$29,545**
Pargesa Interest in GBL	*50.0%*	*50.0%*
GBL Flow-Through NAV to Pargesa[1]	$14,773	$14,773
Pargesa Net Debt	($137)	($137)
"Look-Through" NAV – Pargesa	**$14,636**	**$14,636**
Trading Discount	*20.0%*	*0.0%*
Discounted "Look-Through" NAV – Pargesa[2]	**$11,709**	**$14,636**
PFC Interest in Pargesa[3]	*27.8%*	*27.8%*
Value of Pargesa Interest	**$3,249**	**$4,062**

Note: Numbers may not add due to rounding. Values in foreign currencies converted to Canadian dollars using market exchange rates as of market close on December 11, 2019

(1) GBL flow-through value to Pargesa calculated as GBL NAV of $29,545 million, multiplied by Pargesa's equity interest in GBL of 50.0%
(2) Pargesa discounted NAV calculated by applying a range of discounts from 0.0% to 20.0% to the Pargesa NAV of $14,636 million
(3) Held through Parjointco, a jointly controlled corporation (50.0%). Parjointco owns 55.5% of Pargesa.

(a) GBL Public Investments

The GBL Public Investments consist of equity interests in various large capitalization public companies. With the exception of Imerys S.A., all holdings represent minority positions. RBC calculated the market trading value of the GBL Public Investments as of market close on December 11, 2019 and adjusted for (i) a 30% control premium to the market value of Imerys S.A. to reflect GBL's majority equity interest and (ii) the obligation to deliver Total S.A. shares under a forward contract to be settled in January 2020. The foregoing values were converted to Canadian dollars using the market exchange rate as of market close on December 11, 2019, resulting in a value of $26,072 million.

(b) GBL Sienna Capital Holdings

The GBL Sienna Capital Holdings consist primarily of limited partnership interests in various private equity funds. To determine the value of the GBL Sienna Capital Holdings, RBC used the values implied by the most recent limited partner reports, where available, as well as values publicly disclosed

by GBL as at September 30, 2019. The foregoing value was converted to Canadian dollars using the market exchange rate as of market close on December 11, 2019, resulting in a value of $2,517 million.

(c) GBL Net Debt

The GBL Net Debt includes (i) cash of €2,064 million as publicly reported as at September 30, 2019, (ii) out of the money exchangeable bonds with a publicly reported face value of €750 million as at September 30, 2019, (iii) bank debt with a publicly reported face value of €81 million as at September 30, 2019, (iv) GBL treasury shares with a balance sheet value of €457 million as at September 30, 2019 and (v) senior unsecured bonds with a publicly reported face value of €1,000 million as at September 30, 2019 and a market trading value of €1,040 million as of market close on December 11, 2019. RBC used the market trading values of GBL's publicly traded bonds to reflect the present value of these liabilities. The aggregate of the foregoing values was converted to Canadian dollars using the market exchange rate as of market close on December 11, 2019, resulting in a value of $956 million (representing an asset balance).

(d) Pargesa Net Debt

The Pargesa Net Debt mainly consists of (i) cash and bank debt with a publicly reported face value of CHF53 million (representing an asset balance) as at September 30, 2019 and (ii) a senior unsecured bond with a publicly reported face value of CHF150 million and a market trading value of CHF155 million as of market close on December 11, 2019. RBC used the market trading values of Pargesa's publicly traded bonds to reflect the present value of these liabilities. The sum of the foregoing values was $137 million after converting to Canadian dollars using market exchange rates as of market close on December 11, 2019.

Trading Discount

In assessing a range of potential trading value discounts to Pargesa, RBC reviewed current and historical trading discounts to NAV for Pargesa on a "look through" basis (i.e. using the NAV of Pargesa's interest in GBL rather than GBL's trading value when calculating the NAV of Pargesa) to the market value of the underlying assets. Pargesa currently trades at a 38% discount to its publicly reported "look-through" NAV and has typically traded in the range of a 30% to 35% discount. RBC also considered that any potential acquirer of the Pargesa Interest would inherit the double holding company structure of Pargesa and GBL along with the associated corporate overhead costs.

Based on the historical trading value discounts, the fact that PFC indirectly owns a 27.8% interest in Pargesa and other qualitative factors considered by RBC, RBC has assessed the value of the Pargesa Interest at no discount to "look through" NAV at the high end of RBC's range and a 20% discount to "look-through" NAV at the low end of RBC's range.

Value of Pargesa Interest

Based on the foregoing analysis, RBC has assessed the value of the Pargesa Interest as $3,249 million to $4,062 million.

(iv) PFC Investment Funds and Private Assets

The PFC Investment Funds consists of a 63.0% equity interest in Portag3 I, a 9.3% equity interest in Portag3 II and equity interests in various Putnam Funds. To determine the value of the PFC Investment Funds, RBC reviewed a combination of (i) the most recent limited partner report prepared for Portag3 II as of September 30, 2019, (ii) term sheets from the latest financing rounds for select

Portag3 I and II direct investments and (iii) internal valuations prepared by management of the Portag3 I and II funds and Putnam Funds.

The PFC Private Assets include a 20.9% equity interest in Wealthsimple and a 8.9% equity interest in Koho. RBC determined that the most appropriate way to value the investments in Wealthsimple and Koho was to use the value implied by the latest rounds of financing for each of Wealthsimple and Koho as of May 2019 and November 2019, respectively. The resulting value for 100% of each of the companies was then multiplied PFC's equity interest.

Based on the foregoing, RBC has assessed the value of the PFC Investment Funds and Private Assets to be $325 million.

(v) Cash and Other Balance Sheet Assets

Cash of $1,042 million and other balance sheet assets of $133 million, representing a total of $1,175 million, were valued using publicly reported balances as at September 30, 2019. Other balance sheet assets of $133 million include $83 million of dividends receivable, $21 million of fixed assets, and $29 million of accounts receivable.

(vi) Debt and Other Balance Sheet Liabilities

Debt and other balance sheet liabilities of PFC includes (i) debt with a publicly reported face value of $250 million as at September 30, 2019 and market trading value of $341 million as of market close on December 11, 2019 and (ii) other balance sheet liabilities of $623 million, which includes $337 million of dividends payable, $182 million of accrued benefit liabilities and $104 million of accounts payable. RBC used the market trading values of PFC's publicly traded debt to reflect the present value of these liabilities. Adding the market trading value of debt to the other balance sheet liabilities resulted in a total value of $964 million.

(vii) Preferred Shares

Preferred shares include PFC's preferred shares outstanding with a publicly disclosed par value of $2,830 million as at September 30, 2019 and a market trading value of $2,531 million as of market close on December 11, 2019. RBC used the market trading values of PFC's publicly traded preferred shares to reflect the present value of these instruments.

(viii) PFC G&A

RBC valued the PFC G&A by applying a 8.0x to 10.0x multiple to pre-tax expenses of approximately $86 million, resulting in a value of $686 million to $858 million.

Benefits to PCC of Acquiring the PFC Shares Held by PFC Minority Shareholders

In arriving at our opinion of the value of the PFC Shares, we reviewed and considered whether any distinctive material value will accrue to PCC through the acquisition of all the PFC Shares held by PFC Minority Shareholders as contemplated in the Reorganization. We concluded that there were no material specific operational or financial benefits that would accrue to PCC such as the earlier use of available tax losses, lower income tax rates, increased revenues, higher asset utilization or any other operational or financial benefits, other than the elimination of public company costs and certain duplicative management expenses.

Valuation Conclusion – PFC Shares

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the fair market value of the PFC Shares, determined on an "en bloc" basis as required under MI 61-101 (as more fully described under "Definition of Fair Market Value"), is in the range of $46.50 to $55.00 per share.

Valuation of the PCC Shares

Valuation Methods

In assessing the value of the PCC Shares being offered to PFC Minority Shareholders, RBC relied on the expected market trading value approach for the PCC Shares, pro forma the Reorganization, in view of the following: (i) since PFC Minority Shareholders will individually be receiving a minority interest in PCC and will not be able to affect the control of PCC, RBC concluded it was not appropriate to consider methodologies to assess the value of the PCC Shares that are based on the assumption of a change of control transaction or on "en bloc" values; (ii) PCC is well followed by equity market analysts and trades on a comparable basis and in a manner consistent with other comparable, publicly traded companies in North America; and (iii) the liquidity of the PCC Shares.

In determining the value of the PCC Shares, RBC relied primarily on an estimated trading value discount to the NAV of the PCC Shares pro forma the Reorganization.

Under this methodology, RBC calculated the pro forma NAV of the PCC Shares using two approaches:

1) Values publicly reported by PFC and PCC (the "Publicly Reported Values"), which comprise:
   i) The public market trading values of the GWO Interest, IGM Interest and Pargesa Interest as of market close on December 11, 2019, plus
   ii) The values publicly reported by PFC as at September 30, 2019 for the PFC Investment Funds and Private Assets, plus
   iii) The values publicly reported by PCC as at September 30, 2019 for PCC's non-PFC assets and liabilities, less
   iv) The publicly reported face values of PFC's and PCC's publicly traded debt and preferred shares as reported by each of PFC and PCC as at September 30, 2019

2) Values determined by RBC (the "RBC Values"), which comprise:
   i) The public market trading values of the GWO Interest, IGM Interest and Pargesa Interest as of market close on December 11, 2019, plus
   ii) The values determined by RBC for the PFC Investment Funds and Private Assets as described under "Valuation of the PFC Shares", plus
   iii) The values of PCC's non-PFC assets and liabilities as described in this section, less
   iv) The public market trading values of PFC's and PCC's publicly traded debt and preferred shares as of market close on December 11, 2019

Under both approaches, RBC adjusted for the impact of the following:

1) Issuance of 6.1 million PPS to (i) Pansolo, representing the high end of the range of 5.0 to 6.0 million PPS that Pansolo intends to purchase in accordance with its pre-emptive right to acquire a number of PPS equal to 12.0% of the number of PCC Shares issued pursuant to the Reorganization (the "PPS Pre-Emptive Rights"") and (ii) non-Pansolo holders of PPS, assuming full exercise of their PPS Pre-Emptive Rights and,

2) The PCC dividend payable March 31, 2020 to shareholders of record February 5, 2020

RBC believes that corporate general and administrative expenses are one of the factors reflected in the trading value discount the market applies to NAV. RBC did not include capitalized corporate general and administrative expenses under either of these approaches given the foregoing and that equity research analysts do not include this in their published NAV figures as well.

RBC selected a trading value discount to apply to the calculated NAV of the PCC Shares under both approaches in order to arrive at a range of estimated market trading prices.

Net Asset Value Analysis

A summary of RBC's NAV analysis of the PCC Shares is presented below.

Asset / Liability	Ownership Interest (%)	Publicly Reported Values ($ millions)	RBC Values[1] ($ millions)
PFC Assets and Liabilities			
GWO Interest	66.8%	$20,505	$20,505
IGM Interest	62.1%	$5,641	$5,641
Pargesa Interest	27.8%[2]	$2,485	$2,485
PFC Investment Funds & Private Assets	Various[3]	$324	$325
Cash and Other Balance Sheet Assets		$1,175	$1,175
Debt and Other Balance Sheet Liabilities		($873)	($964)
Preferred Shares		($2,830)	($2,531)
Total NAV – PFC Shares		**$26,427**	**$26,637**
PCC Non-PFC Assets and Liabilities			
Sagard Investment Funds and Managers[4]	Various[5]		$796
Sagard China	100%		$717
Power Energy	Various[6]		$952
CAMC	13.9%		$627
Other Owned Businesses	Various[7]		$423
Other Fund Investments	Various		$152
Subtotal		$3,479	$3,667
Cash		$495	$495
Other Balance Sheet Assets		$440	$440
Debt and Other Balance Sheet Liabilities		($1,146)	($1,317)
Preferred Shares		($961)	($954)
Assumed Cash from PPS Exercise		$193	$193
PCC Dividend		($173)	($173)
Total NAV - Pro Forma PCC		**$28,754**	**$28,989**
Pro Forma Fully Diluted Shares (millions)[8]		684.9	684.9
Total NAV per Share - Pro Forma PCC		**$41.99**	**$42.33**
Trading Discount		**22%**	**20%**
Assessed Value of PCC Shares		**$32.75**	**$33.86**

Note: Numbers may not add due to rounding. Values in foreign currencies converted to Canadian dollars using market exchange rates as of market close on December 11, 2019

(1) Represents the midpoint of ranges determined by RBC

(2) Held through Parjointco, a jointly controlled corporation (50.0%). Parjointco owns 55.5% of Pargesa

(3) PFC Investment Funds and Private Assets include a 63.0% equity interest in Portag3 I, a 9.3% equity interest in Portag3 II, various equity interests Putnam Funds, a 20.9% equity interest in Wealthsimple and a 8.9% equity interest in Koho

(4) Represents Sagard Europe and Sagard Holdings (excluding Sagard Holdings' 91.6% equity interest in IntegraMed America, Inc. ("IntegraMed"), 42.6% equity interest in Peak Achievement Athletics Inc. ("Peak"), 21.5% equity interest in GP Strategies Corporation ("GP Strategies"), and approximately 10.0% equity interest in Jaguar Health, Inc. ("Jaguar Health"))

(5) *Includes a 22.0% equity interest in Sagard II LP ("Sagard II"), a 37.3% equity interest in Sagard 3 LP ("Sagard 3"), a 18.0% equity interest in Sagard Credit Partners LP ("Sagard Credit"), 100.0% equity interest in Sagard Healthcare Royalty Partners LP ("Sagard Healthcare"), a 4.7% interest in Portag3 II and a 0.7% equity interest in LingFeng Capital Partners LP ("LingFeng"). Also includes $132 million of other net assets (primarily cash) as at September 30, 2019 and ownership of various fund managers ("Sagard Fund Managers")*

(6) *Includes a 100.0% equity interest in Potentia Renewables Inc. ("Potentia"), a 60.5% equity interest in Lumenpulse Group Inc. ("Lumenpulse"), a 100.0% equity interest in Nautilus Solar Energy, LLC ("Nautilus") and a 44.2% equity interest in The Lion Electric Co. ("Lion")*

(7) *Includes Sagard Holdings' equity interests in IntegraMed, Peak, GP Strategies, and Jaguar Health as well as a 8.9% equity interest in Bellus Health Inc. ("Bellus Health")*

(8) *Includes 6.1 million of PPS issuance*

(i) PFC Assets and Liabilities

Values for the GWO Interest, IGM Interest and Pargesa Interest were based on the share prices for these companies as of market close on December 11, 2019 and PFC's ownership interests in these companies. As a result, values are the same under the Publicly Reported Values and RBC Values approaches.

Values for PFC Investment Funds and Private Assets under the Publicly Reported Values approach reflect values publicly reported by PFC as at September 30, 2019. The RBC Values for these assets are described under "Valuation of the PFC Shares".

Cash and other balance sheet assets are valued using publicly reported balances as at September 30, 2019. As a result, values are the same under the Publicly Reported Values and RBC Values approaches.

Debt and other balance sheet liabilities include (i) debt with a publicly reported face value of $250 million as at September 30, 2019 and market trading value of $341 million as of market close on December 11, 2019 and (ii) other balance sheet liabilities of $623 million, which includes $337 million of dividends payable, $182 million of accrued benefit liabilities and $104 million of accounts payable. The Publicly Reported Values approach uses face value while the RBC Values approach uses market trading value. RBC used the market trading values of PFC's publicly traded bonds to reflect the present value of these liabilities.

Preferred shares include PFC's preferred shares outstanding. The Publicly Reported Values approach includes these amounts at their par value as at September 30, 2019, while the RBC Values approach uses the market trading values as of market close on December 11, 2019. RBC used the market trading values of PFC's publicly traded preferred shares to reflect the present value of these instruments.

(ii) PCC Non-PFC Assets and Liabilities

Values for the PCC non-PFC assets and liabilities under the Publicly Reported Values approach reflect values publicly reported by PCC as at September 30, 2019. Values for the PCC non-PFC assets and liabilities under the RBC Values approach are as described below.

(a) Sagard Investment Funds and Managers

Sagard II and Sagard 3 were valued based on the most recent limited partner reports as of June 30, 2019, adjusted for two new investments (at cost) made since June 30, 2019 and an upward adjustment for one asset which is expected to be reflected in the December 31, 2019 limited partner reports. Sagard Credit was valued using the carrying value as per the latest limited partner report as of September 30, 2019. Sagard Healthcare was valued based on management's DCF of the single royalty investment held in this fund as at September 30, 2019. Portag3 II was valued using the most

recent limited partner report as of September 30, 2019. The investment in LingFeng is nominal (less than $1 million) and was included at its carrying value.

Sagard Fund Managers includes 100.0% equity interests in the managers of Sagard II, Sagard 3, Sagard Credit, Portag3 and Diagram Ventures funds (all of which manage third party assets). On an aggregate basis, the fees earned by the foregoing Sagard Investment Fund Managers do not currently cover their costs and future profitability is dependent on raising additional third party capital and / or launching new funds. As a result, RBC determined not to use a DCF analysis or precedent transaction multiples based on profitability metrics. Instead, RBC relied primarily on precedent transaction analysis using precedent transaction enterprise value / AuM multiples applied to external assets under management. RBC also reviewed trading multiples of publicly comparable companies from the perspective of whether a public market value analysis might exceed precedent transaction values. However, RBC concluded that public company trading multiples implied values that were below precedent transaction values. Given the foregoing and that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

Based on the foregoing, RBC has assessed the value of PCC's interests in the Sagard Investment Funds and Managers to be $770 million to $822 million.

(b) Sagard China

Sagard China is a wholly owned investment fund that invests in Chinese public equities. RBC valued Sagard China using the value of the underlying portfolio of securities based on the portfolio holdings provided as at October 28, 2019 and trading prices as at market close on December 11, 2019.

(c) Power Energy

Power Energy consists of ownership interests in four businesses:

i) Potentia: a developer, owner, and operator of renewable energy assets primarily located in Canada
ii) Lumenpulse: a global manufacturer of specification-grade LED lighting solutions for commercial, institutional, and urban environments
iii) Nautilus: a solar acquisition, development and asset management company in the US market
iv) Lion: a North American manufacturer of electric trucks and buses

RBC valued Potentia and Lumenpulse using a DCF analysis and precedent transaction analysis. RBC also reviewed trading multiples of publicly traded comparable companies from the perspective of whether a public market value analysis might exceed precedent transaction values. However, RBC concluded that public company trading multiples implied values that were below precedent transaction values. Given the foregoing and that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology. RBC valued Nautilus and Lion based on total equity invested to date given that Nautilus was a recent acquisition (July 2019), and Lion is only now starting to see growth materialize at a level consistent with what was expected based on the initial forecast on acquisition in 2017.

For Potentia, 36 year levered free cash flow projections were provided for the contracted assets. RBC reviewed the projections and determined that material adjustments were not necessary. RBC selected a range of discount rates of 7.5% to 8.5% to apply to the projected levered cash flows, which RBC deemed to reflect (i) the risk inherent in contracted Canadian solar and wind assets based on current market conditions and (ii) ranges used by financial and industry participants in evaluating

similar assets. No terminal value was assumed as the projections run to the end of the asset lives. RBC also reviewed the available public information for Canadian independent power producer precedent transactions. RBC reviewed 13 transactions since 2009 and selected two transactions as being the most relevant based on size and asset mix. For the purposes of its analysis, RBC determined that the transactions selected were the most comparable to Potentia, but noted that each transaction was: (i) unique in terms of size, asset mix, asset life, timing, market position, business risk and opportunities for growth, profitability and transaction structure and (ii) reflective of the strategic rationale of both the respective acquirer and target. The primary criterion used in analyzing these transactions was a multiple of EBITDA. Following such review, RBC selected a range of 15.0x to 17.0x EBITDA for Potentia.

For Lumenpulse, four year unlevered free cash flow projections were provided. RBC reviewed the projections, determined that material adjustments were not necessary, and extrapolated the forecast one year forward. RBC selected a range of discount rates of 12.0% to 14.0% to apply to the projected unlevered cash flows which RBC deemed to reflect (i) the risk inherent in Lumenpulse based on current market conditions and its stage of development and (ii) ranges used by financial and industry participants in evaluating similar businesses. The multiple range used to calculate the terminal value was based on enterprise value / EBITDA multiples in 2024 and was selected based on (i) RBC's analysis of precedent transaction multiples for commercial lighting companies, (ii) an assessment of the risk and growth prospects for Lumenpulse beyond the terminal year, and (iii) the long-term outlook for the commercial lighting industry beyond the terminal year. The selected terminal EBITDA multiple range for Lumenpulse was 8.0x to 10.0x. RBC also reviewed the available public information for North American commercial lighting precedent transactions. RBC reviewed five transactions since 2012 and selected four transactions as being the most relevant based on size and business mix. For the purposes of its analysis, RBC determined that the transactions selected were the most comparable to Lumenpulse, but noted that each transaction was: (i) unique in terms of size, timing, market position, business risks and opportunities for growth, profitability and transaction structure and (ii) reflective of the strategic rationale of both the respective acquirer and target. The primary criterion used in analyzing these transactions was a multiple of EBITDA. Following such review, RBC selected a range of 10.0x to 13.0x EBITDA for Lumenpulse.

Based on the foregoing, RBC has assessed the value of Power Energy to be $837 million to $1,068 million.

(d) CAMC

PCC owns the same percentage interest in CAMC as IGM. Therefore, the value is the same as described for IGM under "Valuation of the PFC Shares".

(e) Other Owned Businesses

Other owned businesses consists of ownership interests in the following five businesses:

i) IntegraMed: develops, markets, and manages specialty outpatient healthcare facilities in North America, with a current focus on the fertility markets
ii) Peak: manufacturer of sporting goods sold globally
iii) GP Strategies: global performance improvement solutions provider of sales and technical training, digital learning solutions, management consulting, and engineering services; trades on NYSE
iv) Jaguar Health: commercial stage pharmaceutical company; trades on NASDAQ
v) Bellus Health: clinical stage biopharmaceutical company; trades on NASDAQ and TSX

For the equity interest in IntegraMed, value was primarily based on the potential sale value of the business. For the equity interest in Peak, the value was primarily based on a DCF analysis using an unlevered cash flow forecast, 12% discount rate, and 3% terminal year cash flow growth rate, all as provided by management. RBC reviewed the forecast and valuation inputs and determined that material adjustments were not necessary. For the equity interest in GP Strategies, value was based on a range of a 10% discount to 10% premium to the trading value at market close on December 11, 2019. For the equity interest in Jaguar Health (which has a value under $10 million), value was based on cost. For the equity interest in Bellus Health, value is based on trading value at market close on December 11, 2019.

Based on the foregoing, RBC has assessed the value of PCC's interests in the other owned businesses to be $398 million to $449 million.

(f) Other Fund Investments

Other fund investments include small holdings in various private equity and hedge funds. RBC valued these holdings at $152 million based on their financial reporting carrying values (fair value) as at September 30, 2019.

(iii) Cash and Other Balance Sheet Assets

Cash and other balance sheet assets were valued using publicly reported balances as at September 30, 2019. The values are the same under the Publicly Reported Values and RBC Values approaches. Other balance sheet assets of $440 million include $194 million of dividends receivable, $161 million of fixed assets, $75 million of other receivables, and $11 million of other assets.

(iv) Debt and Other Balance Sheet Liabilities

The Publicly Reported Values approach includes the carrying value of outstanding debt of PCC of $646 million as at September 30, 2019, whereas the RBC Values approach values the debt at its market trading value of $817 million as of market close on December 11, 2019. RBC used the market trading values of PCC's debt to reflect the present value of these liabilities.

Other balance sheet liabilities of $500 million are the same under both approaches and reflect publicly reported balances as at September 30, 2019. This amount includes $309 million of pension liabilities, $162 million of accounts payable and accrued liabilities, $13 million of dividends payable, and $17 million of other liabilities.

(v) Preferred Shares

The Publicly Reported Values approach includes the face value of outstanding preferred shares of PCC of $961 million as at September 30, 2019, whereas the RBC Values approach values the preferred shares at their market trading value of $954 million as of market close on December 11, 2019. RBC used the market trading values of PCC's preferred shares to reflect the present value of these instruments.

(vi) Assumed Cash from PPS Exercise

RBC made an adjustment to the pro forma PCC NAV under both approaches to account for the cash inflow from the purchase of 6.1 million PPS. RBC assumed the PPS would be acquired at the December 11, 2019 closing market trading price for PCC Shares of $31.72.

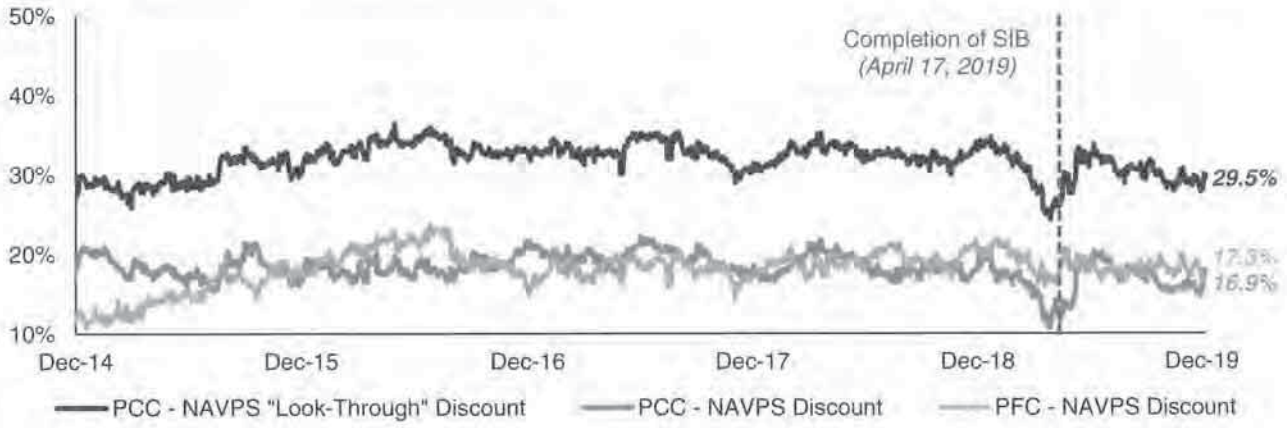
(vii) PCC Dividend

RBC made an adjustment to the pro forma PCC NAV under both approaches to account for the dividend payable March 31, 2020 to PCC shareholders of record on February 5, 2020. This adjustment was made as this dividend will be paid only to shareholders of record of PCC prior to completion of the Reorganization and hence the cash required to pay the dividend will not be an asset of PCC upon completion of the Reorganization.

Trading Value Discount to NAV

In assessing a range of trading value discounts for PCC pro forma the Reorganization, RBC reviewed current and historical trading discounts to NAV for PCC (i.e. based on the trading value of the PFC Shares), PCC on a "look through" basis (i.e. using the NAV of the PFC Shares held by PCC rather than their trading value) and PFC. In particular, RBC reviewed the discounts over the period since the close of PFC and PCC's Substantial Issuer Bids in April 2019.

A summary of the current and historical trading discounts to NAV for PCC, PCC on a "look through" basis and PFC is presented below.



In addition to considering current and historical trading discounts to NAV for PCC, PCC on a "look through" basis and PFC, RBC also considered a number of qualitative factors in assessing a range of trading value discounts for PCC pro forma the Reorganization, including:

i) The removal of the double holding company (i.e. PFC and PCC) structure
ii) The higher proportion of private assets in PCC pro forma the Reorganization as a percentage of NAV, as compared to PFC currently
iii) The higher proportion of corporate general and administrative expenses in PCC pro forma the Reorganization relative to NAV as compared to PFC currently
iv) The dual class share structure of PCC, as compared to the common share structure of PFC
v) The lack of coattail provisions on the PCC Shares

Based on the historical trading value discounts and qualitative factors considered by RBC, RBC has assessed a trading value discount range upon closing of the Reorganization of 20.0% to 22.0% of NAV.

Valuation Conclusion – PCC Shares

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the fair market value of the PCC Shares is in the range of $32.75 to $33.75 per share.

Fairness Opinion

Factors Considered

In assessing the fairness of the Consideration under the Reorganization from a financial point of view to the PFC Minority Shareholders, RBC did not consider it appropriate to compare the value of the Consideration, which was determined on an expected market trading value basis, to the value of the PFC Shares, which was determined on an "en bloc" basis as required by MI 61-101, for the following reasons:

i) Approximately 88% of PCC's NAV prior to the Reorganization is represented by its ownership of approximately 64% of the PFC Shares
ii) Upon completion of the Reorganization, PFC Minority Shareholders will continue to own a slightly higher percentage of the assets and liabilities of PFC than they currently own, and will also own that same percentage of PCC's assets and liabilities other than the PFC Shares currently owned by PCC
iii) Economically, PFC Minority Shareholders are receiving an incremental 0.7% interest in the PFC assets and liabilities they already own, plus a 36.7% interest in the PCC non-PFC assets and liabilities

In considering the fairness of the Consideration under the Reorganization from a financial point of view to the PFC Minority Shareholders, RBC viewed the Reorganization as economically equivalent to PFC acquiring the assets and liabilities of PCC other than the PFC Shares held by PCC and, therefore, we principally considered and relied upon the following:

i) a comparison of the consideration to be paid by PFC for the PCC non-PFC assets and liabilities to the value of such assets and liabilities; and
ii) a comparison of the Consideration to recent trading prices of the PFC Shares

Comparison of Consideration Paid by PFC for the PCC Non-PFC Assets and Liabilities to the Value of Such Assets and Liabilities

RBC determined the values of the PCC non-PFC assets and liabilities described under "Valuation of the PCC Shares" in the table below, including the deduction of a capitalized value of the incremental corporate general and administrative expenses of PCC.

Asset / Liability	Equity Interest (%)[1]	RBC Values ($ millions)	
		Low	High
PCC Non-PFC Assets and Liabilities			
Sagard Investment Funds and Managers[2]	Various	$770	$822
Sagard China	100%	$717	$717
Power Energy	Various	$837	$1,068
CAMC	13.9%	$574	$679
Other Owned Businesses[3]	Various	$402	$444
Other Fund Investments	Various	$152	$152
Subtotal		$3,452	$3,882
Cash		$495	$495
Other Balance Sheet Assets		$440	$440
Debt and Other Balance Sheet Liabilities		($1,317)	($1,317)
Preferred Shares		($954)	($954)
Assumed Cash from PPS Exercise		$193	$193
PCC Dividend		($173)	($173)
Total Before Capitalized Overhead		**$2,137**	**$2,566**
Capitalized Corporate General and Administrative Expenses[4]		($725)	($906)
Total – PCC Non-PFC Assets and Liabilities		**$1,412**	**$1,660**

Note: Numbers may not add due to rounding. Values in foreign currencies converted to Canadian dollars using market exchange rates as of market close on December 11, 2019

(1) For further details on equity interests, please refer to the summary of RBC's NAV analysis of the PCC Shares under "Valuation of the PCC Shares", subsection "Net Asset Value Analysis"

(2) Represents Sagard Europe and Sagard Holdings (excluding Sagard Holdings' equity interests in IntegraMed, Peak, GP Strategies Corporation, and Jaguar Health)

(3) Includes Sagard Holdings' equity interests in IntegraMed, Peak, GP Strategies, and Jaguar Health, as well as an equity interest in Bellus Health

(4) Low and high of 8.0x to 10.0x multiplied by approximately $91 million of corporate general and administrative expenses

Economically, PFC Minority Shareholders are receiving an incremental 0.7% interest in the PFC assets and liabilities they already own, plus a 36.7% interest in the PCC non-PFC assets and liabilities of $1,412 million to $1,660 million as determined above, without paying any consideration for these additional assets and liabilities, equating to a total incremental value of $746 million. A summary is presented below.

	($ millions)
Total NAV – PFC Shares (Midpoint RBC Values per page 18)	$26,637
Incremental Ownership	0.7%
Incremental PFC NAV	**$182**
PCC Non-PFC Assets and Liabilities (Midpoint RBC Values per above)	$1,536
Incremental Ownership	36.7%
Incremental PCC NAV	**$563**
Total Incremental Value	**$746**

Pro forma completion of the Reorganization, NAV per PFC Share increases as presented below.

	PFC ($ millions)	PCC Pro Forma Reorganization ($ millions)
Total NAV – PFC Shares (Midpoint RBC Values per page 18)	$26,637	$26,637
PCC Non-PFC Assets and Liabilities (Midpoint RBC Values per page 25)	$-	$1,536
Total NAV	**$26,637**	**$28,173**
Fully Diluted Shares (in millions)[1]	664.6	684.9
NAV per Share	**$40.08**	**$41.14**
NAV per Share * Exchange Ratio		**$43.19**
Accretion ($)		**$3.12**
Accretion (%)		**7.8%**

(1) Includes 6.1 million of PPS issuance

Comparison of the Consideration to Recent Trading Prices of the PFC Shares

As discussed under "Valuation of the PCC Shares", RBC is of the opinion that, as of the date hereof, the fair market value of the PCC Shares pro forma completion of the Reorganization is in the range of $32.75 to $33.75 per share. This equates to total Consideration of $34.40 to $35.45 per share when multiplied by the Exchange Ratio and $0.01 of cash is added. RBC compared the total Consideration of $34.40 to $35.45 to the closing price ($32.87) and 20-day VWAP ($32.67) of the PFC Shares at market close on December 11, 2019 and made the following observations:

i) $34.40 represents a 4.6% and 5.3% premium, respectively, to the closing price and 20-day VWAP of the PFC Shares at market close on December 11, 2019
ii) $35.45 represents a 7.8% and 8.5% premium, respectively, to the closing price and 20-day VWAP of the PFC Shares at market close on December 11, 2019

Fairness Conclusion

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the Consideration to be received by PFC Minority Shareholders under the Reorganization is fair from a financial point of view to the PFC Minority Shareholders.

Yours very truly,

RBC Dominion Securities Inc.

APPENDIX "D"

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX "E"

INTERIM ORDER

See attached.

Court File No. CV-20-00633830-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 10TH
	)	
JUSTICE DIETRICH	)	DAY OF JANUARY, 2020

IN THE MATTER OF an application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

AND IN THE MATTER OF Rule 14.05(2) of the *Rules of Civil Procedure*;

AND IN THE MATTER OF a proposed arrangement of Power Financial Corporation

POWER FINANCIAL CORPORATION

Applicant/Moving Party

INTERIM ORDER

THIS MOTION made by the Applicant, Power Financial Corporation (the "**Company**"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "**CBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on January 6, 2020 and the affidavit of Siim A. Vanaselja sworn January 8, 2020 (the "**Vanaselja Affidavit**"), including the Plan of Arrangement, which is attached to the arrangement agreement made as of December 12, 2019 between the Company and Power Corporation of Canada ("**PCC**")

(including the schedules thereto) (the "**Arrangement Agreement**") at Appendix "B" to the draft management proxy circular of the Company (the "**Information Circular**"), which is attached as Exhibit "A" to the Vanaselja Affidavit, and on hearing the submissions of counsel for the Company and counsel for PCC and on being advised that the Director appointed under the CBCA (the "Director") does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that the Company is permitted to call, hold and conduct a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of outstanding common shares in the capital of the Company ("**Common Shares**") to be held at the InterContinental Hotel, Sherwood-Stratton Hall, 360 Saint-Antoine St. W., Montréal, Québec H2Y 3X4 on Tuesday, February 11, 2020 at 9:00 a.m. (Eastern time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement, the Arrangement Agreement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of special meeting of Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of the Company, subject to what may be provided hereafter and subject to further order of this Court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting, or any adjournment or postponement thereof, shall be 5:00 p.m. (Eastern time) on Friday, December 27, 2019.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

a) the Shareholders or their respective proxyholders;

b) the officers, directors, auditors and advisors of the Company;

c) representatives and advisors of PCC;

d) the Director; and

e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Company may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Company and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders, together holding or representing by proxy not less than 25% of the votes attached to the Common Shares.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that the Company is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9 below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, provided same are: (i) to correct clerical errors, (ii) would not, if disclosed, reasonably be expected to affect a Shareholder's decision to vote, or (iii) are authorized by subsequent Court order, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented, shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement made after initial notice is provided as contemplated in paragraph 8 above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by e-mail, press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that the Company is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the

Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that the Company, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Company may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, subject to the extent section 253(4) of the CBCA is applicable, in order to effect notice of the Meeting, the Company shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy, voting instruction form and the letter of transmittal, along with such amendments or additional documents as the Company may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), as follows:

a) to the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of the Company, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of the Company;

ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

iii) by email, facsimile or other electronic transmission to any Shareholder, who is identified to the satisfaction of the Company, who requests such transmission in writing, and if required by the Company, who is prepared to pay the charges for such transmission;

b) to non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

c) to the respective directors and auditors of the Company, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that the Company is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order) (collectively, the "**Court Materials**") to the holders of outstanding options ("**Company Options**") to purchase Common Shares issued pursuant to the Company's employee stock option plan dated November 6, 1986, as the same may be amended from time to time (the "**Company Option Plan**"), by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b) above, or by email or other electronic transmission, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of the Company or its registrar at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by the Company to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that the Company is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as the Company may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9 above, be distributed by e-mail, press release, newspaper advertisement, pre-paid

ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that the Company is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as the Company may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. The Company is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as they may determine. The Company may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if the Company deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied

by this paragraph) provided that any instruments in writing delivered pursuant to section 148(4)(a)(i) of the CBCA must be deposited: (a) at the registered office of the Company as set out in the Information Circular at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting, or (b) with the Chairman of the Meeting prior to commencement of the Meeting on the day of the Meeting or any postponement or adjournment thereof.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Common Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Common Share, and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of:

a) at least two-thirds ($66^{2}/_{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders; and

b) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders, other than any other persons described in items (a) through (d) of section 8.1(2) of Multilateral

Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Regulatory Authorities, but subject to the exemptions noted therein and any exemptions granted thereunder.

Such votes shall be sufficient to authorize the Company to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Company (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each Common Share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder who holds Common Shares as of the close of business on the Record Date shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to the Company in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by the Company not later than 5:00 p.m. (Eastern Time) on February 7, 2020, or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Eastern time) on the date that is two Business Days before

the adjourned or postponed Meeting is reconvened or held, as the case may be, and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the "court" referred to in section 190 of the CBCA means this Court.

23. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

i) is ultimately determined by this Court to be entitled to be paid fair value for his, her or its Common Shares shall be deemed to have transferred those Common Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to PCC for cancellation in consideration for a claim against the Company equal to such fair value, which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted; or

ii) is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its Common Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall the Company, PCC, or any other person be required to recognize such Shareholders as holders of Common Shares of the Company at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from the Company's register of Shareholders at that time.

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, the Company may apply to this Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for the Company, with a copy to counsel for the Company and PCC, as soon as reasonably practicable, and, in any event, no less than 5 days before the hearing of this Application at the following addresses:

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8
Craig Lockwood and Lauren Harper
Tel: (416) 362-2111
Fax: (416) 862-6666
Lawyers for Power Financial Corporation

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Toronto, Canada M5L 1B9
R. Seumas M. Woods and Ryan Morris
Tel: 416-863-3876
Fax: 416-863-2653
Lawyers for Power Corporation of Canada

27. **THIS COURT ORDERS** that, subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

i) the Company;

ii) PCC;

iii) the Director; and

iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by the Company in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Service and Notice

30. **THIS COURT ORDERS** that the Applicants and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Company's Shareholders, creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of

clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Common Shares, and/or Company Options or the articles or by-laws of the Company, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that the Company shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

Dietrich J.

ENTERED AT / INSCRIT À TORONTO
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IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED;
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE;
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF POWER FINANCIAL CORPORATION

POWER FINANCIAL CORPORATION, APPLICANT

Court File No. CV-20-00633830-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

INTERIM ORDER

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8

Craig Lockwood (LSO#: 46668M)
Lauren Harper (LSO#: 70606L)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for the Applicant/Moving Party,
Power Financial Corporation

Matter No: 1205889

APPENDIX "F"

NOTICE OF APPLICATION FOR THE FINAL ORDER

See attached.

CV-20-00633830-00CL

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF an application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

AND IN THE MATTER OF Rule 14.05(2) of the *Rules of Civil Procedure*;

AND IN THE MATTER OF a proposed arrangement of Power Financial Corporation

POWER FINANCIAL CORPORATION

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on February 12, 2020 at 10 a.m. or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO

OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date January 6, 2020

Issued by

Local registrar C. Irwin Registrar

Address of court office 330 University Avenue, 9th floor Toronto, Ontario M5G 1R7

TO: **ALL COMMON SHAREHOLDERS OF POWER FINANCIAL CORPORATION**

AND TO: **ALL HOLDERS OF COMPANY OPTIONS OF POWER FINANCIAL CORPORATION**

AND TO: **THE DIRECTORS OF POWER FINANCIAL CORPORATION**

AND TO: **THE AUDITOR FOR POWER FINANCIAL CORPORATION**

AND TO: **THE DIRECTOR APPOINTED UNDER THE *CANADA BUSINESS CORPORATIONS ACT***

AND TO: **BLAKE, CASSELS & GRAYDON LLP**
199 Bay Street, Suite 4000
Toronto, Canada M5L 1B9

R. Seumas M. Woods (LSO#: 30169I)
Ryan Morris (LSO#: 50831C)
Tel: 416-863-3876
Fax: 416-863-2653

Lawyers for Power Corporation of Canada

APPLICATION

1. **THE APPLICANT, POWER FINANCIAL CORPORATION (the "Company"), MAKES APPLICATION FOR:**

(a) an order abridging the time and dispensing with the requirements for service of the application materials herein, as applicable;

(b) an interim order for advice and directions under section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), authorizing the Company to convene a special meeting of the holders of common shares in the capital of the Company (collectively, the "**Shareholders**") to consider and vote on a special resolution to approve a plan of arrangement of the Company under section 192 of the CBCA (the "**Arrangement**");

(c) a final order approving the Arrangement, pursuant to sections 192(3) and 192(4) of the CBCA; and

(d) such further and other relief as this Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

(a) the Company is a corporation incorporated pursuant to the CBCA, with its common shares listed on the Toronto Stock Exchange under the symbol "PWF";

(b) the Arrangement contemplates, among other things, each of the outstanding common shares in the capital of the Company ("**Common Shares**") not currently beneficially owned by Power Corporation of Canada ("**PCC**") or its wholly-owned subsidiaries being exchanged for: (i) 1.05 subordinate voting shares in the capital of PCC ("**PCC Subordinate Voting Shares**") and (ii) $0.01 in cash;

(c) the Arrangement further contemplates that PCC will assume the Company's employee stock option plan dated November 6, 1986, as the same may be amended from time to time (the "**Company Option Plan**") and each outstanding option to purchase Common Shares issued pursuant to the Company Option Plan

("**Company Option**") outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**Company Replacement Option**") which shall entitle the holder to purchase PCC Subordinate Voting Shares from PCC;

(d) the Arrangement is an "arrangement" as defined in section 192(1) of the CBCA;

(e) the Company is not insolvent within the meaning of s. 192(2) of the CBCA;

(f) it is not practicable for the Company to effect a fundamental change in the nature of the Arrangement other than pursuant to the provisions of section 192 of the CBCA;

(g) all statutory conditions under the CBCA have been or will have been fulfilled or, by the final return date of this Application, will have been fulfilled for the granting of approval of the proposed Arrangement;

(h) the Arrangement and application is put forward in good faith and for a valid business purpose;

(i) the Arrangement is fair and reasonable;

(j) section 192 of the CBCA;

(k) certain of the holders of equity in the Company and other interested persons are resident outside of Ontario and will be served at their addresses as they appear on the books and records of the Company pursuant to rule 17.02(n) of the *Rules of Civil Procedure* and/or pursuant to the terms of any Interim Order this Court may grant;

(l) Section 3(a)(10) of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), exempts from the registration requirements of the U.S. Securities Act those securities which are issued in exchange for bona fide outstanding securities, claims or property interests, or partly in exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved after a hearing by a court upon the fairness of such terms and conditions, at which all

persons to whom it is proposed to issue securities in such exchange shall have the right to appear. Based on the Court's approval of the Arrangement, PCC intends to rely upon this exemption under section 3(a)(10) of the U.S. Securities Act to issue shares of PCC to holders of common shares in the capital of the Company in the United States;

(m) Rules 1.04, 3.02, 14.05(2), 37, 38, and 39 of the *Rules of Civil Procedure*; and

(n) such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

(a) affidavit(s) to be sworn on behalf of the Company, with exhibits thereto; and

(b) such further and other materials as counsel may advise and this Court may permit.

January 6, 2020

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Craig T. Lockwood (LSO#: 46668M)
Lauren Harper (LSO#: 70606L)
Tel: (416) 362-2111
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Lawyers for the Applicant, Power Financial Corporation

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NOTICE OF APPLICATION

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8

Craig T. Lockwood (LSO#: 46668M)
Lauren Harper (LSO#: 58887N)

Tel: (416) 862-5988
Fax: (416) 862-6666

Lawyers for the Applicant, Power Financial Corporation

Matter No: 1205889

APPENDIX "G"

COMPARISON OF RIGHTS OF HOLDERS OF COMMON SHARES, RIGHTS OF HOLDERS OF PCC SUBORDINATE VOTING SHARES AND RIGHTS OF HOLDERS OF PCC PARTICIPATING PREFERRED SHARES

The chart below sets out certain details regarding the rights, including rights to dividends, entitlements on dissolution or winding up of the applicable corporation and voting rights, attaching to the Common Shares, the PCC Subordinate Voting Shares and the PCC Participating Preferred Shares.

Attribute	Common Shares	PCC Subordinate Voting Shares	PCC Participating Preferred Shares
Dividends	Subject to the rights of holders of the Company First Preferred Shares and the second preferred shares of the Company (which are described in the Company's most recent annual information form, which is incorporated by reference herein), each Common Share entitles the holder to receive any dividend on such share.	Subject to the rights of holders of the PCC Participating Preferred Shares and the first preferred shares of PCC (which are described in PCC's most recent annual information form, which is incorporated by reference in this Circular), each PCC Subordinate Voting Share entitles the holder to receive any dividend on such share.	Subject to the rights of holders of the first preferred shares of PCC, each PCC Participating Preferred Share entitles the holder to receive a non-cumulative dividend of $0.009375 per share per annum before any dividends are paid for the PCC Subordinate Voting Shares, and the further right to participate, share and share alike, with the holders of PCC Subordinate Voting Shares in any dividends that may be paid with respect to the PCC Subordinate Voting Shares after payment of a dividend of $0.009375 per share per annum on the PCC Subordinate Voting Shares.
Dissolution / winding up	Subject to the rights of holders of the Company First Preferred Shares and the second preferred shares of the Company (which are described in the Company's most recent annual information form, which is incorporated by reference herein), each Common Share entitles the holder to participate equally with all other holders of Common Shares in the remaining property of the Company on dissolution or winding-up.	Subject to the rights of holders of the PCC Participating Preferred Shares and the first preferred shares of PCC, each PCC Subordinate Voting Share entitles the holder to participate equally with all other holders of PCC Subordinate Voting Shares in the remaining property of PCC on dissolution or winding-up.	The holders of PCC Participating Preferred Shares, subject to the prior rights of the holders of the first preferred shares of PCC and by preference over the holders of the PCC Subordinate Voting Shares or any other shares ranking junior to the PCC Participating Preferred Shares, are entitled to receive an amount equal to $0.421875 per share plus any declared and unpaid dividends.

Attribute	Common Shares	PCC Subordinate Voting Shares	PCC Participating Preferred Shares
Voting	Each Common Share entitles the holder to one vote at all meetings of Shareholders (other than meetings exclusively of another class or series of shares) provided that holders of Common Shares are not entitled to vote separately as a class in the case of an amendment to the articles of the Company referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA.	Each PCC Subordinate Voting Share entitles the holder to one vote at all meetings of PCC shareholders (other than meetings exclusively of another class or series of shares) provided that holders of PCC Subordinate Voting Shares are not entitled to vote separately as a class in the case of an amendment to the articles of continuance of PCC referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA.	Each PCC Participating Preferred Share entitles the holder to ten votes at all meetings of PCC shareholders (other than meetings exclusively of another class or series of shares), provided that holders of PCC Participating Preferred Shares are not entitled to vote separately as a class in the case of an amendment to the articles of continuance of PCC referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA.
Subscription / pre-emptive right	None.	PCC may not, without approval of two-thirds of the holders of PCC Subordinate Voting Shares, issue any PCC Participating Preferred Shares unless PCC contemporaneously with such issue offers to holders of PCC Subordinate Voting Shares the right to acquire from PCC *pro rata* to their holdings an aggregate number of PCC Subordinate Voting Shares that is equal to eight and one-third times the number of PCC Participating Preferred Shares proposed to be issued for a consideration per share that is equal to the stated capital amount per share for which the PCC Participating Preferred Shares are to be issued.	PCC may not, without approval of two-thirds of the holders of PCC Participating Preferred Shares, issue any PCC Subordinate Voting Shares unless PCC contemporaneously with such issue offers to the holders of PCC Participating Preferred Shares the right to acquire from PCC *pro rata* to their holdings an aggregate number of PCC Participating Preferred Shares that is equal to 12.0 per cent of the number of PCC Subordinate Voting Shares proposed to be issued for a consideration per share that is equal to the stated capital amount per share for which the PCC Subordinate Voting Shares are to be issued
Other	The Common Shares carry no conversion rights, special liquidation rights, pre-emptive rights or subscription rights.	The PCC Subordinate Voting Shares carry no conversion rights or special liquidation rights or other pre-emptive rights or subscription rights.	The PCC Participating Preferred Shares carry no conversion rights and no other special liquidation rights, pre-emptive rights or subscription rights.

Questions? Need help voting?

Contact us

North American Toll Free Phone:
1-877-659-1825

E-mail: contactus@kingsdaleadvisors.com

Fax: 416-867-2271

Toll-Free Fax: 1-866-545-5580

Outside North America, Banks and Brokers

Call Collect: 416-867-2272

KINGSDALE Advisors