POWER CORPORATION OF CANADA

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

To the holders of Participating Preferred Shares and Subordinate Voting Shares:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of POWER CORPORATION OF CANADA will be held at the Shangri-La Hotel, 188 University Avenue, Toronto, Ontario, Canada on Friday, May 12, 2017, at 11:00 a.m., local time, for the following purposes:

[1] to elect directors;

[2] to appoint auditors;

[3] to receive the consolidated financial statements for the year ended December 31, 2016 and the auditors' report thereon;

[4] to consider the shareholder proposals attached as Schedule A to the Management Proxy Circular; and

[5] to transact such other business as may properly come before the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Stéphane Lemay
Vice-President, General Counsel and Secretary
Montréal, Québec
March 24, 2017

If you do not expect to be present at the meeting, please complete, date and sign the accompanying form of proxy or voting instruction form and return it in the envelope enclosed or otherwise vote by telephone or the Internet by following the instructions on the accompanying form of proxy or voting instruction form.

Si vous préférez recevoir un exemplaire en français, veuillez vous adresser au secrétaire,

Power Corporation du Canada
751, square Victoria
Montréal (Québec)
Canada H2Y 2J3

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MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is sent in connection with the solicitation by the management of Power Corporation of Canada ("Power", "PCC" or the "Corporation") of proxies for use at the Annual Meeting of Shareholders of the Corporation to be held on Friday, May 12, 2017 (the "Meeting"), or any adjournment thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by employees of the Corporation in writing or by telephone at nominal cost. The Corporation may also engage a third party to provide proxy solicitation services on behalf of management in connection with the solicitation of proxies for the Meeting. The cost of solicitation will be borne by the Corporation.

The following abbreviations have been used throughout this Management Proxy Circular:

NAME IN FULL	ABBREVIATION
Power Financial Corporation	PFC
Great-West Lifeco Inc.	Lifeco
IGM Financial Inc.	IGM
Pargesa Holding SA	Pargesa
The Canada Life Assurance Company	Canada Life
The Great-West Life Assurance Company	Great-West
London Life Insurance Company	London Life
Toronto Stock Exchange	TSX
Canadian Securities Administrators	CSA

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On March 24, 2017, there were outstanding 48,854,772 Participating Preferred Shares and 414,944,574 Subordinate Voting Shares of the Corporation. The Participating Preferred Shares and the Subordinate Voting Shares are herein sometimes collectively referred to as the "Shares".

Each holder of Participating Preferred Shares is entitled to 10 votes and each holder of Subordinate Voting Shares is entitled to one vote at the Meeting, or any adjournment thereof, for each share registered in the holder's name as at the close of business on March 24, 2017 (the "Record Date"). The Subordinate Voting Shares represent 45.93 per cent of the aggregate voting rights attached to the Corporation's outstanding Shares.

The Articles of the Corporation do not contain any rights or provisions applicable to holders of Subordinate Voting Shares of the Corporation where a takeover bid is made for the Participating Preferred Shares of the Corporation.

To the knowledge of the Directors and officers of the Corporation, as of March 24, 2017, the Desmarais Family Residuary Trust exercises control over Pansolo Holding Inc. ("Pansolo") which owns 48,638,392 Participating Preferred Shares and 48,363,392 Subordinate Voting Shares in the aggregate, representing 99.56 per cent and 11.66 per cent, respectively, of the outstanding shares of such classes and 59.19 per cent and 20.91 per cent, respectively, of the votes and equity associated with the total outstanding Shares of the Corporation. The Desmarais Family Residuary Trust is for the benefit of members of the family of The Honourable Paul G. Desmarais. The Trustees of the Desmarais Family Residuary Trust are Jacqueline Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin. The Trustees also act as voting administrators. Jacqueline Desmarais, Paul Desmarais, Jr. and André Desmarais determine how to exercise the voting rights attached to Pansolo's shares of the Corporation. Paul Desmarais, Jr., André Desmarais and Michel Plessis-Bélair are each a Director and/or officer of Power.

To the knowledge of the Directors and officers of the Corporation, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of any class of voting securities of the Corporation.

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. ("Computershare"), as registrar and transfer agent of the Corporation for the 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 Shares owned by the shareholder. Registered holders of Shares will receive with this Management Proxy Circular a form of proxy from Computershare representing the 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 thereof, proxies from registered shareholders must be properly executed and received by or deposited with Computershare, 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 11:00 a.m. on the last business day preceding the day of the 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 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 or at the registered office of the Corporation, 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 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 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 Shares on behalf of the shareholder (in each case, an "Intermediary").

In accordance with CSA *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), the Corporation 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 (unless the non-registered shareholder has declined to receive such materials). 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 Shares held by the Intermediary, on behalf of the non-registered shareholder. The Corporation 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).

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 Shares that are held through that Intermediary. Non-registered shareholders of the Corporation should submit voting instructions to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

IF A NON-REGISTERED SHAREHOLDER WISHES TO VOTE AND ATTEND THE MEETING

Since Power 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 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 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 Corporation and is a Director and officer of the Corporation. **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 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, against or withhold from voting the 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 Shares will be voted for, against, or withheld from voting, accordingly. In the absence of such instructions, Shares represented by a proxy will be voted for, against, or withheld from voting, 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 as follows: for the election, as Directors, of all nominees listed in this Management Proxy Circular; for the appointment of Deloitte LLP as auditors of the Corporation; and against each of the shareholder proposals attached as Schedule "A" to this Management Proxy Circular.

The proxy confers discretionary authority in respect of amendments to matters identified in the Notice of 2017 Annual Meeting of Shareholders and such other matters as may properly come before the Meeting or any adjournment thereof. Management of the Corporation is not aware that any such amendments or other matters are to be submitted to the Meeting.

ELECTION OF DIRECTORS

The Board of Directors of the Corporation (sometimes herein referred to as the "Board") may consist of not less than 9 and not more than 28 members as determined from time to time by the Board, such number presently being fixed at 12. The 12 persons named hereunder will be proposed for election at the Meeting as Directors of the Corporation. Except where authority to vote in respect of the election of Directors is withheld, the representatives of management named in the accompanying form of proxy will vote the shares represented thereby for the election of the persons named hereunder. Management of the Corporation does not contemplate that any of the persons named hereunder will be unable or unwilling to serve as a Director; however, if such event should occur prior to the election, the persons designated in the accompanying form of proxy reserve the right to vote for the election in his or her stead of such other person as they, in their discretion, may determine.

The term of office of each Director currently in office expires at the close of the Meeting. Each Director elected at the Meeting shall hold office until the close of the next Annual Meeting of Shareholders or until a successor to the Director is otherwise elected, unless he or she resigns or his or her office becomes vacant for any reason. Under policies adopted by the Board, shareholders have the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation.

The *Canada Business Corporations Act* and applicable securities legislation require that the Corporation have an Audit Committee. The Board of Directors also appoints a Compensation Committee, a Related Party and Conduct Review Committee, and a Governance and Nominating Committee as more fully described in the section entitled "Statement of Corporate Governance Practices" in this Management Proxy Circular.

NOMINEES FOR ELECTION TO THE BOARD

Set forth below are the names of the nominees for election to the Board, their place of residence, age, certain biographical information, the voting results for each nominee elected to the Board at the 2016 Annual Meeting of Shareholders ("2016 AGM"), the number of shares and deferred share units ("DSUs") of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by each of them as at March 24, 2017 and March 23, 2016 (being the date of the Management Proxy Circular for the 2016 AGM), the year-over-year change in such quantities, an assessment of whether each nominee meets or is on track to meet the Corporation's minimum equity ownership requirements for Directors, as well as the number of shares and DSUs of the Corporation's subsidiaries and performance-based vesting deferred share units ("PDSUs") and performance share units ("PSUs") of PFC (in the case of Mr. Orr), beneficially owned, or controlled or directed, directly or indirectly, by each of them.

The information below also reflects the number of Board of Directors and Board of Directors Committee meetings held and the attendance, for the financial year ended December 31, 2016, by the Directors who are nominated for election at the Meeting. Shareholders should be aware that Directors make important contributions in respect of the Corporation outside meetings of the Board and its Committees which are not reflected in attendance figures.

The Board is committed to nominating the best individuals for election as Director and the Governance and Nominating Committee takes into account the previous commitments of each individual when proposing candidates to be nominated for election to the Board. The Corporation believes that the interests of the Corporation, a holding company, are well served by the experience of and expertise in the affairs of its large and diversified corporate group that are brought to the Corporation by those Directors who also serve on the boards of its subsidiaries. The presence of such Directors enriches the discussion and enhances the quality of governance at the Board and the boards of the Corporation's subsidiaries, and assists the Corporation in the proper stewardship of its holdings. See the "Statement of Corporate Governance Practices – Independence of Directors" section later in this Management Proxy Circular.

Footnotes to the biographical information appear at the end of this section.

Pierre Beaudoin, QUÉBEC, CANADA

Mr. Beaudoin is Executive Chairman of the Board and a Director of Bombardier Inc. (a diversified transportation manufacturing company), of which he was President and Chief Executive Officer from June 2008 until February 2015. Prior thereto, he was President and Chief Operating Officer of Bombardier Aerospace from 2001 to 2008, and Executive Vice-President of Bombardier Inc., from 2004 to 2008. He was also President of Bombardier Business Aircraft and President and Chief Operating Officer of Bombardier Recreational Products.

AGE: 54 DIRECTOR SINCE May 2005	BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
	Board Related Party and Conduct Review Committee	4/6 3/3	Votes For: 79.72%

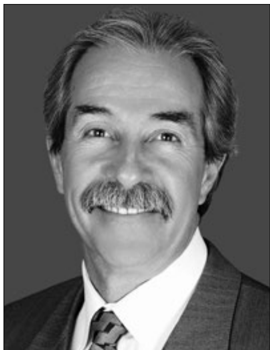
SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
25,000 Subordinate Voting Shares	25,000 Subordinate Voting Shares	– Subordinate Voting Shares
53,589 DSUs[2]	47,178 DSUs[2]	6,411 DSUs[2]
78,589 Total	72,178 Total	6,411 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$2,471,624	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
1,070 Common Shares of PFC	Nil



AGE: 63

DIRECTOR SINCE
May 2011

Marcel R. Coutu, ALBERTA, CANADA

Mr. Coutu is a Company Director. He is a Director of Brookfield Asset Management Inc. and Enbridge Inc. From 2001 to January 1, 2014, he was President and Chief Executive Officer of Canadian Oil Sands Limited (an oil and gas company) and Chairman of Syncrude Canada Ltd. (a Canadian oil sands project). He was previously Senior Vice-President and Chief Financial Officer of Gulf Canada Resources Limited, and prior to that, held various positions in the areas of corporate finance, investment banking, and mining and oil and gas exploration and development.

Mr. Coutu is a Director of many Power group of companies in North America including Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc.

Mr. Coutu serves as a Director of the Calgary Exhibition and Stampede Board. He has also held board positions with Gulf Indonesia Resources Limited, TransCanada Power Limited Partnership and the Board of Governors of the Canadian Association of Petroleum Producers. He was a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta until 2014.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 96.15%
Audit Committee	5/5	
Compensation Committee	5/5	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
31,552 DSUs[2]	25,246 DSUs[2]	6,306 DSUs[2]
31,552 Total	25,246 Total	6,306 Total

Total Market Value of Subordinate Voting Shares & DSUs [3]	Minimum Equity Ownership Requirement: Meets/On track to meet [4]
$992,310	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
10,000 Common Shares of Lifeco	30,227 DSUs of Lifeco
900 Common Shares of IGM	6,838 DSUs of IGM

AGE: 60

DIRECTOR SINCE
May 1988

André Desmarais, O.C., O.Q., QUÉBEC, CANADA

Mr. Desmarais is Deputy Chairman, President and Co-Chief Executive Officer of the Corporation and Executive Co-Chairman of PFC. Prior to joining the Corporation in 1983, he was Special Assistant to the Minister of Justice of Canada and an institutional investment counsellor at Richardson Greenshields Securities Ltd. He has held a number of senior positions with Power group companies and was named President and Co-Chief Executive Officer of the Corporation in 1996.

Mr. Desmarais is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director and Vice-Chairman of Pargesa in Europe. He was a Director of Bellus Health Inc. until 2009 and of CITIC Pacific Limited in Asia until 2014.

Mr. Desmarais is Honorary Chairman of the Canada China Business Council and is a member of several China-based organizations. Mr. Desmarais is active in a number of cultural, health and other not-for-profit organizations. In 2003, he was named an Officer of the Order of Canada and, in 2009, he was named an Officer of the Ordre national du Québec. He has received Doctorates *Honoris Causa* from Concordia University, Université de Montréal and McGill University. Mr. Desmarais is a trustee of the Desmarais Family Residuary Trust.[5]

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 88.61%
Governance and Nominating Committee	1/1	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
15,106,639 Subordinate Voting Shares[6]	15,100,262 Subordinate Voting Shares[6]	6,377 Subordinate Voting Shares[6]
80,737 DSUs[2]	73,138 DSUs[2]	7,599 DSUs[2]
15,187,376 Total	15,173,400 Total	13,976 Total

Total Market Value [3]			Minimum Equity Ownership Requirement: Meets/On track to meet [4]
Subordinate Voting Shares	DSUs	Subordinate Voting Shares & DSUs	
$475,103,796	$2,539,179	$477,642,975	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD [7]

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
43,200 Common Shares of PFC	78,820 DSUs of PFC
350,000 Common Shares of Lifeco	147,338 DSUs of Lifeco
	56,107 DSUs of IGM

AGE: 62

DIRECTOR SINCE
May 1988

Paul Desmarais, Jr., O.C., O.Q., QUÉBEC, CANADA

Mr. Desmarais is Chairman and Co-Chief Executive Officer of the Corporation and Executive Co-Chairman of PFC. He joined the Corporation in 1981 and assumed the position of Vice-President the following year. Mr. Desmarais served as Vice-President of PFC from 1984 to 1986, as President and Chief Operating Officer from 1986 to 1989, as Executive Vice-Chairman from 1989 to 1990, as Executive Chairman from 1990 to 2005, as Chairman of the Executive Committee from 2006 to 2008 and as Executive Co-Chairman from 2008 until today. He also served as Vice-Chairman of the Corporation from 1991 to 1996. He was named Chairman and Co-Chief Executive Officer of the Corporation in 1996. From 1982 to 1990, he was a member of the Management Committee of Pargesa, in 1991, Executive Vice-Chairman and then Executive Chairman of the Committee; in 2003, he was appointed Co-Chief Executive Officer and in 2013 named Chairman of the Board. He has been a Director of Pargesa since 1992.

He is a director of many Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. In Europe, he is Vice-Chairman of the Board of Groupe Bruxelles Lambert, and a Director of Total SA, LafargeHolcim Ltd and SGS SA. He was Vice-Chairman of the Board and a Director of Imerys until 2008 and a Director of GDF Suez until 2014.

Mr. Desmarais is a member of the Board of Directors of The Business Council of Canada. He is also active on a number of philanthropic advisory councils.

In 2005, he was named an Officer of the Order of Canada, in 2009, an Officer of the Ordre national du Québec and, in 2012, Chevalier de la Légion d'honneur in France. He has received a number of honorary doctorates. Mr. Desmarais is a trustee of the Desmarais Family Residuary Trust.[5]

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 86.19%
Governance and Nominating Committee	1/1	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD		
# as at March 24, 2017	**# as at March 23, 2016**	**Change (#)**
15,085,347 Subordinate Voting Shares[6]	15,080,356 Subordinate Voting Shares[6]	4,991 Subordinate Voting Shares[6]
56,508 DSUs [2]	50,979 DSUs [2]	5,529 DSUs [2]
15,141,855 Total	15,131,335 Total	10,520 Total

Total Market Value[3]			Minimum Equity Ownership Requirement: Meets/On track to meet[4]
Subordinate Voting Shares	**DSUs**	**Subordinate Voting Shares & DSUs**	
$474,434,163	$1,777,177	$476,211,340	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD[7]	
Shares (# as at March 24, 2017)	**DSUs (# as at March 24, 2017)**
100,000 Common Shares of Lifeco	54,321 DSUs of PFC
	31,770 DSUs of Lifeco
	27,660 DSUs of IGM

AGE: 68

DIRECTOR SINCE
May 2016

Gary Albert Doer, O.M., MANITOBA, CANADA

Mr. Doer is a Senior Business Advisor to the law firm Dentons Canada LLP since August 2016. From 2009 to 2015, he served as Canada's Ambassador to the United States. He was previously the Premier of Manitoba from 1999 to 2009 and served in a number of positions as a member of the Legislative Assembly of Manitoba from 1986 to 2009, including as Minister of Urban Affairs from 1986 to 1988 and as Minister of Crown Investments from 1987 to 1988. From 1979 to 1986, Mr. Doer was the President of the Manitoba Government Employees' Association.

Mr. Doer is a Director of several Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Putnam Investments LLC, IGM, Investors Group Inc. and Mackenzie Inc. Mr. Doer is also a director of Barrick Gold Corporation since April 2016.

Mr. Doer is a volunteer Co-Chair of the Wilson Centre's Canada Institute, a non-partisan public policy forum focused on Canada-U.S. relations. In 2010, he became a Member of the Order of Manitoba and, in 2011, he received a distinguished diplomatic service award from the World Affairs Council.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	4/4*	Votes For: 99.59%
Audit Committee	2/2*	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
1,335 DSUs[2]	Nil	1,335 DSUs[2]
1,335 Total		1,335 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$41,986	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
Nil	1,226 DSUs of PFC
	982 DSUs of Lifeco
	677 DSUs of IGM

* Mr. Doer was elected to the Board and appointed to the Audit Committee on May 13, 2016.

AGE: 60

DIRECTOR SINCE
May 2001

Anthony R. Graham, LL.D., ONTARIO, CANADA

Mr. Graham is Vice-Chairman and a Director of Wittington Investments, Limited, ("Wittington Investments"), an investment management company and the principal holding company of the Weston-Loblaw Group. From June 2000 to May 2014, he was President of Wittington Investments. Prior thereto, he held senior positions in Canada and the United Kingdom with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer.

Mr. Graham also serves on the Board of PFC.

Mr. Graham serves on the Boards of Graymont Limited, Brown Thomas Group Limited, Holt Renfrew & Co., Limited and Selfridges & Co. Ltd. He served on the Board of George Weston Limited from November 1996 to May 2016 and, from February 1999 to July 2015, he served on the Boards of Loblaw Companies Limited and President's Choice Bank, of which he served as Chairman until May 2014. Mr. Graham also serves as Chairman of the Ontario Arts Foundation and the Shaw Festival Theatre Endowment Foundation. He is a Director of the Art Gallery of Ontario, the Canadian Institute for Advanced Research, St. Michael's Hospital, Luminato and the Trans Canada Trail Foundation. In June 2007, he was awarded an Honorary Doctorate of Laws from Brock University.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 95.65%
Compensation Committee	5/5	
Governance and Nominating Committee	1/1	
Related Party and Conduct Review Committee	2/2*	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
25,000 Subordinate Voting Shares	25,000 Subordinate Voting Shares	– Subordinate Voting Shares
65,289 DSUs[2]	58,084 DSUs[2]	7,205 DSUs[2]
90,289 Total	83,084 Total	7,205 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$2,839,589	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
25,000 Common Shares of PFC	54,023 DSUs of PFC

* Mr. Graham ceased to be a member of the Related Party and Conduct Review Committee on May 13, 2016.

AGE: 70

DIRECTOR SINCE
May 2013

J. David A. Jackson, LL.B., ONTARIO, CANADA

Mr. Jackson retired as a Partner of the law firm Blake, Cassels & Graydon LLP ("Blakes") in 2012, and currently serves as Senior Counsel to the firm, providing advice primarily in the areas of mergers and acquisitions and corporate governance. He was the Chairman of Blakes from 1995 to 2001. He was recognized throughout his career as a leading practitioner in the areas of mergers and acquisitions, corporate finance and corporate governance by numerous independent assessment organizations.

Mr. Jackson is also a Director of several Power group companies in North America, including PFC, Lifeco, Great-West, London Life, Canada Life Financial Corporation and Canada Life. He served as a Director of Investors Group Inc. from 1991 to 2001.

Mr. Jackson has also served as a Director of a number of public and private corporations. He was a Director and the Vice-Chairman of the Board of Sunnybrook Health Sciences Centre until June 2011. He holds a Bachelor of Commerce degree from the University of Windsor and a Bachelor of Laws (LL.B.) from Osgoode Hall Law School, and was called to the Bar of Ontario in 1974.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 99.70%
Audit Committee	5/5	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
2,512 Subordinate Voting Shares	2,512 Subordinate Voting Shares	– Subordinate Voting Shares
9,477 DSUs[2]	6,624 DSUs[2]	2,853 DSUs[2]
11,989 Total	9,136 Total	2,853 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$377,054	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
5,514 Common Shares of IGM	7,548 DSUs of PFC
	5,978 DSUs of Lifeco

AGE: 47

DIRECTOR SINCE
May 2010

Isabelle Marcoux, QUÉBEC, CANADA

Ms. Marcoux is Chair of the Board of Transcontinental Inc. (a printing, flexible packaging and publishing company), a position she has held since February 2012. She was Vice-Chair of the Board from 2007 to 2012 and Vice-President, Corporate Development, from 2004 to 2012. Between 1997 and 2004, she was Director, Mergers and Acquisitions, as well as Director, Legal Affairs and Assistant Corporate Secretary at Transcontinental Inc., prior to which she was a lawyer at McCarthy Tétrault LLP.

Ms. Marcoux is a member of the Board of George Weston Limited and Rogers Communications Inc. Since November 2015, she has also served as a director of the Montréal Children's Hospital Foundation. In 2016, she was Co-Chair of Centraide of Greater Montréal's campaign. Furthermore, she has been actively involved in a number of fundraising campaigns for community and not-for-profit organizations, including Young Musicians of the World, Tel-Jeunes, the Montréal Children's Hospital, the Montréal Museum of Fine Arts and the Montréal Mayor's Foundation For Youth. In 2016, Ms. Marcoux was awarded the Medal of the National Assembly of Québec and, in 2017, she became the first Canadian to win the Visionary Award for Strategic Leadership from the global organization WomenCorporateDirectors Foundation.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 96.18%
Compensation Committee	5/5	
Governance and Nominating Committee	1/1	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
35,130 DSUs[2]	29,020 DSUs [2]	6,110 DSUs[2]
35,130 Total	29,020 Total	6,110 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$1,104,838	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
Nil	Nil

AGE: 66

DIRECTOR SINCE
May 2016

Christian Noyer, PARIS, FRANCE

Mr. Noyer is a Company Director. Previously, he served as the Governor of the Banque de France (the central bank of France, which is linked to the European Central Bank) from November 2003 to October 2015. From 1998 to 2002, he was Vice-President of the European Central Bank in Frankfurt. After being appointed to the Treasury in the Ministry of the Economy and Finance of France in 1976, Mr. Noyer held a number of positions before serving as Director of the Treasury from 1993 to 1995, Chief of Staff of the Minister of Economic Affairs and Finance from 1995 to 1997, and Director at the Ministry for Economic Affairs, Finance and Industry from 1997 to 1998.

Mr. Noyer served as a member of the Governing Council and the General Council of the European Central Bank from 1998 to 2015, as alternate Governor at the International Monetary Fund from 1993 to 1995 and 2003 to 2015, as a member of the board of the Bank for International Settlements from 2003 to 2015 and as its Chairman from 2010 to 2015, as a member of the Financial Stability Board from 2008 to 2015, and as alternate Governor of the World Bank from 1993 to 1995. At various times from 1982 to 1995, he also served as a member of the boards of many partially state-owned companies as a representative of the French government, including Suez S.A., Société Générale S.A., Le Crédit Lyonnais S.A., Le Groupe des Assurances Nationales, Dassault Aviation S.A., Pechiney S.A., Air France and Électricité de France S.A.

Mr. Noyer is the Honorary Governor of the Banque de France and has been awarded the honours of Commandeur de la Légion d'Honneur and Commandeur des Arts et des Lettres in France, Commander of the National Order of the Lion in Senegal, Great Cross of the Ordén del Merito Civil in Spain, Officier de l'Ordre National de la Valeur in Cameroon and Gold and Silver Star of the Order of the Rising Sun in Japan.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board Related Party and Conduct Review Committee	3/4* 1/1*	Votes For: 99.96%

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
3,089 DSUs[2] 3,089 Total	Nil	3,089 DSUs[2] 3,089 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$97,149	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
Nil	Nil

* Mr. Noyer was elected to the Board and appointed to the Related Party and Conduct Review Committee on May 13, 2016.

AGE: 58

DIRECTOR SINCE
May 2005

R. Jeffrey Orr, QUÉBEC, CANADA

Mr. Orr is President and Chief Executive Officer of PFC, a position he has held since May 2005. From May 2001 until May 2005, he was President and Chief Executive Officer of IGM. Prior to joining IGM, he was Chairman and Chief Executive Officer of BMO Nesbitt Burns Inc. and Vice-Chairman, Investment Banking Group of the Bank of Montreal. Mr. Orr had been with BMO Nesbitt Burns Inc. and predecessor companies since 1981.

Mr. Orr is a Director of PFC and is also a Director, the Chairman of the Board and the Chairman or a member of various Board committees of IGM, Investors Group Inc., Mackenzie Inc., Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, London Insurance Group Inc., Putnam Investments, LLC, Canada Life Financial Corporation, Canada Life and The Canada Life Insurance Company of Canada. He is also a Director of PanAgora Asset Management Inc.

Mr. Orr is active in a number of community and business organizations.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 99.11%

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
20,000 Subordinate Voting Shares	20,000 Subordinate Voting Shares	– Subordinate Voting Shares
54,177 DSUs[2]	47,990 DSUs[2]	6,187 DSUs[2]
74,177 Total	67,990 Total	6,187 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$2,332,867	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs, PSUs & PDSUs (# as at March 24, 2017)
400,200 Common Shares of PFC	53,446 DSUs of PFC
20,000 Common Shares of Lifeco	204,047 PDSUs of PFC[8]
120,000 Common Shares of IGM	142,081 PSUs of PFC[8]
	154,583 DSUs of Lifeco
	76,850 DSUs of IGM

AGE: 71

DIRECTOR SINCE
May 2014*

T. Timothy Ryan, Jr., FLORIDA, UNITED STATES OF AMERICA

Mr. Ryan is a Company Director. Until October 2014, he was Managing Director, Global Head of Regulatory Strategy and Policy of JPMorgan Chase & Co. ("J.P. Morgan"), a global financial services firm, a position he had held since February 2013. From 2008 to 2013, he was President and Chief Executive Officer of the Securities Industry and Financial Markets Association ("SIFMA"), a trade association representing 680 global financial market participants. Prior to joining SIFMA, he was Vice-Chairman, Financial Institutions and Governments, at J.P. Morgan, where he was a member of the firm's senior leadership. Prior to joining J.P. Morgan in 1993, Mr. Ryan was the Director of the Office of Thrift Supervision, U.S. Department of the Treasury.

Mr. Ryan is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life and Putnam Investments, LLC, having previously served as a director of the Corporation and of PFC from May 2011 to May 2013 and of Lifeco from May 2010 to May 2013.

Mr. Ryan is Chairman of the Board of Santander Holdings U.S.A., Inc., Santander Bank, N.A. and Banco Santander International. He has served as a director of Markit Group Limited from April 2013 to October 2014 and of Lloyds Banking Group from March 2009 to April 2013. He was a private sector member of the Global Markets Advisory Committee for the U.S. National Intelligence Council from 2007 to 2011.

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 99.93%
Audit Committee	4/5	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD		
# as at March 24, 2017	# as at March 23, 2016	Change (#)
11,969 Subordinate Voting Shares	7,278 Subordinate Voting Shares	4,691 Subordinate Voting Shares
11,969 Total	7,278 Total	4,691 Total

Total Market Value of Subordinate Voting Shares & DSUs [3]	Minimum Equity Ownership Requirement: Meets/On track to meet [4]
$376,425	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD	
Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
10,236 Common Shares of PFC	22,277 DSUs of Lifeco

* Mr. Ryan also previously served as a Director of the Corporation from May 13, 2011 to May 15, 2013, but did not stand for re-election at the 2013 Annual Meeting of Shareholders.

AGE: 73

DIRECTOR SINCE
May 1999

Emőke J.E. Szathmáry, C.M., O.M., PH.D., FRSC, MANITOBA, CANADA

Dr. Szathmáry was named President Emeritus of the University of Manitoba in 2008. She received the title of Professor Emeritus in the Department of Anthropology in 2014. From 1996 to 2008, she was President and Vice-Chancellor of the University of Manitoba. She was previously Provost and Vice-President (Academic) of McMaster University in Hamilton and, prior thereto, Dean of the Faculty of Social Science of the University of Western Ontario in London (now Western University).

Dr. Szathmáry is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, London Life, Canada Life Financial Corporation and Canada Life.

Dr. Szathmáry also serves on the Board of Directors of several national and provincial educational, research and philanthropic not-for-profit organizations. She has received the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba and seven Honorary Doctorates. Dr. Szathmáry is a Fellow of the Royal Society of Canada and is a Member of the Order of Canada and of the Order of Manitoba. In 2015, she was appointed Honorary Colonel of the Royal Winnipeg Rifles.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2016 AGM VOTING RESULTS
Board	6/6	Votes For: 99.51%
Audit Committee	5/5	
Related Party and Conduct Review Committee	3/3	

SECURITIES AND SHARE UNITS OF THE CORPORATION HELD

# as at March 24, 2017	# as at March 23, 2016	Change (#)
41,486 DSUs[2]	37,958 DSUs[2]	3,528 DSUs[2]
41,486 Total	37,958 Total	3,528 Total

Total Market Value of Subordinate Voting Shares & DSUs[3]	Minimum Equity Ownership Requirement: Meets/On track to meet[4]
$1,304,735	✓

SECURITIES AND SHARE UNITS OF THE CORPORATION'S SUBSIDIARIES HELD

Shares (# as at March 24, 2017)	DSUs (# as at March 24, 2017)
3,000 Common Shares of PFC	35,693 DSUs of PFC
	32,110 DSUs of Lifeco

[1] Director is currently a member of each Committee, except as noted.

[2] The members of the Board of Directors receive all or a portion of their annual retainer and attendance fees in the form of DSUs or in the form of Subordinate Voting Shares of the Corporation. See "Compensation of Directors – Deferred Share Unit Plan and Directors Share Purchase Plan".

[3] Calculated based on March 24, 2017 closing price on the TSX of $31.45 per Subordinate Voting Share of the Corporation. The value of a DSU of the Corporation is equal to the value of a Subordinate Voting Share.

[4] See "Compensation of Directors – Minimum Equity Ownership Requirement for Directors".

[5] Voting control of the Corporation is held by the Desmarais Family Residuary Trust. See "Voting Shares and Principal Holders Thereof". Through Pansolo, 48,363,392 Subordinate Voting Shares and 48,638,392 Participating Preferred Shares of the Corporation are controlled by the Desmarais Family Residuary Trust. The security holdings of Pansolo, controlled by the Desmarais Family Residuary Trust, constitute at least 10 per cent of the voting rights attached to all voting securities of the Corporation.

[6] On December 30, 2015, an amended and restated unanimous shareholders agreement was entered into among, *inter alia*, Pansolo, Paul Desmarais, Jr. and André Desmarais and the securityholders of Pansolo in the context of a reorganization of the Desmarais family holding structure. Pursuant to the amendments to such unanimous shareholders agreement: [a] Paul Desmarais, Jr. (or his designee) acquired [i] shared control and direction over 15,000,000 Subordinate Voting Shares with the Desmarais Family Residuary Trust and [ii] the power to direct Pansolo to sell or pledge up to 15,000,000 Subordinate Voting Shares; and [b] André Desmarais (or his designee) acquired [i] shared control and direction over 14,000,000 Subordinate Voting Shares with the Desmarais Family Residuary Trust and [ii] the power to direct Pansolo to sell or pledge up to 14,000,000 Subordinate Voting Shares. Other than as noted in the foregoing, the securities described as being held by Messrs. Paul Desmarais, Jr. and André Desmarais do not include any other securities controlled by the Desmarais Family Residuary Trust, of which they are trustees. See also Note 5.

[7] 467,839,296 Common Shares of PFC are controlled, indirectly through 171263 Canada Inc., by the Corporation. The security holdings of 171263 Canada Inc. constitute at least 10 per cent of the voting rights attached to all voting securities of PFC, and the Corporation owns all of the outstanding shares of 171263 Canada Inc. 709,305,452 Common Shares of Lifeco and 157,171,383 Common Shares of IGM are controlled, indirectly through subsidiaries of the Corporation.

[8] Certain officers and employees of PFC receive a portion of their long-term incentive compensation from PFC in the form of PSUs or PDSUs granted under PFC's Performance Share Unit Plan. See PFC's Management Proxy Circular dated March 24, 2017.

COMPENSATION OF DIRECTORS

PROCESS FOR DETERMINATION OF DIRECTOR COMPENSATION

To assist in determining the appropriate compensation for members of the Board of Directors, the Compensation Committee reviews competitive practices from time to time with the assistance of outside compensation consultants (see "Compensation Discussion and Analysis – Compensation Consultant").

The Compensation Committee reviews compensation data from a Canadian reference group which is the same group used for benchmarking the executive positions (see list of companies included in the Canadian reference group under "Compensation Discussion and Analysis – Benchmarking" below).

The Committee's compensation policy is:

> aimed at providing fair, reasonable and competitive total compensation required to attract and retain experienced and competent Directors; and

> designed to directly align the interests of Directors with the long-term interests of the Corporation's shareholders.

Although the Committee does not identify a specific percentile within the reference group for determining Director compensation, it tends to fix the level of compensation generally at the median of the Canadian reference group.

The Board made no changes to its policies and practices relating to compensation for the Corporation's Directors during the financial year ended December 31, 2016.

RETAINERS AND FEES

For the financial year ended December 31, 2016, the retainers and fees payable to all Directors were as follows, unchanged since May 15, 2015:

RETAINERS AND FEES	
Annual Retainer	$100,000
Additional Retainer – Chairman of Audit Committee	$30,000
Additional Retainer – Chairman of Compensation Committee	$20,000
Additional Retainer – Chairmen of Committees, except Audit and Compensation	$15,000
Additional Retainer – Other Members of Audit Committee	$7,500
Additional Retainer – Other Members of Compensation Committee	$6,000
Additional Retainer – Other Members of Committees, except Audit and Compensation	$5,000
Attendance Fee – Board and Committee Meetings	$2,000

DEFERRED SHARE UNIT PLAN AND DIRECTORS SHARE PURCHASE PLAN

All Directors receive a basic annual retainer of $100,000. Of this amount, $50,000 consists of a dedicated annual board retainer which is received by Directors in DSUs under the Corporation's Deferred Share Unit Plan (the "DSU Plan"), described below, or in the form of Subordinate Voting Shares acquired in the market under the Corporation's Directors Share Purchase Plan (the "DSP Plan"), also described below. Participation in the DSU Plan or the DSP Plan is mandatory.

Pursuant to the DSU Plan, for Directors who participate in the DSU Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire DSUs. The number of DSUs granted is determined by dividing the amount of remuneration payable by the average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the fiscal quarter (the "value of a DSU"). A Director who receives DSUs receives additional DSUs in respect of dividends payable on Subordinate Voting Shares, based on the value of a DSU at that time. A DSU is payable at the time a Director's membership on the Board is terminated (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation), or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time. In order to promote greater alignment of interests between Directors and the shareholders of the Corporation, Directors are also able to elect to receive all or a portion of the balance of the annual board retainer and the board and committee attendance fees, committee retainer, and committee chairman retainer in the form of DSUs under the DSU Plan.

Pursuant to the DSP Plan, for Directors who participate in the DSP Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire Subordinate Voting Shares of the Corporation in the market. The Corporation also pays the administrative costs and brokerage expenses incurred in connection with participation in the DSP Plan, excluding fees and expenses associated with the sale of shares and taxes payable by a Director. In order to promote greater alignment of interests between Directors and the shareholders of the Corporation, Directors are also able to elect to receive the balance of the annual board retainer and board and committee attendance fees, committee retainer and committee chairman retainer in the form of Subordinate Voting Shares acquired under the DSP Plan.

In the view of the Compensation Committee and the Board, these plans further align the interests of Directors with those of the Corporation's shareholders.

DIRECTOR COMPENSATION TABLE

The following table shows the compensation paid to individuals (other than Named Executive Officers ("NEOs"), see "Executive Compensation – Summary Compensation Table") for services as a Director of the Corporation, and in any other capacities if applicable, during the financial year ended December 31, 2016.

COMPENSATION OF DIRECTORS[1,2,3]

DIRECTOR	FEES EARNED[4] [$]	SHARE-BASED AWARDS[5,6] [$]	ALL OTHER COMPENSATION [$]	TOTAL COMPENSATION [$]
Pierre Beaudoin	69,000	50,000	–	119,000
Marcel R. Coutu	95,500	50,000	–	145,500
Gary A. Doer[7]	55,125	37,500	–	92,625
Anthony R. Graham	105,500	50,000	–	155,500
J. David A. Jackson	102,000	50,000	–	152,000
Isabelle Marcoux	85,000	50,000	–	135,000
Christian Noyer[7]	49,250	37,500	–	86,750
R. Jeffrey Orr[8]	62,000	50,000	–	112,000
T. Timothy Ryan, Jr.	77,500	50,000	–	127,500
Emőke J.E. Szathmáry	100,500	50,000	–	150,500

[1] Table does not include any amounts paid as reimbursement for expenses or DSUs received in respect of dividend equivalents payable on DSUs.

[2] Compensation paid (including compensation paid as a Director of the Corporation and its subsidiaries) to the NEOs who served as Directors of the Corporation is disclosed in the Summary Compensation Table. See "Executive Compensation" below.

[3] Some Directors also receive compensation in their capacity as Directors of publicly-traded subsidiaries of the Corporation, and their subsidiaries, namely: Marcel R. Coutu is also a Director of Lifeco, IGM and certain of their subsidiaries; Gary A. Doer is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; Anthony R. Graham is also a Director of PFC; J. David A. Jackson is also a Director of PFC, Lifeco and certain of its subsidiaries; R. Jeffrey Orr is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; T. Timothy Ryan, Jr. is also a Director of PFC, Lifeco and certain of its subsidiaries; and Emőke J.E. Szathmáry is also a Director of PFC, Lifeco and certain of its subsidiaries. See PFC's Management Proxy Circular dated March 24, 2017, Lifeco's Management Proxy Circular dated February 21, 2017 and IGM's Management Proxy Circular dated February 24, 2017, as applicable, each of which is available under the applicable issuer's SEDAR profile at www.sedar.com. Compensation received by Directors in their capacity as Directors of publicly-traded subsidiaries of the Corporation is determined solely by the Board or Compensation Committee of such subsidiaries and not by the Board or Compensation Committee of the Corporation.

[4] Of the fees disclosed, each of the following Directors elected to receive the following amounts in the form of additional DSUs under the Corporation's DSU Plan: Pierre Beaudoin: $69,000; Marcel R. Coutu: $95,500; Anthony R. Graham: $77,500; J. David A. Jackson: $22,000; Isabelle Marcoux: $85,000; Christian Noyer: $49,250 and R. Jeffrey Orr: $62,000. T. Timothy Ryan, Jr. elected to receive $77,500 in the form of Subordinate Voting Shares of the Corporation under the DSP Plan. These amounts are in addition to the amounts shown in the "Share-Based Awards" column above. See also Note 6 below.

[5] Represents the dedicated portion of the annual board retainer that, under the Corporation's DSU Plan and DSP Plan, is required to be paid to Directors in DSUs or Subordinate Voting Shares of the Corporation.

[6] DSU awards are granted on the first day of each fiscal quarter and the grant date fair value of a DSU award is equal to the average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the preceding fiscal quarter. The grant date fair value of a DSP award is equal to the aggregate price of the Subordinate Voting Shares so acquired in the market.

[7] Gary A. Doer and Christian Noyer were each elected to the Board of the Corporation on May 13, 2016.

[8] R. Jeffrey Orr is the President and Chief Executive Officer of PFC and his compensation as such (including compensation paid as a Director of PFC and its subsidiaries) for the financial year ended December 31, 2016 is disclosed in PFC's Management Proxy Circular dated March 24, 2017.

DIRECTOR OUTSTANDING OPTIONS, PDSUS AND PSUS

Other than the NEOs (see "Executive Compensation – Incentive Plan Awards") or as stated below, no Director of the Corporation holds options to acquire securities, PDSUs or PSUs of the Corporation or any of its subsidiaries.

R. Jeffrey Orr holds options, PDSUs and PSUs of PFC granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 24, 2017.

DIRECTOR COMPENSATION EQUITY HOLDINGS AT DECEMBER 31, 2016

The following table shows equity holdings as at December 31, 2016 for each Director (other than NEOs) in respect of DSUs and Subordinate Voting Shares received as compensation under the Corporation's DSU Plan or DSP Plan in 2016 and prior years.

DIRECTOR	NUMBER OF DSP PLAN SHARES AS AT DECEMBER 31, 2016[1] [#]	NUMBER OF DSUs HELD UNDER THE DSU PLAN AS AT DECEMBER 31, 2016[2] [#]	TOTAL VALUE OF DSP PLAN SHARES AND DSUs[3] AS AT DECEMBER 31, 2016[4] [$]
Pierre Beaudoin	Nil	53,589	1,610,349
Marcel R. Coutu	Nil	31,552	948,138
Gary A. Doer	Nil	1,335	40,117
Anthony R. Graham	Nil	65,289	1,961,934
J. David A. Jackson	Nil	9,477	284,784
Isabelle Marcoux	Nil	35,130	1,055,656
Christian Noyer	Nil	3,089	92,824
R. Jeffrey Orr	Nil	54,177	1,628,019
T. Timothy Ryan, Jr.	10,807	Nil	324,750
Emőke J.E. Szathmáry	Nil	41,486	1,246,654

[1] Amount includes shares representing the dedicated portion of the annual board retainer, as well as fees Directors elected to receive in Subordinate Voting Shares of the Corporation under the Corporation's DSP Plan.

[2] Amount includes DSUs representing the dedicated portion of the annual board retainer, as well as fees Directors elected to receive in DSUs under the Corporation's DSU Plan. Amount also includes DSUs received in respect of dividend equivalents payable on DSUs.

[3] A DSU is payable at the time a Director's membership on the Board is terminated (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation) or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time.

[4] Calculated based on December 30, 2016 closing price of $30.05 per Subordinate Voting Share of the Corporation on the TSX.

The foregoing table does not disclose all of the equity holdings in the Corporation of members of the Board of the Corporation. Please refer to the table under "Election of Directors" earlier in this Management Proxy Circular for this information with respect to Directors nominated for election at the Meeting.

Directors of the Corporation are subject to the Corporation's Insider Trading Policy, which prohibits each Director from, among other things, purchasing financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities (or equivalents such as DSUs, the value of which is derived from equity securities) granted by the Corporation as compensation. Directors also may not, directly or indirectly, with respect to any security of the Corporation or a publicly-traded subsidiary (as defined in the policy) of the Corporation: [i] make a "short sale" of the security; [ii] sell a "call" or buy a "put", in respect of the security; or [iii] purchase the security for the purpose of selling it at a profit within a short period of time (which the policy provides would generally, depending on the circumstances, mean the purchaser intends to hold such securities for a minimum of two years).

Under the terms of DSUs held by Directors in the Corporation and its publicly-traded subsidiaries, the Directors may not receive or obtain any amount for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the Shares of the Corporation relating to such DSUs or, in the case of DSUs of the subsidiaries, those of a related corporation (such as the Corporation).

MINIMUM EQUITY OWNERSHIP REQUIREMENT FOR DIRECTORS

To further align the interests of Directors with the long-term interest of the Corporation's shareholders, Directors are required to hold Shares or DSUs of the Corporation with a value equivalent to $400,000 within five years of their becoming a Director of the Corporation. All Directors meet, or are on track to meet, the Corporation's equity ownership requirement.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The Summary Compensation Table and Notes below* describe the total compensation paid, awarded or earned by each of the named executive officers (collectively, the "NEOs") for services rendered in all capacities to the Corporation and its subsidiaries, including PFC in the case of certain NEOs, during the financial years indicated. Except to the extent noted in Notes 9 and 19, the amounts shown below under "Power Financial Corporation" for "Salary", "Annual Incentive Plans" and

SUMMARY COMPENSATION TABLE

		POWER FINANCIAL CORPORATION[1]						
NAME AND PRINCIPAL POSITION	YEAR	SALARY [$]	SHARE-BASED AWARDS[2] [$]	OPTION-BASED AWARDS[3] [$]	ANNUAL INCENTIVE PLANS [$]	PENSION VALUE[4] [$]	ALL OTHER COMPEN-SATION[5] [$]	TOTAL COMPEN-SATION FOR PFC [$]
Paul Desmarais, Jr.[9,10] Chairman and Co-Chief Executive Officer	2016	587,500	137,500	1,822,412[11]	750,000[12]	-136,410[13]	335,304	3,496,306
	2015	575,000	137,500	1,775,285	1,000,000	-15,250	317,757	3,790,292
	2014	562,500	137,500	1,301,804	875,000	-160,689	363,631	3,079,746
André Desmarais[10] Deputy Chairman, President and Co-Chief Executive Officer	2016	587,500	137,500	1,822,412[11]	750,000[12]	-130,300[13]	344,657	3,511,769
	2015	575,000	137,500	1,775,285	1,000,000	-124,000	329,250	3,693,035
	2014	562,500	137,500	1,301,804	875,000	-102,444	380,168	3,154,528
Gregory D. Tretiak[10] Executive Vice-President and Chief Financial Officer	2016	276,500	87,500	207,375[11]	500,000[14]	739,500[15,16]	394,545	2,205,420
	2015	269,500	587,500	202,126	350,000	170,000	383,927	1,963,053
	2014	263,000	87,500	127,208	350,000	126,410	392,324	1,346,442
Henri-Paul Rousseau[10] Vice-Chairman	2016	333,000	87,500	Nil	620,000[14]	846,500[16,18]	300,504	2,187,504
	2015	325,000	87,500	Nil	370,000	341,000	281,964	1,405,464
	2014	317,000	87,500	Nil	370,000	18,500	275,425	1,068,425
Claude Généreux[19,20] Executive Vice-President	2016	415,500	347,203[11]	103,876[11]	831,000[14]	666,230[16,21]	317,875	2,681,684
	2015	486,000	275,469	1,960,876	607,500	225,900	156,264	3,712,009
	2014	–	–	–	–	–	–	–
John A. Rae Executive Vice-President	2016	–	–	–	–	–	–	–
	2015	–	–	–	–	–	–	–
	2014	–	–	–	–	–	–	–

* Footnotes to this table appear on pages 26 and 27.

"Pension Value" represent inter-company reimbursements from PFC to the Corporation and do not represent amounts paid directly by PFC to the applicable NEOs. Although the Corporation paid or credited these amounts to the applicable NEOs, they are not included in "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Corporation of Canada" in the chart below as they have been accounted for in the columns below under "Power Financial Corporation".

POWER CORPORATION OF CANADA[1]							
SALARY [$]	SHARE-BASED AWARDS[6] [$]	OPTION-BASED AWARDS[7] [$]	ANNUAL INCENTIVE PLANS [$]	PENSION VALUE [$]	ALL OTHER COMPEN-SATION[8] [$]	TOTAL COMPEN-SATION FOR PCC [$]	TOTAL COMPENSATION [$]
587,500	50,000	1,816,420	750,000[12]	-85,590[13]	159,053	3,277,383	6,773,689
575,000	50,000	2,130,345	1,000,000	-9,750	161,257	3,906,852	7,697,144
562,500	50,000	1,651,500	875,000	-98,487	158,381	3,198,894	6,278,640
587,500	50,000	1,816,420	750,000[12]	-197,700[13]	357,908	3,364,128	6,875,897
575,000	50,000	2,130,345	1,000,000	-186,000	339,000	3,908,345	7,601,380
562,500	50,000	1,651,500	875,000	-153,667	360,918	3,346,251	6,500,779
276,500	Nil	248,849	500,000[14]	739,500[15,16]	8,296	1,773,145	3,978,565
269,500	500,000[17]	242,549	350,000	170,000	8,085	1,540,134	3,503,187
263,000	Nil	161,381	350,000	126,410	7,890	908,681	2,255,123
333,000	Nil	Nil	620,000[14]	846,500[16,18]	43,254	1,842,754	4,030,258
325,000	Nil	Nil	370,000	341,000	34,464	1,070,464	2,475,928
317,000	Nil	Nil	370,000	18,500	7,925	713,425	1,781,850
138,500	86,552	124,651	277,000[14]	192,770[16,21]	2,770	822,243	3,503,927
54,000	39,124[22]	261,450	67,500	25,100	1,662	448,836	4,160,845
–	–	–	–	–	–	–	–
601,000	Nil	432,721	545,000[14]	290,000[16]	18,030	1,886,751	1,886,751
586,000	Nil	421,918	245,000	-400,000	17,580	870,498	870,498
572,000	286,011	140,392	245,000	-283,091	17,160	977,472	977,472

[1] Amounts shown under "Power Financial Corporation" represent amounts paid, awarded or earned by NEOs in respect of services for PFC and its subsidiaries, while amounts shown under "Power Corporation of Canada" represent amounts paid, awarded or earned by NEOs from the Corporation and its subsidiaries other than in respect of services for PFC and its subsidiaries. No amounts paid, awarded or earned by NEOs in respect of services for PFC and its subsidiaries have been included in the columns under "Power Corporation of Canada" as they have been accounted for in the appropriate columns under "Power Financial Corporation".

[2] Except for PDSUs granted by PFC to Mr. Généreux in 2016 having a grant date fair value of $259,703, share-based awards represent the portion of the annual board retainer that, under the DSU Plan and DSP Plan of PFC, and similar plans of PFC's subsidiaries, is required to be paid to NEOs in DSUs or shares in their capacity as Directors of PFC or its subsidiaries. The value of these awards is determined based on the grant date fair value. See PFC's Management Proxy Circular dated March 24, 2017.

[3] The grant date fair value for options awarded by PFC in 2016 was calculated as disclosed in PFC's Management Proxy Circular dated March 24, 2017.

[4] Represents the portion of the compensatory value of the annual pension benefits under the Corporation's basic pension plan, Supplementary Executive Retirement Plan ("SERP"), Mr. Tretiak's pension benefit arrangement, Mr. Rousseau's pension benefit arrangement and Mr. Généreux's pension benefit arrangement, as applicable, attributable to PFC in 2016, as disclosed in PFC's Management Proxy Circular dated March 24, 2017.

[5] A substantial portion of this compensation represents board fees paid in cash or, at the election of the NEO, DSUs or DSP Plan shares for services as a Director of PFC and its subsidiaries, as disclosed in PFC's Management Proxy Circular dated March 24, 2017. These amounts do not include the portion of the annual board retainer required to be paid in shares or DSUs which are disclosed in the "Share-Based Awards" column under "Power Financial Corporation" in the table above. Compensation received by NEOs in their capacity as Directors of publicly-traded subsidiaries of the Corporation is determined solely by the Board or Compensation Committee of such subsidiaries and not by the Board or Compensation Committee of the Corporation. See Lifeco's Management Proxy Circular dated February 21, 2017 and IGM's Management Proxy Circular dated February 24, 2017, as applicable, each of which is available under the applicable issuer's SEDAR profile at www.sedar.com. Compensation received by NEOs in their capacity as Directors of publicly-traded subsidiaries of the Corporation is determined solely by the Board or Compensation Committee of such subsidiaries and not by the Board or Compensation Committee of the Corporation.

[6] Share-based awards in 2016 include PDSUs granted by the Corporation to Mr. Généreux having a grant date fair value of $86,552. Other than Mr. Généreux, no other NEOs received PDSU or PSU grants from the Corporation in 2016. The grant date fair value of a PDSU and PSU is equal to the average of the high and low prices on the TSX of the Subordinate Voting Shares on the preceding trading day. The PSUs and PDSUs are subject to performance vesting conditions over a three-year period pursuant to which PSUs and PDSUs may vest within a range of 0 per cent to 150 per cent. The aggregate grant date fair value for the PSUs and PDSUs reflects the amount of the grant intended for compensation purposes based on an assumption of 100 per cent vesting. This amount is the same as the accounting fair value. See "Components of Executive Compensation – Incentive Compensation – Long-Term Incentives" below. This amount also includes the portion of the annual board retainer that, under the DSU Plan and DSP Plan of the Corporation, is required to be paid to certain NEOs in DSUs or Shares in their capacity as Directors of the Corporation. See "Compensation of Directors – Deferred Share Unit Plan and Directors Share Purchase Plan" above. These amounts were $50,000 for Mr. Paul Desmarais, Jr. and $50,000 for Mr. André Desmarais. DSU awards are granted by the Corporation to its Directors, as applicable, on the first day of each fiscal quarter and the grant date fair value of a DSU award is equal to the average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the preceding fiscal quarter. The grant date fair value of a DSP award is equal to the aggregate price of the Subordinate Voting Shares of the Corporation so acquired in the market.

[7] The grant date fair value for options awarded by the Corporation to Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak, Généreux and Rae in 2016 was calculated using a standardized methodology that reflects a fair and reasonable estimation of the options' compensation value that the Committee intended to provide to the NEOs. The use of an adjusted factor methodology is also employed by several companies in the reference group for competitive total compensation comparison purposes for similar positions. The fair value of such option grants was calculated using a normalized Black-Scholes factor based on forward-looking assumptions considered reasonable for the Corporation given the current economic context and the future economic outlook as of the applicable grant date. The normalized Black-Scholes factor used to calculate the option grant value for Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak, Généreux and Rae was 18 per cent of the exercise price based on the following assumptions: a 10-year average volatility of 20.00 per cent, a dividend yield of 3.00 per cent, a risk-free interest rate of 3.00 per cent and an expected life of 10 years. For accounting purposes, the fair value of the options granted on March 1, 2016 to Messrs. Tretiak, Généreux and Rae was estimated with the Black-Scholes model using assumptions that are different than those used for compensation purposes: an 8.3-year average volatility of 21.57 per cent at the date of grant, a 3-year dividend yield of 3.88 per cent, and a risk-free interest rate of 1.12 per cent, being equal to the implied yield of Government of Canada bonds with a term equal to the expected life of the options on date of grant. For accounting purposes, the fair value of the options granted on March 29, 2016 to Messrs. Paul Desmarais, Jr. and André Desmarais was estimated with the Black-Scholes model using assumptions that are different than those used for compensation purposes: an 8.3-year average volatility of 21.42 per cent at the date of grant, a 3-year dividend yield of 3.89 per cent, and a risk-free interest rate of 1.05 per cent, being equal to the implied yield of Government of Canada bonds with a term equal to the expected life of the options on date of grant. The compensation value of the options granted to each of Messrs. Paul Desmarais, Jr. and André Desmarais was $1,816,420, being $641,798 greater than the Corporation's accounting value of $1,174,622. The compensation value of the options granted to Mr. Tretiak was $248,849, being $84,233 greater than the Corporation's accounting value of $164,616. The compensation value of the options granted to Mr. Généreux was $124,651, being $42,193 greater than the Corporation's accounting value of $82,458. The compensation value of the options granted to Mr. Rae was $432,721, being $146,471 greater than the Corporation's accounting value of $286,250.

[8] A substantial portion of this compensation represents board fees paid in cash or DSUs for services as a Director of the Corporation and its subsidiaries other than PFC and its subsidiaries. Amounts for 2016 include the following board fees: Mr. Paul Desmarais, Jr.: $79,000; and Mr. André Desmarais: $69,000. This compensation also includes the amounts contributed by the Corporation to proportionately supplement contributions by employees to acquire Shares under the Corporation's Employee Share Purchase Program, which is offered to all employees of the Corporation. These amounts do not include the portion of the annual board retainer required to be paid in Shares or DSUs which are disclosed in the "Share-Based Awards" column under "Power Corporation of Canada" in the table above. The dedicated annual board retainer is more fully described above in this Management Proxy Circular. Compensation received by NEOs in their capacity as Directors of publicly-traded subsidiaries of the Corporation is determined solely by the Board or Compensation Committee of such subsidiaries and not by the Board or Compensation Committee of the Corporation.

[9] Mr. Paul Desmarais, Jr. serves both as an executive officer of the Corporation and of PFC, a subsidiary of the Corporation. For 2014, a portion of the amounts under "Salary", "Annual Incentive Plans" and "Pension Value" paid or credited to this NEO by PFC, was reimbursed by the Corporation to PFC as disclosed in the table above under "Power Corporation of Canada". The amount of the reimbursement is an inter-company payment from the Corporation to PFC and did not represent a payment by the Corporation directly to the NEO. Although, for 2014, PFC paid or credited these amounts to the NEO, they are not included in "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Financial Corporation" in the table above as they have been accounted for in the appropriate columns under "Power Corporation of Canada". Other than the options awarded to Mr. Paul Desmarais, Jr. by PFC, his compensation is determined by the Compensation Committee of the Corporation.

[10] This NEO serves both as an executive officer of the Corporation and of PFC, a subsidiary of the Corporation. A portion of the amounts under "Salary", "Annual Incentive Plans" and "Pension Value" paid or credited to this NEO by the Corporation (only for 2016 and 2015, in the case of Mr. Paul Desmarais, Jr.) is reimbursed by PFC to the Corporation as disclosed in the table above under "Power Financial Corporation" and, for Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak, in PFC's Management Proxy Circular dated March 24, 2017. The amount of the reimbursement is an inter-company payment from PFC to the Corporation and does not represent a payment by PFC directly to the NEO. Although the Corporation paid or credited these amounts to the applicable NEO, they are not included in "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Corporation of Canada" in the table above (only for 2016 and 2015, in the case of Mr. Paul Desmarais, Jr.) as they have been accounted for in the appropriate columns under "Power Financial Corporation".

[11] For an explanation of the terms, vesting conditions and grant date fair value for options awarded to Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak and Généreux by PFC in 2016 and the PDSUs granted by PFC to Mr. Généreux in 2016 having a grant date fair value of $259,703, see PFC's Management Proxy Circular dated March 24, 2017.

[12] See "Components of Executive Compensation – Incentive Compensation" below.

[13] Messrs. Paul Desmarais, Jr. and André Desmarais have each attained the maximum pension accrual. As each of their 2017 salary rates were lower than initially projected for pension benefit purposes, their compensatory change for the 2016 accrued benefit obligation results in a negative amount.

[14] Annual incentives for each of these NEOs reflect special and exceptional contributions by such individuals toward specific strategic initiatives. See "Components of Executive Compensation – Incentive Compensation" below.

[15] Mr. Tretiak participates in the Corporation's basic pension plan and has a pension benefit arrangement with the Corporation. See "Executive Compensation – Retirement Plan Benefits".

[16] Given that this NEO's actual earnings for 2016 were higher than initially projected for pension benefit purposes, the compensatory change for the 2016 accrual benefit obligation results in a higher amount.

[17] This includes a one-time DSU grant by the Corporation to Mr. Tretiak having a grant date fair value of $500,000. The grant date fair value of the DSU was equal to the average of the high and low market prices on the TSX of the Subordinate Voting Shares on the preceding trading day.

[18] Mr. Rousseau participates in the Corporation's basic pension plan and has a pension benefit arrangement with the Corporation. See "Executive Compensation – Retirement Plan Benefits".

[19] Mr. Généreux was appointed Executive Vice-President of the Corporation and of PFC effective March 2, 2015.

[20] Mr. Généreux serves both as an executive officer of the Corporation and of PFC, a subsidiary of the Corporation. A portion of the amounts under "Salary", "Annual Incentive Plans" and "Pension Value" paid or credited to this NEO by PFC, was reimbursed by the Corporation to PFC as disclosed in the table above under "Power Corporation of Canada". The amount of the reimbursement is an inter-company payment from the Corporation to PFC and does not represent a payment by the Corporation directly to the NEO. Although PFC paid or credited these amounts to the NEO, they are not included in "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Financial Corporation" in the table above as they have been accounted for in the appropriate columns under "Power Corporation of Canada". Other than options, DSUs, PDSUs and/or PSUs, if any, awarded to Mr. Généreux by the Corporation, his compensation is determined by the Compensation Committee of PFC.

[21] Mr. Généreux participates in the Corporation's basic pension plan and has a pension benefit arrangement with the Corporation. See "Executive Compensation – Retirement Plan Benefits".

[22] This includes a one-time DSU grant by the Corporation to Mr. Généreux in connection with his 2015 compensation, having a grant date fair value of $22,250. The grant date fair value of each DSU was equal to the average of the high and low market prices on the TSX of the Subordinate Voting Shares on the trading day preceding the day of grant.

INCENTIVE PLAN AWARDS

The table below shows information for each NEO, for all unexercised options, DSP Plan shares and DSUs of the Corporation and, except to the extent indicated in Note 10, its subsidiaries held by NEOs (as well as PDSUs and/or unvested PSUs of the Corporation, as applicable, in the case of Messrs. Tretiak, Généreux and Rae and PDSUs of PFC in the case of Mr. Généreux) as at December 31, 2016.

OPTION AWARDS

NAME		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#] VESTED	UNVESTED	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE
Paul Desmarais, Jr. [7]	PCC		339,486[8]	29.725	March 28, 2026
			350,000	33.815	March 22, 2025
			450,000	29.905	May 20, 2024
		510,000	510,000	28.24	May 20, 2023
		975,000		27.245	March 18, 2022
		450,000		27.60	March 14, 2021
		450,000		30.065	March 15, 2020
		364,000		18.52	March 15, 2019
		346,275		29.89	March 17, 2018
		268,550		37.07	March 25, 2017
	PFC		375,910[9]	32.32	March 28, 2026
			308,611	38.35	March 22, 2025
			395,685	34.01	May 20, 2024
André Desmarais [7]	PCC		339,486[8]	29.725	March 28, 2026
			350,000	33.815	March 22, 2025
			450,000	29.905	May 20, 2024
		510,000	510,000	28.24	May 20, 2023
		975,000		27.245	March 18, 2022
		450,000		27.60	March 14, 2021
		450,000		30.065	March 15, 2020
		364,000		18.52	March 15, 2019
		346,275		29.89	March 17, 2018
		268,550		37.07	March 25, 2017
	PFC		375,910[9]	32.32	March 28, 2026
			308,611	38.35	March 22, 2025
			395,685	34.01	May 20, 2024
Gregory D. Tretiak [10]	PCC		47,168[8]	29.31	February 28, 2026
			39,849	33.815	March 22, 2025
			43,973	29.905	May 20, 2024
		17,031	17,031	28.24	May 20, 2023
		52,690		23.725	May 22, 2022
	PFC		43,854[9]	31.525	February 28, 2026
			35,137	38.35	March 22, 2025
			38,665	34.01	May 20, 2024
		20,929	20,928	30.64	May 20, 2023
		47,880		26.11	May 22, 2022

* Footnotes to this table appear on pages 30 and 31.

VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS[1] [$]		SHARE-BASED AWARDS		
VESTED	UNVESTED[6]	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED[2] [#]	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED[2,3] [$]	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED[4,5] [$]
	110,333	Nil	Nil	5,660,259
	–			
	65,250			
923,100	923,100			
2,734,875				
1,102,500				
–				
4,196,920				
55,404				
–				
9,012,799	1,098,683[6]			
Total: 10,111,482				
	466,128	Nil	Nil	
	–			
	–			
–	466,128[6]			
Total: 466,128				
	110,333	Nil	Nil	12,337,669
	–			
	65,250			
923,100	923,100			
2,734,875				
1,102,500				
–				
4,196,920				
55,404				
–				
9,012,799	1,098,683[6]			
Total: 10,111,482				
	466,128	Nil	Nil	
	–			
	–			
–	466,128[6]			
Total: 466,128				
	34,904	11,948	362,741	1,701,899
	–			
	6,376			
30,826	30,826			
333,264				
364,090	72,106[6]			
Total: 436,196				
	89,243	10,609	361,661	
	–			
	–			
61,113	61,110			
356,706				
417,819	150,353[6]			
Total: 568,172				

OPTION AWARDS

NAME		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#] VESTED	UNVESTED	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE
Henri-Paul Rousseau [7]	PCC	800,000	–	22.635	January 5, 2019
Claude Généreux [11]	PCC		23,627 [8]	29.31	February 28, 2026
			5,988	33.815	March 22, 2025
		7,428 [12]	29,714 [12]	33.655	March 1, 2025
	PFC		21,967 [9]	31.525	February 28, 2026
			47,523	38.35	March 22, 2025
		60,622	242,490	37.115	March 1, 2025
John A. Rae	PCC		82,020 [8]	29.31	February 28, 2026
			69,318	33.815	March 22, 2025
			38,254	29.905	May 20, 2024
		19,759	19,759	28.24	May 20, 2023
		79,868		27.245	March 18, 2022
		76,812		27.60	March 14, 2021
		68,784		30.065	March 15, 2020
		77,900		29.89	March 17, 2018
		59,300		37.07	March 25, 2017

[1] Calculated based on December 30, 2016 closing price on the TSX of $30.05 per Subordinate Voting Share of the Corporation and $33.56 per Common Share of PFC (in the case of Messrs. Paul Desmarais, Jr., André Desmarais, Généreux and Tretiak). In accordance with CSA requirements, the total amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

[2] Represents the number of PDSUs and PSUs of the Corporation awarded to Messrs. Tretiak, Généreux and Rae, DSUs granted by the Corporation to Mr. Tretiak, PDSUs awarded by PFC to Mr. Généreux and DSUs granted by PFC to Mr. Tretiak, in each case, that were not vested as at December 31, 2016.

[3] Represents unvested PDSUs and PSUs of the Corporation, unvested PDSUs of PFC and unvested DSUs of the Corporation and PFC. The fair value of a PDSU, PSU and DSU of the Corporation is equal to the five-day average closing price on the TSX of Subordinate Voting Shares, immediately preceding December 30, 2016, being $30.36 per Subordinate Voting Share. The PDSUs and PSUs awarded by the Corporation in 2016 are subject to performance vesting conditions over a three-year period pursuant to which PDSUs and PSUs may vest within a range of 0 per cent to 150 per cent. The fair value of a PDSU and DSU of PFC is equal to its five-day average closing price on the TSX of Common Shares of PFC (see PFC's Management Proxy Circular dated March 24, 2017). The amount shown assumes 100 per cent vesting, but as such DSUs, PDSUs and PSUs are unvested and/or are not payable until the retirement or other termination of employment of the NEO, the amount shown is not available to the NEOs.

VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS[1] [$]		SHARE-BASED AWARDS: NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED[2] [#]	SHARE-BASED AWARDS: MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED[2,3] [$]	SHARE-BASED AWARDS: MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED[4,5] [$]
VESTED	UNVESTED[6]			
5,932,000	–	Nil	Nil	1,551,068
Total: 5,932,000				
	17,484	3,629	110,176	590,916
	–			
–	–			
–	17,484[6]			
Total: 17,484				
	44,703	12,842[11]	437,784	
	–			
–	–			
–	44,703[6]			
Total: 44,703				
	60,695	10,711	325,186	741,784
	–			
	5,547			
35,764	35,764			
224,030				
188,189				
–				
12,464				
–				
460,447	102,006[6]			
Total: 562,453				

[4] This amount includes the value of DSP Plan shares and DSUs received in respect of the portion of annual retainers that, under the DSU Plan and DSP Plan of the Corporation, and similar plans of the Corporation's subsidiaries, Directors are required to be paid in DSUs or in shares. This amount also includes the fees that the NEOs, in their capacity as Directors of the Corporation or its subsidiaries, elected to receive as DSUs or shares. The amount is calculated based on the following December 30, 2016 closing prices on the TSX: PCC Subordinate Voting Shares: $30.05, PFC Common Shares: $33.56, Lifeco Common Shares: $35.17 and IGM Common Shares: $38.20.

[5] DSUs are payable at the time a Director's membership on the Board is terminated (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation), or in the event of the death of a Director, by a lump sum cash payment, based on the value of the DSUs at that time. Vested PDSUs are redeemable at the time the NEO's employment on behalf of the Corporation or PFC, as the case may be (or another corporation related to such issuer) is terminated, or in the event of the death of the NEO, by a lump sum cash payment, based on the value of the vested PDSUs at that time. The amount also includes 3,305 PDSUs of Mr. Tretiak and 11,504 PDSUs of Mr. Rae that were vested on December 31, 2016.

[6] These values are related to non-exercisable options and are therefore not available to the NEOs.

[7] This NEO did not hold any PSUs or PDSUs of the Corporation or PFC as at December 31, 2016.

[8] Options awarded to the NEO by the Corporation during the financial year ended December 31, 2016. These options have a 10-year term. 50 per cent of these options vest on the third anniversary of the award and the remaining 50 per cent vest on the fourth anniversary of the award.

[9] For an explanation of the terms, vesting conditions and grant date fair value for options awarded to Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak and Généreux by PFC in 2016, see PFC's Management Proxy Circular dated March 24, 2017.

[10] Mr. Tretiak also holds options of IGM previously granted to him as an officer of IGM which are disclosed in IGM's Management Proxy Circular dated February 24, 2017.

[11] For an explanation of the terms, vesting conditions and grant date fair value for PDSUs awarded to Mr. Généreux by PFC in 2016, see PFC's Management Proxy Circular dated March 24, 2017.

[12] Mr. Généreux was awarded such options on his appointment as Executive Vice-President of the Corporation on March 2, 2015. These options have a 10-year term and vest at the rate of 20 per cent per year starting at the first anniversary of the award.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The table below shows information for each NEO for the year ended December 31, 2016.

	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR[1] [$]		SHARE BASED AWARDS – VALUE VESTED DURING THE YEAR[2] [$]		NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR[3] [$]	
NAME	PFC	PCC	PFC	PCC	PFC	PCC
Paul Desmarais, Jr.	Nil	1,868,513	Nil	Nil	750,000[4]	750,000
André Desmarais	Nil	1,868,513	Nil	Nil	750,000[4]	750,000
Gregory D. Tretiak [5]	147,484	154,516	Nil	92,667	500,000[4]	500,000
Henri-Paul Rousseau	Nil	720,567	Nil	Nil	620,000[4]	620,000
Claude Généreux	Nil	Nil	Nil	Nil	831,000	277,000[6]
John A. Rae	–	135,006	–	322,605	–	545,000

[1] Summarizes for each of the NEOs, the aggregate value that would have been realized if the options under the Corporation's Executive Stock Option Plan (and for Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak and Généreux, under PFC's Employee Stock Option Plan) had been exercised on the vesting date during the financial year ended December 31, 2016.

[2] Summarizes for each of the NEOs, the aggregate value that would have been realized if PDSUs and PSUs of the Corporation had been redeemed on the vesting date during the financial year ended December 31, 2016. Vested PDSUs are redeemable at the time the NEO's employment on behalf of the Corporation or PFC, as the case may be (or another corporation related to such issuer) is terminated, or in the event of the death of the NEO, by a lump sum cash payment, based on the value of the vested PDSUs at that time.

[3] These are the same amounts as disclosed under the respective PFC and PCC "Annual Incentive Plans" columns in the Summary Compensation Table earlier in this Management Proxy Circular.

[4] This amount represents an inter-company reimbursement from PFC to the Corporation. It does not represent an additional amount paid to the NEOs by PFC. Although the Corporation paid these amounts to the applicable NEOs, they are not included under "PCC" above as they have been accounted for in the appropriate column under "PFC".

[5] Mr. Tretiak also holds options of IGM, previously granted to him as an officer of IGM, which vested during the year ended December 31, 2016. See disclosure in IGM's Management Proxy Circular dated February 24, 2017.

[6] This amount represents an inter-company reimbursement from the Corporation to PFC. It does not represent an additional amount paid to the NEO by the Corporation. Although PFC paid this amount to the NEO, it is not included under "PFC" above as it has been accounted for in the appropriate column under "PCC".

EQUITY COMPENSATION PLAN INFORMATION

The following table shows the number of securities authorized for issuance under equity compensation plans of the Corporation. The only equity compensation plan under which Shares of the Corporation may be issued from treasury is the Executive Stock Option Plan.

AT DECEMBER 31, 2016	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS [EXCLUDING SECURITIES REFLECTED IN COLUMN [A]]
PLAN CATEGORY	[A]	[B]	[C]
Equity compensation plans approved by security holders	18,768,640	$28.75	7,201,828
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	18,768,640	$28.75	7,201,828

EQUITY COMPENSATION PLANS

The Executive Stock Option Plan was accepted by the TSX and was approved by shareholders on May 10, 1985. Amendments to the number of shares available for issuance under the Executive Stock Option Plan and other provisions have also been approved by the Corporation's shareholders from time to time.

The following table provides information regarding the Executive Stock Option Plan, as at March 24, 2017.

	NUMBER OF SUBORDINATE VOTING SHARES	% OF OUTSTANDING SHARES OF THE CORPORATION
(a) Issuable pursuant to options outstanding	18,285,602	3.94%
(b) Issuable pursuant to options available for granting	7,201,828	1.55%
(c) Reserved for issuance (a+b)	25,487,430	5.50%[1]
Issuable pursuant to options granted during year ended December 31, 2016	1,464,636	0.32%[2]

[1] Commonly referred to as the "overhang".

[2] Commonly referred to as the annual "burn rate".

The Executive Stock Option Plan provides for the grant of options to certain officers, key employees and key associates of Power and its subsidiaries, as designated by the Compensation Committee. The Compensation Committee determines the number of Subordinate Voting Shares to be covered by each such grant of options and determines, subject to the Executive Stock Option Plan, the terms of each such grant of options. The options are granted for a period of not more than 10 years, although a shorter option period may be established by the Compensation Committee. Options granted under the Executive Stock Option Plan generally vest on the basis of [i] as to the first 50 per cent, three years from the date of grant; and [ii] as to the remaining 50 per cent, four years from the date of grant. Options may be exercised earlier in the event of death, disability or a change of control of the Corporation.

The options granted under the Executive Stock Option Plan permit option holders to purchase Subordinate Voting Shares of the Corporation on payment of the subscription price. The subscription price is not less than the market value of Subordinate Voting Shares on the date of the grant. The market value of Subordinate Voting Shares for this purpose is calculated by taking the average of the high and low prices of Subordinate Voting Shares on the TSX on the immediately preceding trading day or, if two or more sales of Subordinate Voting Shares have not been reported for that day, the average of the bid and ask for the Subordinate Voting Shares on such day.

Unless otherwise determined by the Compensation Committee, options terminate upon the earlier of the date first established by the Compensation Committee and [i] three years from termination of employment by reason of death; [ii] three years from the date of death in the event of the death of a retiree holding stock options; [iii] 12 months from termination of employment other than by reason of death, disability, retirement or dismissal for fraud or wilful fault or neglect; [iv] the date of termination of employment by reason of dismissal for fraud or wilful fault or neglect; and [v] the date of termination of employment for any cause other than death or disability, in the case of an employee with less than one year's service at the date of grant. In the event of a change of control of the Corporation, all outstanding options will become exercisable and continue to terminate on the termination date, as first established by the Compensation Committee. Options are not assignable other than by will or succession law, except, if and on such terms as the Committee may permit, options can be transferred to certain of the optionee's family members, or trusts or holding companies controlled by the optionee, in which case the options shall continue to be subject to the Executive Stock Option Plan as if the optionee remained the holder thereof.

If options granted under the Executive Stock Option Plan would otherwise expire during a blackout period or within 10 business days of the end of such period, the expiry date of the option will be extended to the tenth business day following the end of the blackout period.

The number of Subordinate Voting Shares issuable to insiders (as defined under TSX rules for this purpose) at any time under options issued and outstanding pursuant to the Executive Stock Option Plan and under any other security-based compensation arrangements (also as defined under applicable TSX rules) of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Shares, and the number of Subordinate Voting Shares issued to insiders within any one-year period under options issued and outstanding pursuant to the Executive Stock Option Plan and under any other security-based compensation arrangements of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Shares. The number of Subordinate Voting Shares reserved for issuance to any one person pursuant to options is limited to 5 per cent of the outstanding Shares.

The Board may at any time and from time to time amend, suspend, cancel or terminate the Executive Stock Option Plan or an option granted thereunder, in whole or in part, provided however that approval of the holders of the Shares, by a majority of votes cast by voting shareholders present or represented by proxy at a meeting, is required for the following:

1. increasing the number of Subordinate Voting Shares that can be issued under the Executive Stock Option Plan;
2. reducing the subscription price of an outstanding option, including a cancellation and re-grant of an option in conjunction therewith constituting a reduction of the subscription price of the option;
3. extending the term of any outstanding option;
4. permitting the grant of an option with an expiry date of more than 10 years from the grant date;
5. expanding the authority of the Board to permit assignability of options beyond that currently contemplated by the Executive Stock Option Plan;
6. adding non-employee Directors to the categories of participants eligible to participate in the Executive Stock Option Plan;
7. amending the Executive Stock Option Plan to provide for other types of compensation through equity issuance;
8. increasing or deleting the percentage limit on Shares issuable or issued to insiders under the Executive Stock Option Plan (being 10 per cent of the Corporation's total issued and outstanding Shares);
9. increasing or deleting the percentage limit on Shares reserved for issuance to any one person under the Executive Stock Option Plan (being 5 per cent of the Corporation's total issued and outstanding Shares); and
10. amending the amendment provisions other than as permitted under TSX rules;

unless, in any of the foregoing cases, the change results from the application of the anti-dilution provisions of the Executive Stock Option Plan. Subject to but without limiting the generality of the foregoing, the Board may: narrow the eligibility for, and limitations on, participation in the Executive Stock Option Plan; modify periods during which the options may be exercised under the Executive Stock Option Plan; modify the terms on which the awards may be granted, terminated, cancelled and adjusted and exercised; amend the provisions of Executive Stock Option Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges; amend the Executive Stock Option Plan or an award thereunder to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and amend a provision of the Executive Stock Option Plan relating to the administration or technical aspects of the plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There are no change of control provisions in place for the NEOs which provide for incremental payments, payables or benefits.

RETIREMENT PLAN BENEFITS

The Corporation has a Supplementary Executive Retirement Plan (the "SERP") pursuant to which pension benefits may become payable, in addition to the pension benefits payable from the Corporation's basic pension plan, to certain of the executive officers of the Corporation or any subsidiary of the Corporation (collectively, the "Power Group"), as may be designated for participation by the Compensation Committee of the Board of Directors. The NEOs, except Messrs. Tretiak, Rousseau and Généreux, participate in the SERP.

The following table summarizes the main provisions of the SERP:

PROVISION	DESCRIPTION
Member contributions	None permitted
Credited service	Years of service (including fractions of years of service) with the Power Group while an executive officer designated by the Corporation for participation in the SERP
Pensionable compensation	Salary and bonuses received in respect of all Power Group positions
Average compensation	Average of the highest 3 years of compensation out of the final 10 years of credited service
Normal retirement age	62 years
Pension formula	Maximum annual pension equal to 60 per cent of the average compensation less offset (see below)
Offset	Amount of benefits payable under the Canada Pension Plan or the Québec Pension Plan and the Corporation's basic pension plan on the date of retirement
Years of credited service requirement	Entitlement to the maximum supplementary pension under the SERP requires 15 years of credited service with the Power Group and no benefit is payable to a participant with less than 5 years of credited service at retirement
Reduced pension	The amount of the supplementary pension (prior to offset) is reduced by 6 ⅔ per cent for each year by which the credited service with the Power Group is less than 15 years
Early retirement age	Early retirement may not be elected prior to age 55
Retirement prior to normal retirement age	The supplementary pension earned to the date of early retirement becomes payable, provided the participant has completed 10 years of credited service with the Power Group, but is subject to a reduction in the supplementary pension benefit (prior to offset) of 6 per cent for each year by which the retirement precedes age 60

Under his pension benefit arrangement and the Corporation's basic pension plan, Mr. Tretiak becomes entitled to an annual pension at age 62 equal to a percentage of the average of the highest 3 years of his compensation out of the final 10 years of credited service multiplied by his credited service under the Corporation's basic pension plan, provided that, in no event will such pension benefit exceed 60 per cent of the average of the highest 3 years of his compensation out of the final 10 years of credited service. Mr. Tretiak's pension benefit is reduced by the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan and any benefits payable under his IGM Supplementary Executive Retirement Plan (for prior service with IGM, a subsidiary of the Corporation) on the date of retirement. Credited service includes service with the Corporation and service with IGM recognized under the Corporation's basic pension plan. His average compensation covered under his pension benefit arrangement is calculated based on salary and bonuses received in respect of all Power Group positions.

Mr. Rousseau has participated in the Corporation's basic pension plan from the time he commenced employment with the Corporation. Under the Corporation's basic pension plan, Mr. Rousseau became entitled to an annual pension at age 62 equal to a percentage of the average of the highest 3 consecutive years of his compensation calculated based on salary and bonuses, multiplied by his credited service under the plan, subject to the maximum lifetime retirement benefit permitted to be provided by a registered pension plan under the *Income Tax Act* (Canada). It was determined to establish a supplemental pension benefit arrangement for Mr. Rousseau, consistent with arrangements for the other executives of the Corporation, but limited in certain respects to reflect his particular circumstances and the Corporation's objectives. Under his pension benefit arrangement, Mr. Rousseau will be entitled to an annual pension equal to a percentage of the average of the highest 3 years of compensation multiplied by his years of credited service from August 1, 2015, to a maximum of 30 per cent. Mr. Rousseau's supplemental pension benefit is reduced by the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan and his pension benefit payable under the Corporation's basic pension plan. His average compensation covered under this pension benefit arrangement is calculated based on salary and eligible bonuses received in respect of all Power Group positions. As of August 1, 2015 and January 1, 2016, 2.2 and 2.3 years respectively of prior service with the Corporation were credited to Mr. Rousseau under this pension benefit arrangement.

Under his pension benefit arrangement and the Corporation's basic pension plan, Mr. Généreux becomes entitled to an annual pension at age 62 equal to a percentage of the average of the highest 3 years of his compensation out of the final 10 years of credited service multiplied by his total years of credited service with the Corporation, provided that, in no event will such pension benefit exceed 60 per cent of the average of the highest 3 years of his compensation out of the final 10 years of credited service. Given that Mr. Généreux is a mid-career hire, his pension benefit upon his retirement will not reach the maximum benefit set under his pension arrangement and should be significantly below such maximum. Mr. Généreux's pension benefit is reduced by the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan. Mr. Généreux's period of credited service is his period of employment with the Power Group. His average compensation covered under his pension benefit arrangement is calculated based on salary and bonuses received in respect of all Power Group positions.

		POWER FINANCIAL CORPORATION					
		ANNUAL BENEFITS PAYABLE [$]					
NAME	NUMBER OF YEARS OF CREDITED SERVICE[1] [#]	AT YEAR-END[2,3]	AT AGE 65[2]	ACCRUED OBLIGATION AT START OF YEAR[4,5] [$]	COMPENSATORY CHANGE[6] [$]	NON-COMPENSATORY CHANGE[7] [$]	ACCRUED OBLIGATION AT YEAR-END[4,5] [$]
Paul Desmarais, Jr.	39.7[8]	1,149,136	1,149,136	15,127,390	-136,410	1,385,080	16,376,060
André Desmarais	33.7[8]	753,532	753,532	9,736,400	-130,300	948,300	10,554,400
Gregory D. Tretiak	28.5[9]	327,728	347,877	4,466,000	739,500	746,000	5,951,500
Henri-Paul Rousseau	5.9[10]	108,888	108,888	479,000	846,500	131,500	1,457,000
Claude Généreux	1.8[11]	54,046	419,496	227,700	666,230	489,410	1,383,340
John A. Rae	45.7	–	–	–	–	–	–

[1] With respect to Messrs. Paul Desmarais, Jr., André Desmarais and Rae, a maximum of 15 years of credited service are recognized under the SERP.

[2] The annual benefits payable at year-end and at age 65 represent the estimated pension earned for all service to date, and based on total service projected to age 65, respectively. This estimated pension is calculated based on actual pensionable earnings as at the end of the financial year ended December 31, 2016 and on the terms of the current retirement agreements. For NEOs who have already attained age 65, the annual benefits payable at age 65 correspond to the annual benefits payable at year-end. The benefits payable at year-end, as shown above, do not include any reduction that may apply if a NEO retires prior to the normal retirement age.

[3] For an explanation of the annual benefit payable by PFC at year-end, see PFC's Management Proxy Circular dated March 24, 2017.

[4] The accrued obligation represents the value of the projected pension benefits from all pension plans of the Corporation, earned for all service to date.

[5] The estimated accrued obligation values are calculated each year, based on the same method and assumptions used in the Corporation and PFC's financial statements. The key assumptions include a discount rate of 4.20 per cent per year to calculate the accrued obligation at the start of the year, a discount rate of 4.20 per cent per year to calculate the annual service cost, a discount rate of 4.00 per cent for the basic pension plan and 3.90 per cent for the SERP (3.60 per cent for Mr. Rae) to calculate the accrued obligation at year-end and a rate of increase in future compensation of 3.50 per cent per year.

The following table presents information on the pension benefits offered to each NEO calculated as of the end of 2016 for the Corporation's basic pension plan, the SERP, Mr. Tretiak's pension benefit arrangement, Mr. Rousseau's pension benefit arrangement and Mr. Généreux's pension benefit arrangement for services rendered in all capacities to the Corporation and its subsidiaries, including PFC in the case of certain NEOs. The amounts shown below under "Power Financial Corporation" and "Power Corporation of Canada" represent the portion of the annual pension benefits payable and the accrued obligation that are shared by PFC and the Corporation. As at the end of 2016, the percentages attributable to PFC and the Corporation are, respectively, 61 per cent and 39 per cent for Paul Desmarais, Jr., 40 per cent and 60 per cent for André Desmarais, 50 per cent each for Gregory D. Tretiak and Henri-Paul Rousseau, and 82 per cent and 18 per cent for Claude Généreux.

POWER CORPORATION OF CANADA						TOTAL		
ANNUAL BENEFITS PAYABLE [$]						ANNUAL BENEFITS PAYABLE [$]		
AT YEAR-END[2]	AT AGE 65[2]	ACCRUED OBLIGATION AT START OF YEAR[4,5] [$]	COMPEN-SATORY CHANGE[6] [$]	NON-COMPEN-SATORY CHANGE[7] [$]	ACCRUED OBLIGATION AT YEAR-END[4,5] [$]	AT YEAR-END[2]	AT AGE 65[2]	ACCRUED OBLIGATION AT YEAR-END[4,5] [$]
734,694	734,694	9,671,610	-85,590	883,920	10,469,940	1,883,830	1,883,830	26,846,000
1,130,298	1,130,298	14,604,600	-197,700	1,424,700	15,831,600	1,883,830	1,883,830	26,386,000
327,728	347,877	4,466,000	739,500	746,000	5,951,500	655,456	695,754	11,903,000
108,888	108,888	479,000	846,500	131,500	1,457,000	217,776	217,776	2,914,000
11,864	92,084	25,300	192,770	85,590	303,660	65,910	511,580	1,687,000
487,636	487,636	6,295,000	290,000	795,000	7,380,000	487,636	487,636	7,380,000

[6] Includes service cost for the year, the impact on the accrued obligation of the difference between actual and estimated earnings and the impact of amendments to the applicable plans or arrangements, if any.

[7] Includes the impact on the accrued obligation of the change in the discount rate from 4.20 per cent to 4.00 per cent for the basic pension plan and from 4.20 per cent to 3.90 per cent for the SERP (3.60 per cent for Mr. Rae), non-pay related experience such as mortality and retirement, and increase in the obligation due to interest and changes in other assumptions, if any.

[8] Represents the total years of credited service with the Corporation and PFC.

[9] Represents the total years of credited service with the Corporation, PFC and IGM.

[10] Mr. Rousseau's credited service under the Corporation's basic pension plan is 8.1 years. Credited service under Mr. Rousseau's supplemental pension arrangement as at December 31, 2016 is 5.9 years, which includes 2.3 years of credited service with the Corporation which have been recognized as at January 1, 2016.

[11] Mr. Généreux's credited service under the Corporation's basic pension plan is 1.3 years due to the plan's waiting period. Credited service under Mr. Généreux's supplemental pension arrangement began on his first day of employment and totals 1.8 years as at December 31, 2016.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table presents the aggregate outstanding indebtedness, as at February 28, 2017, of all current and former executive officers, directors and employees of the Corporation or any of its subsidiaries (other than Lifeco and IGM and their respective subsidiaries), to the Corporation or its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in each case other than "routine indebtedness" as defined under applicable securities law.

AGGREGATE INDEBTEDNESS

PURPOSE	TO THE CORPORATION OR ITS SUBSIDIARIES [$]	TO ANOTHER ENTITY [$]
Share Purchases	Nil	Nil
Other	6,503,916[1]	Nil

[1] Reflects indebtedness of Gregory D. Tretiak (as discussed below), loans to certain executive employees of subsidiaries of the Corporation and a loan to a non-executive employee of the Corporation.

If and as required by applicable securities law, the aggregate outstanding indebtedness of all current and former executive officers, directors and employees of Lifeco and its subsidiaries to Lifeco and its subsidiaries is disclosed in Lifeco's Management Proxy Circular dated February 21, 2017 and the aggregate outstanding indebtedness of all current and former executive officers, directors and employees of IGM and its subsidiaries to IGM and its subsidiaries is disclosed in IGM's Management Proxy Circular dated February 24, 2017.

The following table sets out the indebtedness of directors and executive officers of the Corporation (including any person who, during the financial year ended December 31, 2016, was, but is not at the date of this Management Proxy Circular, a director or executive officer of the Corporation), nominees for election as Directors, and any associates of any of the foregoing persons, during the financial year ended December 31, 2016 to the Corporation or its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in each case other than "routine indebtedness" as defined under applicable securities law.

NAME AND PRINCIPAL POSITION	INVOLVEMENT OF THE CORPORATION OR ITS SUBSIDIARY	LARGEST AMOUNT OUTSTANDING DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2016 [$]	AMOUNT OUTSTANDING AS AT FEBRUARY 28, 2017 [$]	FINANCIALLY ASSISTED SECURITIES PURCHASES DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2016 [#]	SECURITY FOR INDEBTEDNESS	AMOUNT FORGIVEN DURING FINANCIAL YEAR ENDED DECEMBER 31, 2016 [$]
Securities Purchase Programs						
–	–	–	–	–	–	–
Other Programs						
Gregory D. Tretiak[1] Executive Vice-President and Chief Financial Officer	Parent company of lender	761,423	404,896	Nil	Charge on residence	Nil

[1] Disclosed indebtedness is a residential mortgage that was registered in the name of Investors Group Trust Co. Ltd., a subsidiary of IGM which makes loans in the ordinary course of business, during the financial year ended December 31, 2013. The mortgage matures on October 1, 2018, is fully secured against the residence of the borrower and is on substantially the same terms, including as to interest rate and security, as are available when a loan is made available to other customers of the lender with comparable credit.

COMPENSATION DISCUSSION AND ANALYSIS

The 2016 compensation of the officers of the Corporation (in such capacity), other than Mr. Généreux, was determined by the Compensation Committee of the Corporation. Other than the options awarded by PFC to Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak, the 2016 compensation of the officers of PFC (in such capacity) who are also officers of the Corporation, other than Mr. Généreux, namely Messrs. Paul Desmarais, Jr., André Desmarais, Tretiak and Rousseau, was determined by the Compensation Committee of the Corporation, which is constituted entirely with Directors who are independent of PFC and the Corporation. Other than the options and PDSUs awarded to Mr. Généreux by the Corporation, his compensation is determined by the Compensation Committee of PFC. The amounts shown in "Executive Compensation – Summary Compensation Table" earlier in this Management Proxy Circular for Messrs. Paul Desmarais, Jr. (for 2016 and 2015), André Desmarais, Tretiak and Rousseau for "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Financial Corporation" have been paid or credited by the Corporation, were subject to inter-company reimbursements from PFC to the Corporation, and do not represent additional compensation paid or credited to these officers by PFC. The amounts shown in "Executive Compensation – Summary Compensation Table" earlier in this Management Proxy Circular for Messrs. Paul Desmarais, Jr. (for 2014) and Généreux for "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Corporation of Canada" have been paid or credited by PFC, were subject to inter-company reimbursements from the Corporation to PFC, and do not represent additional compensation paid or credited to such officer by the Corporation.

THE COMPENSATION COMMITTEE

The Board of Directors of the Corporation has established a Compensation Committee (the "Committee"), which is responsible for approving (or, in the case of the Co-CEOs, recommending to the Board for approval) the compensation for the executives of the Corporation. The Committee also recommends to the Board for approval the compensation arrangements for the Directors, for the Chairman of the Board, for the Chairmen of Board committees and for members of Board committees. The Committee also approves compensation policies and guidelines applicable to employees; it recommends for approval by the Board such incentive compensation plans, equity compensation plans, registered pension plans, supplemental pension plans and other compensation plans for employees as it deems appropriate; and it oversees the management of the Corporation's incentive compensation plans and equity compensation plans.

COMPOSITION OF THE COMMITTEE

The members of the Compensation Committee are Anthony R. Graham, Marcel R. Coutu and Isabelle Marcoux. Each member of the Committee is an independent director within the meaning of the Instruments (as more fully described in the "Statement of Corporate Governance Practices – Independence of Directors" section later in this Management Proxy Circular) and none receives, directly or indirectly, any compensation from the Corporation other than for service as a member of the Board of Directors and its committees. Additionally, none of the members of the Compensation Committee currently serves as the Chief Executive Officer of a public company. As described below, all members of the Committee have direct experience that is relevant to their responsibilities in executive compensation and have the skills and experience that contribute to the ability of the Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

RELEVANT EXPERIENCE OF MEMBERS OF THE COMMITTEE

In addition to each Committee member's general business background, senior management experience and involvement with other companies (see biographical information under "Election of Directors – Nominees for Election to the Board"), each of the Compensation Committee members has many years of experience on the compensation committees, or working closely with the compensation committees, of other companies. The following is a description of the direct experience of each of the members of the Compensation Committee that is relevant to such member's responsibilities in executive compensation. Through the positions described below, the members of the Compensation Committee have been involved in the design, implementation or oversight of compensation programs within the financial services industry or other sectors. The members of the Compensation Committee draw upon this experience and their business judgment, as well as the skills gained with this experience, to enable the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

Mr. Graham is Vice-Chairman and a Director of Wittington Investments, Limited ("Wittington Investments"), an investment management company and the principal holding company of the Weston-Loblaw Group. From June 2000 to May 2014, he was President of Wittington Investments. Prior thereto, he held senior positions in Canada and the U.K. with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer. Mr. Graham also serves on the Board of PFC as well as Graymont Limited, Brown Thomas Group Limited, Holt Renfrew & Co., Limited and Selfridges & Co. Ltd. He served on the Board of George Weston Limited from November 1996 to May 2016 and, from February 1999 to July 2015, he served on the Boards of Loblaw Companies Limited and President's Choice Bank, of which he served as Chairman until May 2014. He has been a member of the Corporation's Compensation Committee since May 2010 and the Committee's Chairman since May 2012.

Mr. Coutu is a Company Director. He is a Director of Brookfield Asset Management Inc. and Enbridge Inc. From 2001 to January 1, 2014, he was President and Chief Executive Officer of Canadian Oil Sands Limited, an oil and gas company, and Chairman of Syncrude Canada Ltd., a Canadian oil sands project. He was previously Senior Vice-President and Chief Financial Officer of Gulf Canada Resources Limited and, prior to that, held various positions in the areas of corporate finance, investment banking, and mining and oil and gas exploration and development. Mr. Coutu is a Director and a member of the Human Resources Committees of Lifeco and its subsidiaries Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Putnam Investments, LLC and of IGM and its subsidiaries Investors Group Inc. and Mackenzie Inc. He serves on the Calgary Exhibition and Stampede Board, and has also held board positions with Gulf Indonesia Resources Limited, TransCanada Power Limited Partnership and the Board of Governors of the Canadian Association of Petroleum Producers. He has been a member of the Corporation's Compensation Committee since May 2012.

Ms. Marcoux is Chair of the Board of Transcontinental Inc., a printing, flexible packaging and publishing company since February 2012. She was Vice-Chair of the Board from 2007 to 2012 and Vice-President, Corporate Development, from 2004 to 2012. Between 1997 and 2004, she was Director, Mergers and Acquisitions, as well as Director, Legal Affairs and Assistant Corporate Secretary at Transcontinental Inc., prior to which she was a lawyer at McCarthy Tétrault LLP. Ms. Marcoux is a member of the Board of George Weston Limited and Rogers Communications Inc. and was a member of the Board of Trade of Metropolitan Montreal until 2014. She is the Chair of the Compensation Committee of Rogers Communications Inc. and as the Chair of the Board of Transcontinental Inc., she works closely with its Human Resources and Compensation Committee. She has been a member of the Corporation's Compensation Committee since May 2012.

COMPENSATION CONSULTANT

Willis Towers Watson (including its predecessors, the "Compensation Consultant") has been retained by the Compensation Committee since 2006 to provide executive compensation consulting services. The Compensation Consultant's services typically include advising on compensation policies and assessing compensation-related market developments for senior executives and directors. The Committee meets alone as required without the compensation adviser and without management. In addition, the Committee regularly consults the Compensation Consultant without management being present. Recommendations and decisions made by the Compensation Committee usually reflect other factors and considerations in addition to the information and guidance provided by the Compensation Consultant.

The Compensation Consultant also provides non-executive compensation consulting services to the Corporation, at the request of management, which are mainly comprised of compensation, retirement and benefit consulting services. On an annual basis, the Compensation Consultant discloses to the Compensation Committee its full relationship with the Corporation, as well as its consulting structure and other safeguards put in place to avoid conflicts of interest when consulting on executive compensation matters.

The Compensation Committee approves all the consulting services provided to the Corporation by the Compensation Consultant.

The Compensation Consultant's fees for the 2015 and 2016 fiscal years for such services were as follows [1]:

	YEAR ENDED DECEMBER 31, 2015 [$]	YEAR ENDED DECEMBER 31, 2016 [$]
Executive Compensation-Related Fees	111,971	180,910
All Other Fees [2]	203,527	166,259

[1] If and as required by applicable securities legislation, fees paid to compensation consultants by PFC are disclosed in PFC's Management Proxy Circular dated March 24, 2017, fees paid to compensation consultants by Lifeco are disclosed in Lifeco's Management Proxy Circular dated February 21, 2017 and fees paid to compensation consultants by IGM are disclosed in IGM's Management Proxy Circular dated February 24, 2017.

[2] These fees relate to non-executive compensation, retirement and group benefits consulting services.

EXECUTIVE COMPENSATION POLICY

Power's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating added value for shareholders over the long-term. Unlike the Corporation's operating subsidiaries, where compensation may be tied directly to specific objectives, the Corporation is a holding company and its compensation is deliberately structured to reflect the long-term value-building nature of the duties of senior management and the absence of precise shorter-term operating measures. The main goals of the Corporation's executive compensation policy are to:

> attract and retain key executive talent with the knowledge and expertise required to develop and execute business strategies to generate long-term shareholder value;

> provide executives with a total compensation package competitive with that offered by other large global organizations based in North America; and

> ensure that long-term incentive compensation is a major component of total compensation.

The Corporation's executive compensation program is designed to reward the following:

> excellence in crafting and executing strategies and transactions that will produce significant value for the shareholders over the long-term;

> management vision and an entrepreneurial approach;

> quality of decision-making;

> success in identifying and appropriately managing risk;

> strength of leadership; and

> record of performance over the long-term.

COMPENSATION RISK MANAGEMENT

In performing its duties, the Compensation Committee considers the implications of the possible risks associated with the Corporation's compensation policies and practices. This includes:

> identifying any such policies or practices that may encourage executive officers to take inappropriate or excessive risks;

> identifying risks arising from such policies and practices that could have a material adverse effect on the Corporation; and

> considering the possible risk implications of the Corporation's compensation policies and practices and any proposed changes to them.

The Committee, with the assistance of the Compensation Consultant, annually reviews and assesses the Corporation's compensation policies and practices in relation to such risks, including assessing such policies and practices in light of practices identified by the CSA as potentially encouraging executive officers to expose the Corporation to inappropriate or excessive risks. It is the Committee's view that the Corporation's compensation policies and practices do not encourage inappropriate or excessive risk-taking.

The Committee believes that the Corporation's status as a diversified investment holding company, with its two Co-CEOs directly holding substantial equity of the Corporation, and serving as trustees of the Desmarais Family Residuary Trust as described above under "Voting Shares and Principal Holders Thereof", mitigates against policies and practices which would encourage executive officers to expose the Corporation to inappropriate or excessive risks. As disclosed above, the Corporation's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating long-term value for shareholders.

Non-equity cash incentives, when paid, are not related to specific quantifiable performance targets defined prior to the beginning of the year, and are determined by reference to a number of factors, as described below. As such, the Committee believes they do not incent potentially inappropriate short-term risk-taking executive behaviour. As also described below, a significant portion of the executive officers' compensation is in the form of PDSUs and PSUs which are subject to performance vesting conditions over a three-year period and stock options which typically have a 10-year term and vest over specified numbers of years during the options' term. In the view of the Committee, as [i] recipients only benefit under PDSUs and PSUs if performance conditions are met over a three-year period, [ii] since the payment of vested PDSUs is deferred until the executive retires or otherwise leaves the employment of the Corporation and [iii] as options generally vest on the third and fourth anniversaries of grant and recipients only benefit under options if shareholder value increases over the long-term, officers are not incented to take actions which provide short-term benefits and which may expose the Corporation over a longer term to inappropriate or excessive risks. In addition, pursuant to the Corporation's minimum equity ownership requirements, members of senior management are required to hold Shares, DSUs, PDSUs and/or PSUs of the Corporation with at least a specified aggregate minimum value (see "Minimum Equity Ownership Requirement for Senior Management" below), which also mitigates against such executives taking inappropriate or excessive risks to improve short-term performance. Finally, under the Corporation's Policy Concerning Insider Trading, Directors and employees of the Corporation are prohibited from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities or equivalents such as DSUs, PDSUs and PSUs, the value of which is derived from equity securities granted by the Corporation as compensation (See "Equity-based Compensation Anti-hedging Policies" below).

Readers are also referred to the Management Proxy Circular of PFC dated March 24, 2017 for its disclosure entitled "Compensation Risk Management", to the Management Proxy Circular of Lifeco dated February 21, 2017 for its disclosure entitled "Compensation Policy Risk Management" and to the Management Proxy Circular of IGM dated February 24, 2017, for its disclosure entitled "Compensation Risk Management".

EQUITY-BASED COMPENSATION ANTI-HEDGING POLICIES

The NEOs of the Corporation are subject to the Corporation's Insider Trading Policy, which prohibits each NEO from, among other things, purchasing financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities (or equivalents such as DSUs, the value of which is derived from equity securities) granted by the Corporation as compensation. NEOs also may not, directly or indirectly, with respect to any security of the Corporation or a publicly-traded subsidiary (as defined in the policy) of the Corporation: [i] make a "short sale" of the security; [ii] sell a "call" or buy a "put", in respect of the security; or [iii] purchase the security for the purpose of selling it at a profit within a short period of time (which the policy provides would generally, depending on the circumstances, mean the purchaser intends to hold such securities for a minimum of two years).

Under the terms of PDSUs held by NEOs and DSUs held by NEOs in their capacity as Directors of the Corporation and its publicly-traded subsidiaries, the NEOs may not receive or obtain any amount for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the shares of the Corporation relating to such PDSUs or DSUs or, in the case of the subsidiaries, those of a related corporation (such as the Corporation).

THE COMPENSATION COMMITTEE'S DECISION-MAKING PROCESS

The Board and the Committee recognize the importance of executive compensation decisions to the management and shareholders of the Corporation and have given careful consideration to the process which is followed to make decisions. The Committee considers it important that total compensation (cash and all other employment-related benefits) reflect the Corporation's entrepreneurial roots, corporate culture and focus on long-term growth in shareholder value. The various elements of executive compensation, the relative weighting allocated to cash compensation versus equity-based incentives such as PSUs, PDSUs and options, and the mix of annual as opposed to long-term incentives, is not quantified by the Committee on the basis of a formulaic approach. The Committee reviews each compensation element in the context of the compensation mix (fixed versus variable) determined in accordance with the Corporation's executive compensation policy.

BENCHMARKING

To assist in determining competitive compensation for senior executive positions, the Committee reviews data from reference groups that include large financial services organizations, management holding companies and other large diversified companies. Because of the international scope and the size of the Power Group, the reference groups are composed of Canadian and U.S.-based companies, thus allowing the Corporation to offer its senior executives total compensation that is competitive in the North American market. Companies included in the reference groups are typically publicly-traded, operate in the financial services industry and other sectors, are large in scope and have global operations. While performing its review, the Committee may consider some or all of the companies in the reference groups.

The following table presents the companies included in the reference group for 2016 and notes the selection criteria for which each benchmark company was considered to be relevant:

				GEOGRAPHY		
COMPANY	LARGE IN SCOPE	PUBLICLY TRADED	FINANCIAL SERVICES INDUSTRY	CANADA	U.S.	GLOBAL OPERATIONS
Aetna Inc.	●	●	●		●	●
Allstate Corporation	●	●	●		●	
American Express Company	●	●	●		●	●
Bank of America Corporation	●	●	●		●	●
Bank of Montreal	●	●	●	●		●
BCE Inc.	●	●		●		
Bombardier Inc.	●	●		●		●
Canadian Imperial Bank of Commerce	●	●	●	●		●
Capital One Financial Corporation	●	●	●		●	●
CIGNA Corporation	●	●	●		●	●
Citigroup Inc.	●	●	●		●	●
GE Capital Corporation	●		●		●	●
George Weston Limited	●	●		●		
Hartford Financial Services Group Inc.	●	●	●		●	●
Honeywell International Inc.	●	●			●	●
HSBC Bank Canada			●	●		
HSBC North America Holdings Inc.	●		●		●	
Manulife Financial Corporation	●	●	●	●		●
MetLife Inc.	●	●	●		●	●
National Bank of Canada		●	●	●		●
New York Life Insurance Company	●		●		●	●
Onex Corporation	●	●		●		●
PNC Financial Services Group Inc.	●	●	●		●	
Prudential Financial Inc.	●	●	●		●	●
Rogers Communications Inc.	●	●		●		
RBC Financial Group	●	●	●	●		●
Royal & Sun Alliance Insurance Company of Canada			●	●		
Scotiabank	●	●	●	●		●
State Street Corporation	●	●	●		●	●
Sun Life Financial Services	●	●	●	●		●
SunTrust Banks Inc.	●	●	●		●	
TD Bank Financial Group	●	●	●	●		●
Textron Inc.	●	●			●	●
Thomson Reuters Corporation	●	●	●	●		●
U.S. Bancorp	●	●	●		●	●
Voya Financial, Inc. (formerly ING North America Insurance Company)	●	●	●		●	
Wells Fargo & Company	●	●	●		●	●

While performing its review, the Committee does not specifically identify a median or percentile for total compensation of the Corporation's NEOs. Generally, the Committee takes into account the compensation of executives of companies in the reference group by considering the placement of the Corporation's NEOs compensation approximately in the middle of the group's ranges with exceptional performance allowing for compensation towards the upper range of the reference group.

ANNUAL REVIEW BY THE COMMITTEE

The Committee reviews the total compensation of each NEO annually. The review covers all forms of compensation and the Committee considers a number of factors and performance indicators, including the long-term financial returns of the Corporation relative to that of other large corporations in the financial services industry and other sectors, which includes corporations in the reference groups above. The comparative evaluation is not based on a mathematical formula that integrates specific, weighted performance measures. Rather, the Committee qualitatively considers such factors in the context of the overall achievements of the Corporation, be they financial or strategic in nature.

The Committee obtained the recommendations of the Co-CEOs in reviewing the compensation of each of the NEOs (other than the Co-CEOs themselves), together with their evaluation of the performance of each such NEO for the year.

COMPONENTS OF EXECUTIVE COMPENSATION

The principal components of the compensation program for the NEOs, each component's primary role in the compensation mix and how the components are linked together are presented in the table below:

ELEMENTS	PRIMARY ROLE	LINK TO OTHER ELEMENTS
Base Salary	Reflects skills, competencies, experience and performance appraisal of the incumbent	Influences annual incentive, long-term incentive, pension and some benefits
Annual Bonus	Reflects performance for the year	Influences pension
Long-Term Incentive (Stock Option Plan and Performance Share Unit Plan)	Links interests of NEOs with interests of the shareholders	None, except that the value of these elements is considered within the total compensation policy of the Corporation
Retirement Arrangements	Provide for competitive and appropriate replacement income upon retirement based on years of service with the Corporation	
Group Benefits	Provide competitive and adequate protection in case of sickness, disability or death	
Executive Perquisites	Provide a competitive compensation package and facilitate the effective performance of the incumbent's functions	

A-BASE SALARY

The Committee reviews and approves the base salary for each NEO taking into account each executive's responsibilities, experience and performance assessment. During the review, the Committee considers the total compensation of each NEO (including, where applicable, compensation received by the NEO from publicly-traded subsidiaries of the Corporation in such NEO's capacity as a Director of the subsidiary, which compensation is determined solely by the Board or Compensation Committee of such subsidiaries and not by the Committee) to ensure it remains aligned with the Corporation's total compensation policy.

For 2016, increases in salary from 2015 were 2.2 per cent in the case of Paul Desmarais, Jr. and André Desmarais and ranged from 2.5 per cent to 2.6 per cent for Messrs. Tretiak, Rousseau, Généreux and Rae.

The Committee believes the increases were in line with general increases granted in the market and with market competitive salaries for comparable positions, taking into account the total compensation for comparable positions at the companies in the reference groups above.

B–INCENTIVE COMPENSATION

The Committee believes it to be appropriate, in the context of a management holding company, to determine executive incentive compensation using a review and global assessment of the performance of the Corporation, in terms of financial results, achievements and strategic positioning, and specific individual contributions, among others, rather than adhering to a formulaic approach.

[I] ANNUAL BONUS

Individual incentives for NEOs are generally determined in consideration of the following performance indicators:

> The overall financial performance of the Corporation for the year in relation to the business plan, the prior year's results and the results of other members of the reference group.

> The contribution of the executive in initiating, developing and executing strategies and transactions that will create sustained value for shareholders over the long-term.

> Specific individual achievements or actions considered critical for the successful execution of the Corporation's business plan.

The amount of the individual incentives takes also into account the competitiveness of the total compensation of the NEOs having regard to the reference group above.

ANNUAL INCENTIVES FOR THE CO-CEOS

The Committee reviews the Co-CEOs performance toward the end of the fiscal year and uses the results of the performance review, based on the Co-CEO's agreed upon objectives for the year and the above indicators, to determine their annual incentive. During this period, the Committee also sets objectives for the Co-CEOs for the following year. As Co-CEOs of a diversified international management and holding company, the Co-CEOs have a wide range of objectives and goals that are set for them by the Committee on an annual basis. The Committee does not use a formulaic approach to evaluate or to weigh the Co-CEO's contribution toward one indicator versus another. Rather, the Committee applies its informed judgement as to the overall performance of the Co-CEOs in order to complete its assessment.

The amount of the incentive is neither fixed nor defined as a percentage of annual salary, but rather is determined by reference to the compensation policy of the Corporation taking into account the competitiveness of the Co-CEO's total compensation having regard to the reference group above.

The incentives paid for 2016 to the Co-CEOs reflect a consideration of the above criteria and performance review.

ANNUAL BONUS FOR THE OTHER NEOS

The annual incentives for Messrs. Tretiak, Rousseau and Rae reflect each NEO's performance and contribution as assessed by the Co-CEOs, as well as some re-alignment of the short-term incentive award in accordance with the increased responsibilities assigned to some of these individuals. For Mr. Généreux's annual incentive, please see PFC's Management Proxy Circular dated March 24, 2017.

Overall, the performance assessment and the corresponding annual incentives for each of these individuals reflect special and exceptional contributions by such individuals toward specific strategic initiatives.

[II] LONG-TERM INCENTIVES

The Committee initially determines an appropriate long-term incentive amount for each NEO. In determining the amount of the long-term incentives for a NEO, the Committee considers the amount and terms of the executive's outstanding long-term incentives, the executive's individual performance and contribution for the year and the alignment of the executive's total compensation with the Corporation's executive compensation policy. Reference is also made to the competitiveness of the NEO's compensation having regard to the reference groups described above.

The factors considered and the relative weighting allocated to these factors varies from year to year.

In 2013, the Corporation adopted a Performance Share Unit Plan, which provides for the grants of PSUs and PDSUs, to allow for flexibility in granting additional forms of long-term incentives to complement the use of stock options. Subject to certain restrictions, each NEO may choose the form of long-term incentive to be received by them, as among options, PSUs or PDSUs, having a grant date value equal to the long-term incentive amount determined by the Committee for each NEO.

Stock options have a 10-year term and generally vest over 4 years at the rate of 50 per cent after 3 years and the remaining 50 per cent after 4 years. Option recipients only benefit if shareholder value increases over the long-term. The Corporation sets option exercise prices on the basis of market prices, and only when NEOs are permitted to trade shares of the Corporation outside of a blackout period.

PSUs and PDSUs are share units, each entitling the NEO to a payment based on the value of a Subordinate Voting Share, subject to performance vesting conditions. PSUs and PDSUs granted to NEOs are subject to performance vesting conditions relating to the Corporation's return on equity over a three-year period pursuant to which PSUs and PDSUs may vest within a range of 0 per cent to 150 per cent. The number of PSUs or PDSUs included in the grant is determined based on dividing the aggregate grant date fair value of the long-term incentive plan amount allocated to PSUs or PDSUs by the market price of the underlying Subordinate Voting Shares on the grant date. PSUs and PDSUs are identical in all respects, and subject to the same performance conditions over the same performance period, except that the settlement and payment of vested PDSUs is deferred until the executive retires or otherwise leaves the employment of the Corporation whereas vested PSUs are settled and paid shortly after the applicable three-year performance period. PSUs and PDSUs, to the extent vested, are settled and paid out in the form of cash payments. Unvested PSUs and PDSUs are forfeited in the case of resignation or termination with cause. In the case of death, retirement or termination without cause, unvested PSUs and PDSUs vest at 100 per cent except that the amount is prorated for the period of active employment during the performance period.

The Committee believes that the granting of options, PSUs and PDSUs is consistent with the Corporation's overall approach to executive compensation, as these instruments are designed to reward performance over the long-term.

PDSUs and stock options granted in 2016 reflect a consideration of the above criteria.

C-RETIREMENT ARRANGEMENTS

The Corporation offers retirement arrangements to certain NEOs, including the SERP and other pension benefit arrangements. The main provisions of the pension benefit arrangements are described in more detail earlier in this Management Proxy Circular under "Executive Compensation – Retirement Plan Benefits". The purposes of the pension benefit arrangements are to:

> offer an adequate and competitive level of retirement income to the executive officers who have spent a significant portion of their career in service with the Corporation or its subsidiaries;

> provide an incentive for the NEOs to remain in service with the Corporation and to take a long-term view to corporate decision-making, through the vesting provisions of the pension benefit arrangements and their respective benefit accrual formula; and

> supplement registered pension plans benefits to assist in attracting officers.

There were no changes in 2016 to the terms of the SERP or any other pension benefit arrangements the Corporation has with the NEOs.

D-GROUP INSURANCE BENEFITS

The Corporation offers medical, dental, life, accidental death and dismemberment and short- and long-term disability insurance coverage to NEOs as well as to all employees of the Corporation under the same program.

E-SHARE PURCHASE PROGRAM

The Corporation offers a share purchase program to all employees of the Corporation, under which NEOs may purchase Subordinate Voting Shares of the Corporation through payroll deductions. Under the program, the Corporation makes a contribution equal to 50 per cent of the participant's contribution, up to a maximum of $30,000, which is used to purchase Subordinate Voting Shares of the Corporation.

F-EXECUTIVE PERQUISITES

The Corporation currently provides a limited number of perquisites to its NEOs, the nature and value of which, in the view of the Committee, are reasonable and competitive.

MINIMUM EQUITY OWNERSHIP REQUIREMENT FOR SENIOR MANAGEMENT

The Committee believes that members of the executive team should own a significant amount of equity of the Corporation to further align their interests with those of the Corporation's shareholders.

Accordingly, members of the Corporation's senior management, including the NEOs, are required to hold, within five years of their becoming a member of senior management of the Corporation, Shares, DSUs, PDSUs and/or PSUs of the Corporation with at least an aggregate minimum value determined as follows:

MINIMUM EQUITY OWNERSHIP REQUIREMENT (% OF ANNUAL BASE SALARY)*	
Co-Chief Executive Officers	600%
Executive/Senior Vice-Presidents and Chief Financial Officer	300%
Vice-Presidents	100%

* Determined based on the highest of the cost of acquisition of the Shares (or in the case of DSUs, PDSUs and PSUs, the stock price on the date of grant), and the market value of the Shares (and/or DSUs, PDSUs and PSUs).

All members of the Corporation's senior management meet, or are on track to meet, the Corporation's equity ownership requirement.

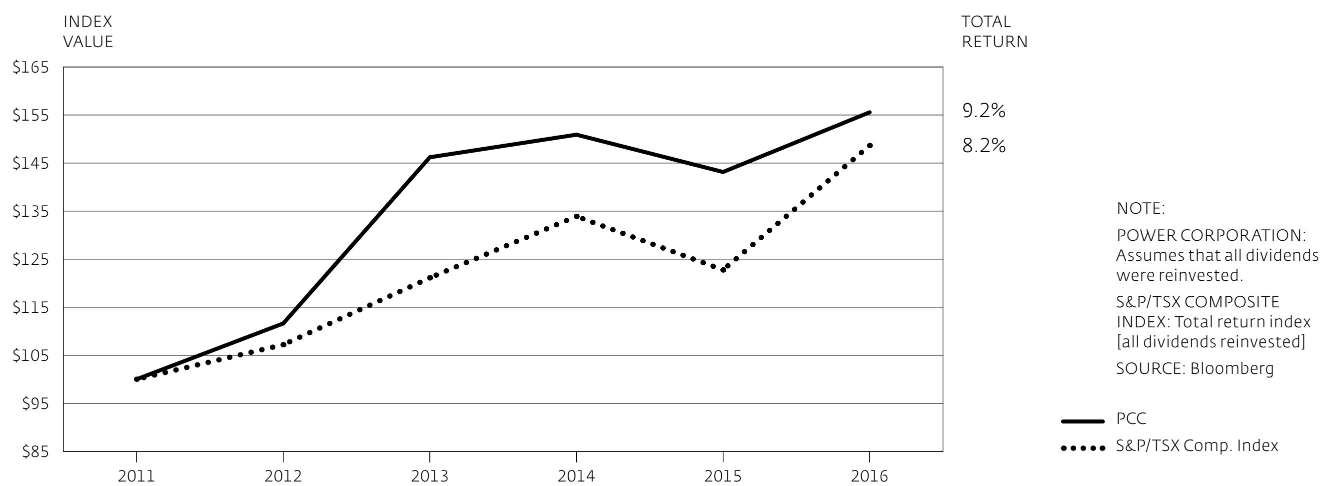
PERFORMANCE GRAPH

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Subordinate Voting Shares compared with the S&P/TSX Composite Index, over the five-year period ended December 31, 2016.

The year-end values of each investment are based on share appreciation plus dividends paid in cash, with the dividends reinvested on the date they were paid.

FIVE-YEAR CUMULATIVE TOTAL RETURNS

Value of $100 invested on December 31, 2011.



For each NEO who has been with the Corporation throughout the last five years, the trend of the NEOs' cumulative total direct compensation is consistent with the trend of cumulative value earned by the Corporation's shareholders over the five-year period; however, the Corporation's determination of executive compensation is based upon the policies and procedures described above and is not based upon the total return of the Corporation's Shares relative to any particular stock index.

APPOINTMENT OF AUDITORS

It is proposed to reappoint Deloitte LLP as auditors of the Corporation at the Meeting, or any adjournment thereof, to hold office until the close of the next Annual Meeting of Shareholders. Except where authority to vote in respect of the appointment of auditors is withheld, the representatives of management named in the accompanying form of proxy will vote the shares represented thereby for the appointment of Deloitte LLP as auditors of the Corporation. The resolution to reappoint Deloitte LLP will be approved, if passed, by a majority of the votes cast at the Meeting.

SHAREHOLDER PROPOSALS

Shareholder proposals submitted for consideration of the Corporation's shareholders are attached as Schedule "A". For the reasons set forth below each proposal in Schedule "A", the Board of Directors recommends that shareholders vote against the proposals that will be submitted to a shareholder vote. The representatives of management named in the accompanying form of proxy will vote the Shares represented thereby against each shareholder proposal submitted to a shareholder vote, unless the shareholder of the Corporation has given contrary instructions in such form of proxy.

The date by which the Corporation must receive a proposal for any matter that a shareholder proposes to raise at the Annual Meeting of Shareholders of the Corporation to be held in 2018 is December 27, 2017.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well-being of the Corporation and its shareholders.

Power is an international management and holding company. It has had controlling shareholders since its beginnings in 1925. The Honourable Paul G. Desmarais held control of Power from 1968 until his death in October 2013, upon which control of the Corporation passed to the Desmarais Family Residuary Trust. As at March 24, 2017, the Desmarais Family Residuary Trust exercised, through holding corporations, control over shares carrying approximately 59.19 per cent of the votes. See "Voting Shares and Principal Holders Thereof".

Power is not an operating company and a substantial portion of its interests are located outside Canada, specifically in the United States, Europe and Asia.

The foregoing characteristics are important in any consideration of governance philosophy and practices as they apply to the Corporation.

In 2005, the CSA adopted *National Policy 58-201 – Corporate Governance Guidelines* (the "Policy") which sets forth a number of suggested guidelines on corporate governance practices (the "CSA Guidelines"). Under the Policy, issuers are encouraged to consider the CSA Guidelines in developing their own corporate governance practices.

In the Board's view, no single corporate governance model is superior or appropriate in all respects. The Board's approach reflects its belief that governance must be focused on substance rather than the application of generic processes and standardized rules and guidelines. Formal checklists cannot replace real care, responsibility and personal engagement.

The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management and to ensure that actual or potential conflicts of interest between the Corporation and its controlling shareholder are dealt with appropriately. Furthermore, any review of governance practices should include consideration of long-term returns to shareholders, as the Board believes this to be an important indicator of the effectiveness of a governance system.

INDEPENDENCE OF DIRECTORS

A–CURRENT APPLICABLE STANDARDS

The CSA Guidelines and *National Instrument 52-110 – Audit Committees* and *National Instrument 58-101 – Disclosure of Corporate Governance Practices* (the "Instruments") provide that a director is "independent" of an issuer if he or she has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. The Corporation's Board of Directors agrees with this approach to assessing director independence.

However, the Instruments go on to provide that a director is deemed to have such a direct or indirect relationship with an issuer (and thus not to be independent) if, among other things, the director is, or has been within the last three years, an executive officer or an employee of the issuer's parent corporation. In the view of the Board, the determination of director independence should be based upon whether or not the director is independent of the corporation's management, and whether or not the director has any other relationships with the corporation which could reasonably be expected to interfere with the exercise of the director's independent judgment. In the Board's view, that is a question of fact that should be determined by the issuer's board of directors on a case-by-case basis without reference to any presumptions such as those which are currently contained in the Instruments.

One of the most important functions of a board of directors is to oversee management in the drive to achieve long-term shareholder returns. A financially strong and long-term oriented controlling shareholder can have a significant positive impact on a corporation's long-term returns, benefiting all shareholders and the corporation as a whole. The benefits can include the ability to encourage and support management in the pursuit of long-term strategies and the provision of directors who are experienced and knowledgeable about the business of the corporation. In the case of our corporate group, many of these attributes are provided through a governance model which has been developed over many years, and which includes a group of directors on the boards of our subsidiaries who are also Directors and/or officers of the Corporation or PFC. These Directors have no relationship with the subsidiaries other than as directors and shareholders, and the full-time job of a number of officers of the Corporation is to focus on and become knowledgeable about the affairs of our subsidiaries. The effect of the "deeming provision" regarding director independence, if followed, would be to deny the Corporation, all of its shareholders, and its corporate group the benefit of this governance model and prevent the Corporation and PFC from participating fully in the oversight function at their subsidiaries.

Any concerns which may exist in a controlled company situation about conflicts of interest or self-dealing should, in the view of the Board of Directors, be resolved directly through a committee of directors who are independent of the controlling shareholder. The governance model at the Corporation includes such a committee, the Related Party and Conduct Review Committee, which is discussed below in the section entitled "Resolution of Conflicts". Each of our publicly-traded subsidiaries also has such a committee.

The CSA has acknowledged the concerns expressed by some reporting issuers as to whether the CSA's view of director independence is appropriate to companies such as the Corporation and its publicly-traded subsidiaries which have a majority shareholder. Thus, the Policy stated at the time of its implementation that the CSA "intend(s), over the next year, to carefully consider these concerns in the context of a study to examine the governance of controlled companies" and that it "will consider whether to change how this Policy…treat(s) controlled companies". Previously, the CSA published "Request for Comment: *Proposed Repeal and Replacement of NP 58-201 Corporate Governance Guidelines, NI 58-101 Disclosure of Corporate Governance Practices, and NI 52-110 Audit Committees and Companion Policy 52-110 CP Audit Committees*" (the "Proposal") which included, among other things, the replacement of the current prescriptive approach to independence, and use of deeming rules, with a more principles-based approach. Although the Board of Directors was encouraged by the new direction proposed by the CSA, the CSA subsequently decided not to proceed with its proposed revisions as then-published. The CSA indicated in the past that it was still considering potential changes to the corporate governance regime. The Corporation encourages the CSA to resume its review of the "independence" definition as it relates to majority shareholders and to proceed with appropriate revisions at an early opportunity.

B–ASSESSMENT OF INDEPENDENCE

The Board of the Corporation is currently composed of 12 Directors, each of whom is nominated for re-election at the Meeting. In the Board's view, the following 9 Directors (constituting a 75 per cent majority of the Board), namely Pierre Beaudoin, Marcel R. Coutu, Gary A. Doer, Anthony R. Graham, J. David A. Jackson, Isabelle Marcoux, Christian Noyer, T. Timothy Ryan, Jr. and Emőke J.E. Szathmáry are independent within the meaning of the Instruments and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation.

Paul Desmarais, Jr., Chairman and Co-CEO, and André Desmarais, Deputy Chairman, President and Co-CEO, being executive officers of the Corporation, are not independent. R. Jeffrey Orr, President and Chief Executive Officer of PFC, being an executive officer of a subsidiary of Power, is not independent.

C–MEETINGS OF INDEPENDENT DIRECTORS

The Chairman of the Board is responsible for ensuring that the Directors who are independent of management have opportunities to meet without management present. Discussions are led by an independent Director who provides feedback subsequently to the Chairman of the Board. These discussions are currently led by Mr. Graham, who also chairs the Compensation Committee of the Board. All independent Directors are encouraged by the Chairman of the Board to have open and candid discussions with the Chairman or with the Co-CEOs.

The Board has adopted a policy relating to meetings of independent Directors at Board and Committee meetings. Since March 23, 2016, the Directors on the Board who are independent of management have met at every regularly-scheduled Board meeting without members of management present. Accordingly, there were four such meetings held during 2016. The Audit Committee, the Related Party and Conduct Review Committee, and the Compensation Committee are composed entirely of Directors who are independent both in the Board's view and within the meaning of the Instruments. Under the policy, each of these committees is to meet without members of management as follows: Audit Committee – four times per year, and Related Party and Conduct Review Committee and Compensation Committee – at every meeting.

D–CHAIRMAN OF THE BOARD

The Board believes it is appropriate in a management and holding company such as Power, with a controlling shareholder, that the positions of the Chairman of the Board and Co-CEO overlap and for such individuals to be associates of our controlling shareholder. Power is at the top of our corporate group structure and is the company in which the controlling shareholder exercises majority voting control directly. Power, in turn, exercises majority voting control, directly and indirectly, through the chain of ownership of its subsidiaries (including PFC, IGM and Lifeco, each of which has separate individuals serving as CEO and as Chairman of the Board). It is at the Power level that many important decisions affecting the corporate group are discussed and made and it is important for the controlling shareholder to be directly involved, both at the management and Board level, in those decisions.

The Board has implemented structures and procedures to provide assurance that the Board can act independently of management. More than a two-thirds majority of the Board is independent both within the meaning of the Instruments and in the Board's view. The Audit Committee, the Related Party and Conduct Review Committee and the Compensation Committee are constituted entirely with Directors who are independent both in the Board's view and within the meaning of the Instruments. The Governance and Nominating Committee includes Directors who are independent both in the Board's view and within the meaning of the Instruments.

RESOLUTION OF CONFLICTS

It is the duty of the Board to supervise the management of the business and affairs of the Corporation with a view to the best interests of the Corporation, including its shareholders as a whole. In discharging this duty, the Board establishes procedures for the identification and resolution of conflicts that might arise between the interests of Power and the interests of its controlling shareholder.

Power has established a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of the Related Party and Conduct Review Committee is to review proposed transactions, if any, with related parties of the Corporation and to approve only those transactions that it deems appropriate.

Each of Great-West, London Life and Canada Life is a regulated financial institution. They are prohibited from entering into certain related party transactions. They are also each required by law to have a conduct review committee that establishes procedures for the review of certain permitted proposed related party transactions to ensure that any such transactions are on terms and conditions at least as favourable to those companies as market terms and conditions. These conduct review committees are composed of Directors who are independent of the management of Great-West, London Life and Canada Life and who are neither officers nor employees of the Corporation, PFC or any of their affiliates. Similarly, Lifeco and IGM have also established their own conduct review committees composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power or PFC. PFC has also established its own related party and conduct review committee composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power.

For a description of the Board's procedures in respect of transactions involving Directors or officers of Power, see also "Ethical Business Conduct".

BOARD OF DIRECTORS

The mandate of the Board, which it currently discharges directly or through one of the four Board Committees, is to supervise the management of the business and affairs of the Corporation, and includes responsibility for approving strategic goals and objectives, review of operations, disclosure and communication policies, oversight of financial reporting and other internal controls, corporate governance, Director orientation and education, senior management compensation and oversight, and Director nomination, compensation and assessment.

The primary mandate of the Audit Committee is to review the financial statements of the Corporation and public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors, and to review any evaluation of the Corporation's internal control over financial reporting.

The primary mandate of the Compensation Committee is to approve compensation policies and guidelines for employees of the Corporation, to approve compensation arrangements for executives of the Corporation, to recommend to the Board compensation arrangements for the Directors and for the Co-CEOs, to oversee the management of incentive compensation plans and equity compensation plans, to consider the implications of any risks associated with the Corporation's compensation policies and practices, and to review succession plans for senior management.

The primary mandate of the Related Party and Conduct Review Committee is to recommend to the Board procedures for the consideration and approval of transactions with related parties of the Corporation and to review and, if deemed appropriate, to approve such transactions.

The primary mandate of the Governance and Nominating Committee is to oversee the Corporation's approach to governance issues, to recommend to the Board corporate governance practices consistent with the Corporation's commitment to high standards of corporate governance, to recommend to the Board candidates for election as Directors and for appointment to Board Committees, and to assess the effectiveness and contribution of the Board, of Board Committees, and of individual Directors.

COMMITTEE MEMBERSHIP

The Audit Committee, the Related Party and Conduct Review Committee, and the Compensation Committee are composed entirely of Directors who are independent both in the Board's view and within the meaning of the Instruments. Additional information relating to the Compensation Committee can be found in the section above entitled "Compensation Discussion and Analysis – The Compensation Committee".

The Governance and Nominating Committee includes Directors who are independent both in the Board's view and within the meaning of the Instruments. The Board believes that it is normal and appropriate, especially in the case of a holding company with a controlling shareholder, like the Corporation, to have Directors who are related to the controlling shareholder (in this case, Paul Desmarais, Jr. and André Desmarais) as members of the Governance and Nominating Committee, as well as Directors who are independent and not related to the controlling shareholder.

BOARD AND COMMITTEE MANDATES

The Board has adopted a Charter for itself and for each of its four committees. The Board Charter is attached as Schedule "B". The mandates of all four committees are described in summary above in this Corporate Governance section.

RISK OVERSIGHT

As a holding company, the Corporation has the risks associated with being a significant shareholder in its subsidiary operating companies. The subsidiaries' Boards are responsible for the risk oversight function at those companies. Some officers of the Corporation are members of these Boards and Board Committees and therefore participate in the risk oversight function at the operating company level in their role as directors of those companies. As an indirect shareholder of companies operating in the financial services sector (including subsidiaries regulated and supervised by the Office of the Superintendent of Financial Institutions and provincial regulators), the Corporation is well aware of the particular necessity for robust risk identification and risk management oversight.

As for risk oversight at the Corporation's level, the Board considers identifying and managing risk, and taking a long-term view when making investments and managing the assets of the Corporation, to be of imperative importance. This approach is inextricably engrained within the culture of the Corporation and is supported by the Corporation's controlling shareholder, which has placed a premium on enduring viability, stability, diversification and cash flow, rather than on quarterly results. The Corporation believes that value is best achieved through a prudent approach to risk and through a governance model that focuses on the active oversight of our investments. The Board has overall responsibility for monitoring the implementation and maintenance by management of appropriate policies and controls to manage the risks associated with the Corporation's businesses as a holding company. Additionally, while risk management is a general responsibility of each Committee of the Board, specifically in performing their respective duties, the Audit Committee addresses risks related to financial reporting, the Compensation Committee considers risks associated with the Corporation's compensation policies and practices, the Governance and Nominating Committee oversees the Corporation's approach to appropriately addressing potential risks related to governance matters, and the Related Party and Conduct Review Committee considers risks related to any proposed transactions with related parties of the Corporation.

DIRECTOR AFFILIATIONS AND ATTENDANCE

Additional information relating to Directors standing for election, including a list of all public companies and certain private companies, for which they serve as board members, as well as their attendance records for all Board and Committee meetings for the year ended December 31, 2016, can be found in the section entitled "Election of Directors – Nominees for Election to the Board" earlier in this Management Proxy Circular.

The Corporation believes that the interests of the Corporation, a holding company, are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those Directors who also serve on the boards of subsidiaries. Their presence enriches the discussion and enhances the quality of governance of the Corporation's Board and at the other group boards on which they serve.

There are currently no board of directors, outside of the Power group of companies, on which Directors of the Corporation serve together.

NOMINATION OF DIRECTORS

The Board has established a Governance and Nominating Committee, which has a number of responsibilities relating to governance and the nomination of candidates for election as Directors. The Committee is responsible for identifying new candidates for Board nomination and for recommending to the Board those candidates who possess the qualifications, skills, business and financial experience, leadership roles, level of commitment and available time required of a Director to fulfill Board responsibilities.

Members of the Governance and Nominating Committee informally maintain an evergreen list of potential candidates and employ a skills matrix to assist with reviewing the skills and experience of director candidates and of the Board as a whole. The matrix outlines a complement of diverse qualifications, attributes, skills and experience that are viewed as being relevant to the proper functioning of the Board. The matrix includes industry-specific and business experience, as well as other areas of expertise and attributes, such as public sector, corporate social responsibility and geographic diversity, in order to ensure that the Board includes members with a broad range of complementary experience, knowledge and skills. The Committee recognizes that each Director will contribute differently to the Board and will each bring particular strengths in different areas of qualification. While the skills matrix is an important tool in assessing Board candidates, the Committee does not limit itself to considering only the specified areas of expertise or attributes in selecting Board members.

The Board also believes that diversity is important to ensure that Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship of the Corporation. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective in the Boardroom. The Board is committed to nominating the best individuals to fulfill Director roles.

The Corporation has a Diversity Policy, which includes provisions relating to the identification and nomination of women directors. The Policy provides that in fulfilling its role in recommending to the Board candidates for Director nominations, members of the Governance and Nominating Committee consider candidates that are highly qualified based on their experience, education, expertise, judgment, personal qualities, and general and sector specific knowledge; consider diversity criteria, among other relevant criteria, when determining the optimum composition and balance for the Board; review potential candidates from a variety of backgrounds and perspectives, having in mind the Corporation's diversity objectives; and, in order to support the specific objective of gender diversity, ensure that appropriate efforts are made to include women in the list of candidates being considered for nomination for a Board position. The Policy provides that the Committee will assess the effectiveness of the Board nomination process at achieving the Corporation's diversity objectives on an annual basis.

The Corporation has not adopted a target regarding women on the Board as the Board believes that such arbitrary targets are not in the best interests of the Corporation.

The Governance and Nominating Committee and the Board believe that, in addition to the factors discussed above, continuity of membership is critical to the Board's efficient operation. Accordingly, the Board has not adopted policies imposing an arbitrary term or retirement age limit in connection with individuals nominated for election as Directors of the Corporation, as it does not believe that such limits are in the best interests of the Corporation. Such limits fail to take into account the special characteristics of issuers such as Power and its group companies, that operate in a highly complex and technical environment. In such a context, the Corporation believes that a lengthy Board tenure, not limited by arbitrary determinations, is vital to the Directors' understanding of the Corporation's diverse businesses, and those of its group companies, and to their bringing a substantive contribution to the Board. The Corporation's Governance and Nominating Committee annually reviews the composition of the Board, including the age and tenure of individual directors. The Board strives to achieve a balance between the desirability to have a depth of institutional experience from its members on the one hand, and the need for renewal and new perspectives on the other hand. This approach has served the Corporation well, and this is reflected in the increased turnover rate of Directors over the past few years, and in particular, the significant reduction of the size of the Board in 2012.

There are currently two women on the Board, representing 17 per cent of the Directors of the Corporation, the same number of individuals as last year (which then represented 18 per cent of the Directors of the Corporation) and on March 18, 2015 (being the date the Board adopted a Diversity Policy).

After considering the appropriate size of the Board and the qualifications and attributes that the existing Directors possess, including the level of representation on the Board by Directors who are independent, and after giving consideration to the Diversity Policy, the Governance and Nominating Committee may determine that it would be in the best interests of the Corporation to nominate an individual that is not already a director of the Corporation, for election to the Board. In such situations, the Governance and Nominating Committee identifies a list of targeted qualifications and attributes and conducts its own search by inviting suggestions for potential candidates from the Directors of the Corporation. The Committee also engages one or more qualified independent advisors to identify further qualified candidates, and requires that any such external advisor take account of the objectives of the Corporation's Diversity Policy.

The Committee has recommended that the 12 individuals set out under "Election of Directors – Nominees for Election to the Board" above be nominated for election as Directors of the Corporation at the Meeting.

The Corporation has adopted a form of proxy which gives shareholders the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation. The Board has not adopted a "Majority Voting Policy" (as defined by the TSX) for the election of Directors. The Board strongly believes that sound corporate governance is essential to the well-being of the Corporation. The adoption of measures such as a Majority Voting Policy, however, may be inappropriate when such measures do not recognize differences among companies, such as the presence of a controlling shareholder. It is the Board's view that a Majority Voting Policy for the election of Directors does not serve a useful purpose for the shareholders of a controlled company, like the Corporation, since the controlling shareholder will necessarily cast a majority of the votes to be cast in an election of such a company's directors. This view has been accepted by the TSX, which permits controlled companies, like the Corporation, to rely on an exemption from the requirement for TSX-listed companies to adopt majority voting policies. In addition, the current process for the election of Directors of the Corporation complies with corporate and securities laws.

ORIENTATION AND CONTINUING EDUCATION

Director orientation and education is conducted under the aegis of the Chairman of the Board. Newly elected Directors are provided with a comprehensive orientation as to the nature and operation of the business and affairs of the Corporation and the Corporation's major operating subsidiaries, as to the role of the Board and its Committees, and as to the contributions that individual Directors are expected to make. In order to orient new Directors as to the nature and operation of the Corporation's business, they are also given the opportunity to meet with members of the Corporation's executive management team and with members of the executive management teams of the Corporation's major operating subsidiaries to discuss the Corporation's businesses and activities. Directors are periodically updated in respect of these matters including by way of quarterly presentations to the Board at Board (from time to time, these presentations are made by an operating subsidiary's chief executive officer) and Committee meetings, and working Board dinners, regarding the Corporation's major operating subsidiaries and operating segments thereof in addition to the presentations by the Corporation's auditors and other speakers. Also, Directors receive a comprehensive package of information prior to each Board and Committee meeting. As noted above, certain of the Corporation's Directors also serve as Directors of the Corporation's public and private company investments. Finally, Directors have access to the Corporation's senior management and employees on an ongoing basis throughout their mandate.

ASSESSMENT OF DIRECTORS

The Governance and Nominating Committee is responsible for assessing the performance and effectiveness of the Board, Board Committees, and individual Directors from time to time, with a view to ensuring that they are fulfilling their respective responsibilities and duties. An evaluation is conducted at least annually to assist in assessing the overall performance of the Board and the Board Committees. Although the scope and focus of such review may vary from year to year, the review includes a confidential Board effectiveness survey, which is administered by the Corporation's external legal counsel and completed by each of the Directors, soliciting feedback from Directors on matters including the operation of the Board and its Committees, the effectiveness of Board processes and the Board's relationship to management, the adherence by the Board and the Governance and Nominating Committee to the Diversity Policy in nominating individuals for election to the Board, the adequacy of information provided to Directors, Board structure and agenda planning for Board and Board Committee meetings. The aggregated, anonymous survey results are reviewed by the Governance and Nominating Committee. The Chairman of the Committee reports the findings, including key recommendations, to the full Board for discussion.

CHAIRMEN AND CO-CEOS' POSITION DESCRIPTIONS

The Board has approved written position descriptions for the Chairman of the Board and for the Chairman of each Board Committee. In general terms, the Chairman of the Board and the Chairmen of the Board Committees are responsible for ensuring that the Board or Committee is able to fulfill its duties and responsibilities in an effective manner, for planning and organizing the activities of the Board or of the Committee, for ensuring that delegated Committee functions are carried out and reported as necessary, for facilitating effective interaction with management, and for engaging outside advisers where necessary.

The Board has approved a written position description for the Co-CEOs. In general terms, the Co-CEOs are responsible for managing the strategic and operational performance of the Corporation in accordance with the goals, policies and objectives set from time to time by the Board, including developing for the Board's consideration and approval the Corporation's financial plan and developing sound operating strategies to implement such plan, for managing the day-to-day operations of the Corporation, for setting an operational environment that is performance-driven, for assisting the Board with succession planning, and for representing the Corporation to its major stakeholders.

SUCCESSION PLANNING

The Board is responsible for overseeing the succession planning processes of the Corporation with respect to senior management positions. The Corporation's succession planning process, which is tailored to its particular circumstances as a holding company with a relatively small management team, includes the identification and consideration of suitable short- and long-term candidates to hold the applicable roles, on both an interim and permanent basis. Candidates are considered based on various factors, including (where relevant) executive experience, market and industry expertise, geographic location, familiarity with the Corporation's and its subsidiaries' businesses, past performance with the Corporation, as well as past successes in achieving particular corporate goals.

EXECUTIVE OFFICER DIVERSITY

The Corporation has a Diversity Policy that outlines the Corporation's approach to achieving and maintaining greater diversity on the Corporation's senior management team. The policy provides that in fulfilling their roles of considering candidates for senior management appointments, the Co-Chief Executive Officers of the Corporation consider candidates that are highly qualified based on their experience, education, expertise, judgment, personal qualities, and general and sector-specific knowledge; and review potential candidates from a variety of backgrounds and perspectives, having in mind the Corporation's diversity objectives, including the specific objective of gender diversity. The Corporation's Diversity Policy provides that the Co-Chief Executive Officers of the Corporation will assess the effectiveness of the senior management appointment process at achieving the Corporation's diversity objectives on an annual basis. Furthermore, the policy provides that the Corporation will engage, from time to time, with senior management of the Corporation's publicly-traded subsidiaries, through its representation on their boards, on the implementation of their respective diversity policies relating to the senior management appointment process.

The Corporation is committed to selecting the best person to fulfill senior management roles and, accordingly, has not adopted a target regarding women in executive officer positions as such arbitrary targets are not in the best interests of the Corporation. The Board believes that diversity is important to ensure that the profiles of senior management provide the necessary range of perspectives, experience and expertise required to achieve effective management. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective in senior management roles. Accordingly, the Corporation offers a variety of internal initiatives aimed at its female employees, including flexible work arrangements and career advancement counselling. The Corporation has also adopted human resource policies aimed at reducing barriers to gender diversity in the Corporation's senior ranks. Additionally, the Corporation sponsors the participation of its high performing female employees in external programs, including conferences and higher education programs, in order to prepare female employees for advancement to senior positions.

As was the case last year and on March 18, 2015 (being the date the Board adopted a Diversity Policy), women do not currently occupy any of the executive officer positions with the Corporation, although the Corporation has one female officer. The Corporation's publicly-traded subsidiaries, Lifeco and IGM, have publicly disclosed that women currently hold four and six executive officer positions, respectively, at such subsidiaries (including their respective principal subsidiaries). As a result, women hold a total of ten executive officer positions within the Corporation's group companies (including its publicly-traded subsidiaries and their respective principal subsidiaries), representing 16 per cent of the total number of executive officer positions at such entities.

ETHICAL BUSINESS CONDUCT

The Board has adopted a written Code of Business Conduct and Ethics (the "Code of Conduct") that governs the conduct of the Corporation's Directors, officers and employees. A copy of the Code of Conduct is available on SEDAR (www.sedar.com), or may be obtained by contacting the Corporation's General Counsel and Secretary.

The Board oversees compliance with the Code of Conduct through the Corporation's General Counsel and Secretary who monitors compliance with the Code of Conduct. Directors, officers and employees who believe that a violation of the Code of Conduct or any law, rule or regulation has been or is likely to be committed have an obligation to promptly report the relevant information to an appropriate supervisor or, in the case of Directors and senior officers, to the General Counsel and Secretary. Alternatively, in any case, the violation or potential violation may be reported to the Chairman, the Co-CEOs or any member of the Audit Committee, as appropriate, in accordance with the Corporation's procedures.

Directors and employees of the Corporation are required to confirm annually and officers of the Corporation are required to confirm quarterly, their understanding of, and agreement to comply with, the Code of Conduct (which contains the Corporation's conflict of interest policy). There have been no material change reports filed that pertain to any conduct of a Director or executive officer that constitutes a departure from the Code of Conduct.

In order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or an executive officer has a material interest, the Director or executive officer having a conflict of interest must declare his/her interest and, if requested by any other Director, excuse himself or herself from the meeting during the consideration of that particular matter. Such Director may not vote on such a matter.

On February 1, 2016, the Corporation also adopted a Third Party Code of Conduct to set forth its expectations of all third parties in their dealings with, or on behalf of the Corporation.

In addition, the Corporation has a Related Party and Conduct Review Committee, the role of which is described earlier in this Management Proxy Circular.

The Corporation has adopted a Corporate Social Responsibility Statement and an Environmental Policy which, together with the Third Party Code of Conduct, are available on its dedicated Corporate Social Responsibility website at www.powercorporationcsr.com. The Corporation has also adopted an Anti-Bribery Policy.

ADDITIONAL INFORMATION

Upon request to the Secretary of the Corporation at 751 Victoria Square, Montréal, Québec, Canada H2Y 2J3, the Corporation shall provide to any person or company, one copy of: [i] the Corporation's annual information form ("AIF"), together with any document, or the pertinent pages of any document, incorporated therein by reference; [ii] the financial statements of the Corporation 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 ("MD&A") and any interim financial statements of the Corporation issued subsequent to the annual financial statements together with the related MD&A; and [iii] the information circular of the Corporation in respect of the most recent Annual Meeting of its Shareholders. The Corporation 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 Corporation 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 Corporation's financial statements and MD&A for its most recently completed financial year.

Information relating to the Audit Committee can be found in the section of the AIF entitled "Audit Committee".

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

APPROVAL BY DIRECTORS

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

Signed,

Stéphane Lemay
Vice-President, General Counsel and Secretary

Montréal, Québec
March 24, 2017

SCHEDULE A: SHAREHOLDER PROPOSALS

POWER CORPORATION OF CANADA

The Corporation is required by applicable law to attach the following proposals, and the related supporting statements, to the Management Proxy Circular. The Corporation has, and assumes, no responsibility for the content of such proposals and related supporting statements, including the opinions expressed or the accuracy of any statements contained therein. For the reasons set forth below each proposal under Board and Management Statement, the Board of Directors recommends that shareholders vote AGAINST each such proposal.

The Mouvement d'éducation et de défense des actionnaires ("MÉDAC"), 82 Sherbrooke Street West, Montréal, Québec, H2X 1X3 had submitted the following three shareholder proposals for consideration at the Meeting. Following discussions with the Corporation, MÉDAC agreed not to submit Proposal 3 to a shareholder vote for the reasons set forth below. The Corporation has reproduced below the text of Proposal 3 in full, along with the Corporation's response to it, for information purposes only.

PROPOSAL 1

SEPARATE REPORTING OF VOTES ACCORDING TO CLASS OF SHARES

It is proposed that the corporation report voting results separately according to class of shares carrying one voting right or multiple voting rights.

ARGUMENTS

At the last annual meeting, this proposal was supported by 18.2% of favourable votes, a very significant result in the context of shares with multiple voting rights. Shares with restricted voting rights (one share, one vote), which are mostly held by the public, represent 45.9% of all potential votes. Since management said it would vote against our proposal, we assume that we received the support of close to 4 out of 10 subordinate shareholders. As a result, we are submitting our proposal again in the hope that management will support it this time around.

Voting results are currently reported without giving a breakdown. We believe that it is important for the results to be reported separately to determine how holders of both types of shares voted. As mentioned in our recent proposals, multiple-voting shares provide benefits of interest to both majority and minority investors, but only if the legal framework and governance principles give minority shareholders adequate protection. To ensure the protection is adequate, minority shareholders require direct and rapid access to their voting results so they can be sure their voice has been heard and will lead to actions to better respond to their expectations. Our experience over the past few years is that the holders of the two types of shares might not share the same concerns. A few cases in point are the implementation of say on pay, the renewal of the term of office of one or more directors and more balanced gender representation on boards.

Such information would allow minority shareholders to better follow the actions taken by the corporation to meet their expectations and would promote a better dialogue between the two classes of shareholders. It could even increase the loyalty of minority shareholders and thus lead to greater harmony and mutual trust, which could be useful during the hard times any organization could face.

BOARD AND MANAGEMENT STATEMENT:

A description of the Corporation's capital structure and each class of authorized voting securities, as well as the number of Subordinate Voting Shares and Participating Preferred Shares and related voting rights held by the Corporation's controlling shareholder, is provided in the Corporation's continuous disclosure documents under its SEDAR profile at www.sedar.com.

Subject to the Corporation's articles, the *Canada Business Corporations Act* and any other applicable requirements, Subordinate Voting Shares and Participating Preferred Shares vote together in respect of matters raised for consideration at each meeting of the Corporation's shareholders. Accordingly, providing disclosure of shareholder voting results on a class-by-class basis would not provide investors with any meaningful information and, further, would risk misleading holders of Subordinate Voting Shares into believing that they are entitled to vote separately as a class on matters for which no such rights exist.

In accordance with the requirements of Canadian securities laws, promptly following each applicable meeting of its shareholders, the Corporation files a report under its SEDAR profile at www.sedar.com that, among other things, discloses the outcome of each shareholder vote and, if the vote was conducted by ballot, the percentage (and, starting in 2017, the number) of votes cast for, against or withheld from voting by shareholders. Further, in accordance with the requirements of the TSX, forthwith following each applicable meeting of its shareholders, the Corporation issues a news release disclosing the percentages (and, starting in 2017, the number) of votes cast for or withheld from voting by shareholders in respect of the election of each director.

The Corporation complies with the applicable requirements concerning the disclosure of the results of votes held at meetings of its shareholders. The interests of the Corporation, and that of its shareholders would not be furthered by the proposal.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

PROPOSAL 2

"SAY ON PAY" FOR EXECUTIVE COMPENSATION

It is proposed that the board of directors adopt a policy to set up "say on pay" for executive compensation.

ARGUMENTS

For the past four years, the minority shareholders have supported this proposal with consistently high percentages if we consider multiple voting shares. Calculating these percentages only using restricted voting shares, which are mostly held by other than management shareholders, it could be said that we received the support of one share out of three (33%) for this class of shares.

Support for say on pay

2016	18.74%
2015	17.01%
2014	17.52%
2013	18.02%

As mentioned before, when a company makes a public offering, it takes on accountability, transparency and fairness duties and must listen to all shareholders.

We also believe that the issues raised by compensation policies speak more to ethics and fairness for employees who, like executives, contribute to the organization's development. Many shareholders wonder what goals the compensation policies are promoting: should compensation policies take account of long-term performance more than short-term performance, should the difference between the compensation of executives and the average salary of an employee be limited to a certain percentage, should the performance targets for executives take into account measures other than the financial objectives to be achieved, such as initiatives for better gender representation at all corporate levels or to reduce the corporation's environmental footprint?

Compensation policies are good indicators of a corporation's values and give shareholders the knowledge they need to express an opinion. It is counter-productive if their only option to show their disapproval is by selling their shares, a decision which could be costly under certain circumstances.

BOARD AND MANAGEMENT STATEMENT:

As consistently previously noted, the Corporation and the Board of Directors appreciate the importance that shareholders place on effective executive compensation programs. The Corporation's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating value for shareholders over the long-term. The sections entitled "Compensation Discussion and Analysis" and "Components of Executive Compensation" above in this Management Proxy Circular provide disclosure on the Corporation's executive compensation approach and arrangements.

One of the Board's key responsibilities is to assess the performance of senior executives and approve their compensation arrangements, with the objective of generating superior long-term performance. Executive compensation policies have become increasingly complex and must take into account a number of factors. Boards and compensation committees are faced with a multitude of potential forms of compensation to be considered, including cash (e.g. salary, annual bonus, long-term non-equity plans and pensions) and equity-based compensation (e.g. stock options, restricted share units, performance share units and stock appreciation rights), each with its own particular incentives and pay-out profile, which can be contingent on the achievement of outcomes across an extensive array of performance-based triggers which can vary as between industries, issuer growth profiles and even executive titles.

The Board believes that the Corporation's Directors and the Compensation Committee are in the best position to oversee the executive compensation arrangements of the Corporation. The Compensation Committee, which is comprised entirely of independent Directors within the meaning of applicable securities laws, has full access to the necessary information and has the benefit of external professional guidance and the relevant experience of its members to make appropriate decisions with respect to executive compensation.

It is also the Board's view that it is important to maintain clarity regarding the role of the Board as distinct from the role of shareholders. The Directors, who are elected by the shareholders, have a legal duty to supervise the management of the business and affairs of the Corporation and are required by law to make decisions in accordance with their fiduciary duties to act with due care and with a view to the best interests of the Corporation, including its shareholders as a whole. Courts have indicated that, in some cases, fiduciary duties may extend to other stakeholders of the Corporation. Individual shareholders, however, have no such fiduciary duty, whether to other shareholders, to the Corporation or to other stakeholders.

The Corporation's current approach to overseeing executive compensation appropriately recognizes the role of the Board and aligns the interests of the Corporation's shareholders with the need for flexibility and certainty in structuring appropriate compensation arrangements.

The Board believes that compensation arrangements for its senior executives are appropriate and drive long-term performance for the benefit of all shareholders and that the adoption of this proposal would not be in the best interests of the Corporation or its shareholders.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

PROPOSAL 3

NOT SUBMITTED TO A SHAREHOLDER VOTE

DISCLOSURE OF VOTING RESULTS AS A NUMBER RATHER THAN AS A PERCENTAGE ONLY

It is proposed that all voting results be disclosed as a number, not just as a percentage.

ARGUMENTS

Contrary to what is common practice by most publicly-traded companies, including all the major banks, the corporation discloses the results of voting at meetings as a percentage only in the report on voting results it is required to file each year on SEDAR.

It is therefore impossible to know the tallies for each matter to be voted upon or the election of each director. Needless to say, such information is of great value.

The full disclosure, in this document, of the voting results as a number rather than as a percentage only is a perfect example of a measure which costs absolutely nothing and has only benefits for all stakeholders.

BOARD AND MANAGEMENT STATEMENT:

Power has reviewed its practices and will expand its disclosure in the report of voting results and the press release to be issued following the shareholder meeting in order to include, for each matter submitted to vote at the meeting, the voting results as a number of votes and not only as a percentage. Consequently, MÉDAC withdrew its proposal.

As agreed with MÉDAC, this proposal is not being submitted to a shareholder vote.

SCHEDULE B: BOARD OF DIRECTORS CHARTER

POWER CORPORATION OF CANADA

SECTION 1. MEMBERSHIP

The Board of Directors (the "Board") shall consist of such number of directors, not greater than the maximum nor less than the minimum set out in the articles of Power Corporation of Canada (the "Corporation"), at least a majority of whom shall be, at the time of each Director's election or appointment, resident Canadians.

SECTION 2. PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Board shall observe the following procedures:

1. **Meetings >** The Board shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder. The Board may meet at any place within or outside of Canada.
2. **Advisers >** The Board may, at the Corporation's expense, engage such outside advisers as it determines necessary or advisable to permit it to carry out its duties and responsibilities.
3. **Quorum >** A quorum at any meeting of the Board shall be as fixed from time to time by the Board, but unless so fixed a majority of the Directors shall constitute a quorum.
4. **Secretary >** The Chairman (or, in the absence of the Chairman, the acting Chairman) of the Board shall appoint a person to act as secretary of meetings of the Board.
5. **Calling of Meetings >** A meeting of the Board may be called by the Chairman of the Board, a Deputy Chairman, the President or a majority of the Directors, on not less than 48 hours notice to the members of the Board, unless otherwise provided in the by-laws specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Board waive notice. If a meeting of the Board is called by anyone other than the Chairman of the Board, the person(s) calling such meeting shall so advise the Chairman of the Board.
6. **Board Meeting Following Annual Meeting >** As soon as practicable after each annual meeting of shareholders there shall be held, without notice, a meeting of such of the newly elected Directors as are then present, provided that they constitute a quorum, at which meeting the Directors may appoint officers, may appoint the Chairman of the Board, may appoint members to and the Chairman of each Board Committee, and may transact such other business as comes before the meeting.

SECTION 3. DUTIES AND RESPONSIBILITIES

The Board shall supervise the management of the business and affairs of the Corporation and shall exercise, as appropriate, the powers vested in and exercisable by the Board pursuant to applicable laws and regulations. Without limiting the generality of the foregoing, the Board shall have the following duties and responsibilities, which it may discharge either directly or indirectly through one or more Committees of the Board. In fulfilling its duties and responsibilities, the Board will rely on the information, advice and recommendations provided to it by management, but will exercise independent judgment:

1. **Strategic Planning >** The Board shall approve strategic goals and objectives for the Corporation and shall consider management's financial plan, which will be subject to approval by the Board.
2. **Review of Operations >** The Board shall:
   [a] monitor the implementation by management of the approved financial plan and shall monitor financial and operating results and other material developments;
   [b] monitor the implementation and maintenance by management of appropriate systems, policies, procedures and controls to manage the risks associated with the Corporation's businesses and operations;
   [c] approve significant acquisitions and dispositions, financings and other capital market transactions, capital management decisions, and other significant business and investment decisions and transactions; and
   [d] review and monitor those operational issues, including those of a regulatory nature, which, in the view of management or the Board may have a potential material impact on the Corporation's ongoing business, affairs and/or reputation.
3. **Disclosure and Communication Policies >** The Board shall:
   [a] approve policies with respect to the accurate, timely and full public disclosure of material information while maintaining confidentiality where necessary and permitted, and shall, where required, review specific disclosure documents; and
   [b] approve appropriate communication policies respecting the communication of information to the Corporation's stakeholders and regulators.
4. **Financial Control >** The Board shall monitor the integrity of the Corporation's financial reporting systems and the effectiveness of the Corporation's internal controls and management information systems by:
   [a] overseeing the establishment and maintenance by management of appropriate financial control systems;
   [b] reviewing reports provided by management on material deficiencies in, or material changes to, internal controls;
   [c] reviewing and approving the Corporation's annual and interim financial statements and annual Management's Discussion and Analyses, the Corporation's Annual Information Forms, and other public disclosure documents containing financial information requiring board approval; and
   [d] overseeing compliance with applicable audit, accounting and reporting requirements.
5. **Corporate Governance >** The Board shall oversee the development of the Corporation's approach to corporate governance, including the development of corporate governance policies, principles and guidelines, and shall approve such policies, principles and guidelines, as it deems appropriate.
6. **Senior Management >** The Board shall:
   [a] approve a position description for, and the appointment of, the Co-Chief Executive Officers (the "Co-CEOs") and approve their compensation in accordance with the Charter of the Compensation Committee;
   [b] approve the appointment of senior management, approve their compensation, and oversee the evaluation of their performance;
   [c] approve incentive compensation plans, equity compensation plans and other compensation plans for senior management, as appropriate; and
   [d] oversee the succession planning processes of the Corporation with respect to senior management.

7. **Director Orientation and Education >** All newly appointed Directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Corporation and as to the role of, and expectations as to the contributions to be made by, the Board, of Board Committees and of each Director, and existing Directors shall be periodically updated in respect of the foregoing.
8. **Code of Conduct >** The Board shall support management in seeking to maintain a culture of integrity throughout the Corporation. The Board shall adopt a code of business conduct and ethics (the "Code") to promote integrity and deter wrongdoing that is applicable to Directors, officers and employees of the Corporation and that addresses, among other things, conflicts of interest (including procedures to identify and resolve conflicts and potential conflicts), protection and proper use of corporate assets and opportunities, confidentiality and use of confidential information, accounting complaints, fair dealing with all parties, compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behaviour, and shall require management to establish processes and procedures to monitor compliance with the Code.
9. **Chairman of the Board >** The Board shall approve a position description for the Chairman of the Board.
10. **Board Committees >** The Board shall:
    [a] establish an Audit Committee, an Executive Committee, a Related Party and Conduct Review Committee, a Compensation Committee, and a Governance and Nominating Committee, and may establish such other committees as it deems advisable to assist it in discharging its duties under this Charter, and may establish committee charters and otherwise delegate to those committees such duties and responsibilities as may be permitted by law and as it deems necessary or advisable; and
    [b] approve position descriptions for the Chairman of each Board Committee.
11. **Director Nomination, Compensation and Assessment >** The Board shall:
    [a] nominate and recommend to the shareholders candidates for election to the Board;
    [b] approve compensation arrangements for the Directors, for the Chairman of the Board, and for the Chairmen and members of Board Committees; and
    [c] assess, on a regular basis, the structure, composition, size, effectiveness and contribution of the Board, of all Committees of the Board, and of the Directors.

SECTION 4. ACCESS TO INFORMATION

The Board shall have access to all information, documents and records of the Corporation that it determines necessary or advisable to permit it to carry out its duties and responsibilities.

SECTION 5. REVIEW OF CHARTER

The Board shall periodically review this Charter, and approve any changes that it deems appropriate, and be responsible for approving any changes to Committee Charters recommended by the relevant Committee.

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