



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

**POWER FINANCIAL CORPORATION
CORPORATION FINANCIERE POWER**

212667-2

Corporate name(s) of CBCA applicants / Dénomination(s)
sociale(s) de la ou des sociétés LCSA requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Raymond Edwards

Director / Directeur

2020-02-13

Date of Arrangement (YYYY-MM-DD)
Date de l'arrangement (AAAA-MM-JJ)



**Canada Business Corporations Act (CBCA)
FORM 14.1
ARTICLES OF ARRANGEMENT
(Section 192)**

| | |
|---|---------------------------|
| 1 - Name of the applicant corporation(s) | Corporation number |
| POWER FINANCIAL CORPORATION CORPORATION FINANCIERE POWER | 212667-2 |

| | |
|--|---------------------------|
| 2 - Name of the corporation(s) the articles of which are amended, if applicable | Corporation number |
| | |

| | |
|--|---------------------------|
| 3 - Name of the corporation(s) created by amalgamation, if applicable | Corporation number |
| | |

| | |
|--|---------------------------|
| 4 - Name of the dissolved corporation(s), if applicable | Corporation number |
| | |

| | |
|---|---|
| 5 - Name of the other bodies corporate involved, if applicable | Corporation number or jurisdiction |
| POWER CORPORATION OF CANADA POWER CORPORATION DU CANADA | 013488-1 |

6 - In accordance with the order approving the arrangement, the plan of arrangement attached hereto, involving the above named body(ies) corporate, is hereby effected.

In accordance with the plan of arrangement,

a. the articles of the corporation(s) indicated in item 2, are amended.

If the amendment includes a name change, indicate the change below:

b. the following bodies corporate and/or corporations are amalgamated (for CBCA corporations include the corporation number):

c. the corporation(s) indicated in item 4 is(are) liquidated and dissolved:

7 - I hereby certify that I am a director or an authorized officer of one of the applicant corporations.

Signature: _____

Print name: Stéphane Lemay _____

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

**SCHEDULE A
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE *CANADA BUSINESS CORPORATIONS ACT***

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

“**171**” means 171263 Canada Inc., a wholly-owned Subsidiary of Power.

“**Arrangement**” means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

“**Arrangement Agreement**” means the arrangement agreement made as of December 12, 2019 between Power and PFC (including the Schedules thereto) as it may be amended, restated, supplemented or novated from time to time in accordance with its terms.

“**Arrangement Resolution**” means the special resolution approving this Plan of Arrangement to be considered at the PFC Meeting by PFC Shareholders.

“**Articles of Arrangement**” means the articles of arrangement of PFC in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to PFC and Power, each acting reasonably.

“**Business Day**” means any day of the year, other than a Saturday, a Sunday, a public holiday or a day when banks in the City of Toronto, Ontario or the City of Montréal, Québec are not generally open for business.

“**Canadian Resident**” means a beneficial owner of PFC Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

“**CBCA**” means the *Canada Business Corporations Act*.

“**Certificate of Arrangement**” means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

“**Consideration**” means 1.05 of a Power Share and \$0.01 in cash per PFC Share.

“**Court**” means the Ontario Superior Court of Justice (Commercial List), or such other court as applicable.

“**Depository**” means Computershare Investor Services Inc., or such other Person as the Parties agree in writing.

“**Director**” means the Director appointed pursuant to Section 260 of the CBCA.

“**Dissent Rights**” has the meaning specified in Section 3.1 of this Plan of Arrangement.

“**Dissent Shares**” means the PFC Shares of a Dissenting Holder in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder.

“**Dissenting Holder**” means a registered holder of PFC Shares who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of PFC Shares in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder of PFC Shares.

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

“**Effective Time**” means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing on or before the Effective Date.

“**Eligible Holder**” means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident.

“**Eligible Non-Resident**” means a beneficial owner of PFC Shares immediately prior to the Effective Time, who is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are “taxable Canadian property” and not “treaty-protected property”, in each case as defined in the Tax Act, or a partnership any member of which is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are “taxable Canadian property” and not “treaty protected property”, in each case as defined in the Tax Act.

“**Final Order**” means the final order of the Court in a form acceptable to PFC and Power, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both PFC and Power, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both PFC and Power, each acting reasonably) on appeal.

“**Former PFC Shareholders**” means, at and following the Effective Time, the holders of the PFC Shares immediately prior to the Effective Time (other than Power, 171 or any other wholly-owned subsidiary of Power);

“**Governmental Entity**” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner board, ministry, minister, bureau, division or agency, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or

private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

“Interim Order” means the interim order of the Court in a form acceptable to PFC and Power, each acting reasonably, providing for, among other things, the calling and holding of the PFC Meeting, as such order may be amended by the Court with the consent of both PFC and Power, each acting reasonably.

“In-The-Money Amount” in respect of a stock option at any time means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.

“Law” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and the term “applicable” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

“Letter of Transmittal” means the letter of transmittal sent to PFC Shareholders for use in connection with the Arrangement.

“Lien” means any mortgage, charge, pledge, assignment, encumbrance, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“PFC” means Power Financial Corporation, a corporation incorporated under the laws of Canada.

“PFC Meeting” means the special meeting of PFC Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

“PFC Option Plan” means the PFC employee stock option plan dated November 6, 1986, as the same may be amended from time to time.

“PFC Options” means the outstanding options to purchase PFC Shares issued pursuant to the PFC Option Plan.

“PFC Replacement Option” has the meaning ascribed thereto in Section 2.3(c).

“**PFC Shareholders**” means the registered or beneficial holders of PFC Shares, as the context requires.

“**PFC Shares**” means common shares in the capital of PFC.

“**Plan of Arrangement**” means this plan of arrangement, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 5.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

“**Power**” means Power Corporation of Canada, a corporation incorporated under the laws of Canada.

“**Power Shares**” means the Subordinate Voting Shares in the capital of Power.

“**Section 85 Election**” has the meaning specified in Section 4.1(e) of this Plan of Arrangement.

“**Tax Act**” means the *Income Tax Act, R.S.C. 1985, c.1 (5th Supplement)*.

“**Tax Exempt Person**” means a person who is generally exempt from tax on that person’s taxable income under Part I of the Tax Act.

“**TSX**” means the Toronto Stock Exchange.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency.** All references to dollars or to “\$” are references to Canadian dollars.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (a) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (b) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (c) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(5) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it having the force of law, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted

to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) **Time References.** References to time are to local time, Montréal, Québec.

(8) **Terms Defined in Arrangement Agreement or CBCA.** Words and phrases used herein that are defined in the Arrangement Agreement and not defined herein have the same meaning herein as in the Arrangement Agreement, unless the context otherwise requires. Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement have the same meaning herein as in the CBCA, unless the context otherwise requires.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on Power, PFC, all registered and beneficial PFC Shareholders, all holders of PFC Options, the registration and transfer agents in respect of PFC Shares and the Power Shares at and after the Effective Time without any further act or formality required on the part of any Person except as expressly provided herein.

2.3 Arrangement

Commencing at the Effective Time, except as otherwise indicated, the following events or transactions will occur in the following sequence in five minute intervals starting at the Effective Time without any further authorization, act or formality:

- (a) each PFC Share held by a Dissenting Shareholder entitled to be paid fair value for its Dissent Shares will be transferred by the holder thereof, without any further act, or formality on its part, to PFC for cancellation in consideration for a claim against PFC for an amount determined in accordance with Article 3 and thereupon:
 - (i) each Dissenting Shareholder will have only the rights set out in Article 3 and will cease to be the holder of such Dissent Shares; and
 - (ii) such Dissenting Shareholder's name will be removed from PFC's register of holders of PFC Shares; and
- (b) each PFC Share outstanding at the Effective Time (other than those PFC Shares held by Power, 171 or any other wholly-owned subsidiary of Power, and the Dissent Shares transferred to PFC pursuant to Section 2.3(a)) will be transferred and assigned by the holder thereof to, and acquired by, Power, in exchange for the Consideration, and

- (i) in respect of each such PFC Share transferred and assigned pursuant to this Section 2.3(b), each Former PFC Shareholder will cease to be the holder of such PFC Shares so exchanged and such holder's name will be removed from PFC's register of holders of PFC Shares at such time; and
 - (ii) Power will be the holder of such PFC Shares and will be entered in PFC's register of holders of PFC Shares as the registered holder of the PFC Shares so transferred and shall be the legal and beneficial owner thereof; and
- (c) Power will assume the PFC Option Plan, and each PFC Option outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**PFC Replacement Option**") which shall entitle the holder to purchase from Power such number of Power Shares as is equal to the product obtained when (i) 1.05, is multiplied by (ii) the number of PFC Shares subject to such PFC Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of Power Shares) and the exercise price per Power Share shall be the quotient obtained when (x) the exercise price per PFC Share payable under such PFC Option immediately prior to the Effective Time, is divided by (y) 1.05 (such quotient to be rounded up to the nearest whole cent); provided that, it is intended that the provisions of subsection 7(1.4) of the Tax Act (and any corresponding provision of provincial tax legislation) shall apply to such exchange of PFC Options for PFC Replacement Options and, notwithstanding the foregoing, if, and to the extent, if any, determined by Power to be necessary for such provision to apply, the exercise price of a PFC Replacement Option (as otherwise determined) will be increased (and will be deemed always to have been increased) such that the In-The-Money Amount of the PFC Replacement Option immediately after the exchange does not exceed the In-The-Money Amount of the PFC Option immediately before the exchange.

ARTICLE 3 DISSENT RIGHTS

3.1 Dissent Rights

Registered PFC Shareholders may exercise dissent rights with respect to PFC Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 3.1; provided that, notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by PFC not later than 5:00 p.m. on the day that is two Business Days immediately preceding the date of the PFC Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall transfer the PFC Shares held by them and in respect of which Dissent Rights have been validly exercised to PFC (free and clear of all Liens), as provided in Section 2.3(a) and if they:

- (a) ultimately are entitled to be paid fair value for such PFC Shares: (i) shall be deemed to have transferred such PFC Shares to PFC pursuant to Section 2.3(a); (ii) will be entitled to be paid by PFC the fair value of such PFC Shares (less any amounts withheld pursuant to Section 4.4), which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as

of the close of business on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such PFC Shares; or

- (b) ultimately are not entitled, for any reason, to be paid fair value for such PFC Shares shall be deemed to have participated in the Arrangement on the same basis as non-dissenting PFC Shareholders.

3.2 Recognition of Dissenting Holders

- (a) In no circumstances shall Power, PFC or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those PFC Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall Power, PFC or any other Person be required to recognize Dissenting Holders as holders of PFC Shares after the completion of the transfer under Section 2.3(a), and the names of such Dissenting Holders shall be removed from the register of holders of PFC Shares at the same time as the event described in Section 2.3(a) occurs. In addition to any other restrictions under Section 190 of the CBCA, holders of PFC Shares who vote or have instructed a proxyholder to vote such PFC Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights (but only in respect of such PFC Shares so voted).

ARTICLE 4 CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

- (a) Following receipt of the Final Order and prior to the filing of the Articles of Arrangement, Power shall deposit or arrange to be deposited with the Depository, for the benefit of PFC Shareholders, sufficient funds and certificates representing Power Shares to satisfy the aggregate Consideration to be delivered to PFC Shareholders pursuant to Section 2.3(b) of this Plan of Arrangement.
- (b) Upon surrender to the Depository for cancellation of a certificate that immediately prior to the Effective Time represented outstanding PFC Shares that were transferred pursuant to Section 2.3(b), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of PFC Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder, the Consideration which such holder has the right to receive under the Arrangement for such PFC Shares less any amounts withheld pursuant to Section 4.4, and any certificate so surrendered shall forthwith be cancelled.
- (c) After the Effective Time and until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented PFC Shares shall represent only the right to receive upon such surrender payment of

the Consideration as contemplated in this Section 4.1, less any amounts required to be withheld pursuant to Section 4.4. Any such certificate formerly representing PFC Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former PFC Shareholder of any kind or nature against or in PFC or Power. On such date, all Consideration to which such former PFC Shareholder was entitled shall be deemed to have been surrendered to Power or PFC, as applicable, and shall be transferred by the Depositary to Power, or as directed by Power, and certificates representing Power Shares so transferred shall be cancelled by Power.

- (d) Subject to Section 3.1, no PFC Shareholder shall be entitled to receive any consideration with respect to their PFC Shares other than the Consideration to which such holder is entitled to receive in accordance with this Plan of Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date.
- (e) An Eligible Holder whose PFC Shares are exchanged for the Consideration pursuant to this Arrangement shall be eligible to make a joint income tax election with Power, pursuant to subsection 85(1) (or, in the case of a partnership, subsection 85(2)) of the Tax Act (and any corresponding provision of provincial income tax law) (a “**Section 85 Election**”) with respect to the disposition of such Eligible Holder’s PFC Shares by providing the necessary information in accordance with the procedures set out in the tax instruction letter on or before 120 days after the Effective Date. Power shall, within 60 days of receipt thereof, sign and return validly completed election forms which are in compliance with the provisions of the Tax Act (and applicable provincial tax law) and the procedures in the tax instruction letter and which are received within 120 days of the Effective Date to the relevant Eligible Holders for filing with the Canada Revenue Agency (or applicable provincial tax authority). Other than the foregoing obligation, neither PFC, Power nor any successor corporation shall be responsible for the proper completion of any election form, nor for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Power or any successor corporation may choose to sign and return an election form received by it more than 120 days following the Effective Date, but will have no obligation to do so.
- (f) Upon receipt of a Letter of Transmittal in which an Eligible Holder has indicated that such holder wishes to receive a tax instruction letter, Power will promptly deliver a tax instruction letter to such holder. The tax instruction letter will provide general instructions on how to make the Section 85 Election with Power in order to obtain a full or partial tax-deferred rollover for Canadian income tax purposes (subject to the applicable provisions of the Tax Act and applicable provincial tax law) in respect of the sale of the Eligible Holder’s PFC Shares to Power.

4.2 Fractional Shares

In no event shall any holder of PFC Shares be entitled to a fractional Power Share. Where the aggregate number of Power Shares to be issued to a PFC Shareholder as consideration under

or as a result of the Arrangement would result in a fraction of a Power Share being issuable, the number of Power Shares to be received by such PFC Shareholder shall be rounded down to the nearest whole Power Share and, in lieu of a fractional Power Share, the PFC Shareholder shall receive a cash payment from Power (rounded down to the nearest cent) equal to (i) the fraction of a Power Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of Power Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to \$0.01 per PFC Share in cash without rounding.

4.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding PFC Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will pay to such holder, in exchange for such lost, stolen or destroyed certificate, the consideration which such holder has the right to receive under the Arrangement for such PFC Shares, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to PFC, Power and the Depositary, each acting reasonably, in such sum as Power may direct, or otherwise indemnify Power and PFC in a manner satisfactory to Power and PFC, each acting reasonably, against any claim that may be made against Power or PFC with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles and by-laws of PFC.

4.4 Withholding Rights

Power, PFC and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any PFC Shareholders under this Plan of Arrangement such amounts as Power, PFC or the Depositary, as applicable, are required or reasonably believe, after considering the advice of counsel, are required to be deducted and withheld from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to this Plan of Arrangement, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity in accordance with applicable Law, they will be treated for all purposes under this Agreement as having been paid to PFC Shareholders in respect of which such deduction, withholding and remittance was made.

4.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.6 Paramourncy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all PFC Shares and PFC Options issued or outstanding prior to the Effective Time, (b) the rights and obligations of each of the PFC Shareholders, the holders of PFC Options, PFC, Power, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall

be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any PFC Shares or PFC Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

4.7 Calculations

All calculations and determinations made by Power, PFC or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final, and binding.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) PFC and Power may amend, modify and/or supplement this Plan of Arrangement in accordance with Arrangement Agreement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by PFC and Power, each acting reasonably (iii) filed with the Court and, if made following the PFC Meeting, approved by the Court, and (iv) be communicated to PFC Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement made in accordance with the Arrangement Agreement may be proposed by PFC at any time prior to or at the PFC Meeting (provided that Power shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at PFC Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the PFC Meeting shall be effective only if (i) it is consented to in writing by each of PFC and Power (in each case, acting reasonably) and (ii) if required by the Court, it is consented to by PFC Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Power, provided that it concerns a matter which, in the reasonable opinion of Power, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6 FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

ONTARIO

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE GILMORE

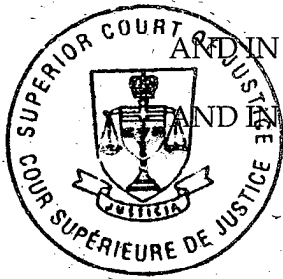
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WEDNESDAY THE 12th
DAY OF FEBRUARY, 2020

IN THE MATTER OF an application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44, as amended;

AND IN THE MATTER OF Rule 14.05(2) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement of Power Financial Corporation



ORDER

THIS APPLICATION made by the Applicant, Power Financial Corporation (the "Company"), pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "CBCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application issued on January 6, 2020, the affidavit of Siim A. Vanaselja sworn January 8, 2020, the supplementary affidavit of Siim A. Vanaselja sworn February 10, 2020, and the affidavit of Marc Bibeau sworn February 11, 2020, together with the exhibits thereto, and the Interim Order of Justice Dietrich dated January 10, 2020;

ON BEING ADVISED that Power Corporation of Canada intends to rely upon the final order in this Application as a basis of a claim to an exemption from the

registration requirements of the United States Securities Act of 1933, as amended, pursuant to section 3(a)(10) thereof, with respect to the securities to be issued pursuant to the terms of the Plan of Arrangement; and

ON HEARING the submissions of counsel for the Company and counsel for Power Corporation of Canada, and on being advised that the Director appointed under the CBCA does not consider it necessary to appear on this application, no-one appearing for any other person, including any shareholder of the Company, and having determined that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order is an arrangement for the purposes of section 192 of the CBCA and is fair and reasonable in accordance with the requirements of that section,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order, shall be and is hereby approved.
2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this order upon such terms and upon giving such notice as this court may direct, to seek the advice and directions of this court as to the implementation of this order, and to apply for such further order or orders as may be appropriate.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

FEB 12 2020

PER / PAR: 

SCHEDULE A

**SCHEDULE A
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

“**171**” means 171263 Canada Inc., a wholly-owned Subsidiary of Power.

“**Arrangement**” means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

“**Arrangement Agreement**” means the arrangement agreement made as of December 12, 2019 between Power and PFC (including the Schedules thereto) as it may be amended, restated, supplemented or novated from time to time in accordance with its terms.

“**Arrangement Resolution**” means the special resolution approving this Plan of Arrangement to be considered at the PFC Meeting by PFC Shareholders.

“**Articles of Arrangement**” means the articles of arrangement of PFC in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to PFC and Power, each acting reasonably.

“**Business Day**” means any day of the year, other than a Saturday, a Sunday, a public holiday or a day when banks in the City of Toronto, Ontario or the City of Montréal, Québec are not generally open for business.

“**Canadian Resident**” means a beneficial owner of PFC Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

“**CBCA**” means the *Canada Business Corporations Act*.

“**Certificate of Arrangement**” means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

“**Consideration**” means 1.05 of a Power Share and \$0.01 in cash per PFC Share.

“**Court**” means the Ontario Superior Court of Justice (Commercial List), or such other court as applicable.

“**Depository**” means Computershare Investor Services Inc., or such other Person as the Parties agree in writing.

“**Director**” means the Director appointed pursuant to Section 260 of the CBCA.

“**Dissent Rights**” has the meaning specified in Section 3.1 of this Plan of Arrangement.

“**Dissent Shares**” means the PFC Shares of a Dissenting Holder in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder.

“**Dissenting Holder**” means a registered holder of PFC Shares who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of PFC Shares in respect of which Dissent Rights are validly exercised and have not been withdrawn or been deemed to have been withdrawn by such registered holder of PFC Shares.

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

“**Effective Time**” means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing on or before the Effective Date.

“**Eligible Holder**” means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident.

“**Eligible Non-Resident**” means a beneficial owner of PFC Shares immediately prior to the Effective Time, who is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are “taxable Canadian property” and not “treaty-protected property”, in each case as defined in the Tax Act, or a partnership any member of which is not a resident of Canada for the purposes of the Tax Act, and whose PFC Shares are “taxable Canadian property” and not “treaty protected property”, in each case as defined in the Tax Act.

“**Final Order**” means the final order of the Court in a form acceptable to PFC and Power, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both PFC and Power, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both PFC and Power, each acting reasonably) on appeal.

“**Former PFC Shareholders**” means, at and following the Effective Time, the holders of the PFC Shares immediately prior to the Effective Time (other than Power, 171 or any other wholly-owned subsidiary of Power);

“**Governmental Entity**” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner board, ministry, minister, bureau, division or agency, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or

private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

“Interim Order” means the interim order of the Court in a form acceptable to PFC and Power, each acting reasonably, providing for, among other things, the calling and holding of the PFC Meeting, as such order may be amended by the Court with the consent of both PFC and Power, each acting reasonably.

“In-The-Money Amount” in respect of a stock option at any time means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.

“Law” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and the term “applicable” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

“Letter of Transmittal” means the letter of transmittal sent to PFC Shareholders for use in connection with the Arrangement.

“Lien” means any mortgage, charge, pledge, assignment, encumbrance, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“PFC” means Power Financial Corporation, a corporation incorporated under the laws of Canada.

“PFC Meeting” means the special meeting of PFC Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

“PFC Option Plan” means the PFC employee stock option plan dated November 6, 1986, as the same may be amended from time to time.

“PFC Options” means the outstanding options to purchase PFC Shares issued pursuant to the PFC Option Plan.

“PFC Replacement Option” has the meaning ascribed thereto in Section 2.3(c).

“**PFC Shareholders**” means the registered or beneficial holders of PFC Shares, as the context requires.

“**PFC Shares**” means common shares in the capital of PFC.

“**Plan of Arrangement**” means this plan of arrangement, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 5.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of both PFC and Power, each acting reasonably.

“**Power**” means Power Corporation of Canada, a corporation incorporated under the laws of Canada.

“**Power Shares**” means the Subordinate Voting Shares in the capital of Power.

“**Section 85 Election**” has the meaning specified in Section 4.1(e) of this Plan of Arrangement.

“**Tax Act**” means the *Income Tax Act, R.S.C. 1985, c.1 (5th Supplement)*.

“**Tax Exempt Person**” means a person who is generally exempt from tax on that person’s taxable income under Part I of the Tax Act.

“**TSX**” means the Toronto Stock Exchange.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency.** All references to dollars or to “\$” are references to Canadian dollars.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (a) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (b) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (c) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(5) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it having the force of law, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted

to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(7) **Time References.** References to time are to local time, Montréal, Québec.

(8) **Terms Defined in Arrangement Agreement or CBCA.** Words and phrases used herein that are defined in the Arrangement Agreement and not defined herein have the same meaning herein as in the Arrangement Agreement, unless the context otherwise requires. Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement have the same meaning herein as in the CBCA, unless the context otherwise requires.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on Power, PFC, all registered and beneficial PFC Shareholders, all holders of PFC Options, the registration and transfer agents in respect of PFC Shares and the Power Shares at and after the Effective Time without any further act or formality required on the part of any Person except as expressly provided herein.

2.3 Arrangement

Commencing at the Effective Time, except as otherwise indicated, the following events or transactions will occur in the following sequence in five minute intervals starting at the Effective Time without any further authorization, act or formality:

- (a) each PFC Share held by a Dissenting Shareholder entitled to be paid fair value for its Dissent Shares will be transferred by the holder thereof, without any further act, or formality on its part, to PFC for cancellation in consideration for a claim against PFC for an amount determined in accordance with Article 3 and thereupon:
 - (i) each Dissenting Shareholder will have only the rights set out in Article 3 and will cease to be the holder of such Dissent Shares; and
 - (ii) such Dissenting Shareholder's name will be removed from PFC's register of holders of PFC Shares; and
- (b) each PFC Share outstanding at the Effective Time (other than those PFC Shares held by Power, 171 or any other wholly-owned subsidiary of Power, and the Dissent Shares transferred to PFC pursuant to Section 2.3(a)) will be transferred and assigned by the holder thereof to, and acquired by, Power, in exchange for the Consideration, and

- (i) in respect of each such PFC Share transferred and assigned pursuant to this Section 2.3(b), each Former PFC Shareholder will cease to be the holder of such PFC Shares so exchanged and such holder's name will be removed from PFC's register of holders of PFC Shares at such time; and
 - (ii) Power will be the holder of such PFC Shares and will be entered in PFC's register of holders of PFC Shares as the registered holder of the PFC Shares so transferred and shall be the legal and beneficial owner thereof; and
- (c) Power will assume the PFC Option Plan, and each PFC Option outstanding immediately prior to the Effective Time will be exchanged for an option (each, a "**PFC Replacement Option**") which shall entitle the holder to purchase from Power such number of Power Shares as is equal to the product obtained when (i) 1.05, is multiplied by (ii) the number of PFC Shares subject to such PFC Option immediately prior to the Effective Time (such product to be rounded down to the nearest whole number of Power Shares) and the exercise price per Power Share shall be the quotient obtained when (x) the exercise price per PFC Share payable under such PFC Option immediately prior to the Effective Time, is divided by (y) 1.05 (such quotient to be rounded up to the nearest whole cent); provided that, it is intended that the provisions of subsection 7(1.4) of the Tax Act (and any corresponding provision of provincial tax legislation) shall apply to such exchange of PFC Options for PFC Replacement Options and, notwithstanding the foregoing, if, and to the extent, if any, determined by Power to be necessary for such provision to apply, the exercise price of a PFC Replacement Option (as otherwise determined) will be increased (and will be deemed always to have been increased) such that the In-The-Money Amount of the PFC Replacement Option immediately after the exchange does not exceed the In-The-Money Amount of the PFC Option immediately before the exchange.

ARTICLE 3 DISSENT RIGHTS

3.1 Dissent Rights

Registered PFC Shareholders may exercise dissent rights with respect to PFC Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 3.1; provided that, notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by PFC not later than 5:00 p.m. on the day that is two Business Days immediately preceding the date of the PFC Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall transfer the PFC Shares held by them and in respect of which Dissent Rights have been validly exercised to PFC (free and clear of all Liens), as provided in Section 2.3(a) and if they:

- (a) ultimately are entitled to be paid fair value for such PFC Shares: (i) shall be deemed to have transferred such PFC Shares to PFC pursuant to Section 2.3(a); (ii) will be entitled to be paid by PFC the fair value of such PFC Shares (less any amounts withheld pursuant to Section 4.4), which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as

of the close of business on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such PFC Shares; or

- (b) ultimately are not entitled, for any reason, to be paid fair value for such PFC Shares shall be deemed to have participated in the Arrangement on the same basis as non-dissenting PFC Shareholders.

3.2 Recognition of Dissenting Holders

- (a) In no circumstances shall Power, PFC or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those PFC Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall Power, PFC or any other Person be required to recognize Dissenting Holders as holders of PFC Shares after the completion of the transfer under Section 2.3(a), and the names of such Dissenting Holders shall be removed from the register of holders of PFC Shares at the same time as the event described in Section 2.3(a) occurs. In addition to any other restrictions under Section 190 of the CBCA, holders of PFC Shares who vote or have instructed a proxyholder to vote such PFC Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights (but only in respect of such PFC Shares so voted).

ARTICLE 4 CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

- (a) Following receipt of the Final Order and prior to the filing of the Articles of Arrangement, Power shall deposit or arrange to be deposited with the Depository, for the benefit of PFC Shareholders, sufficient funds and certificates representing Power Shares to satisfy the aggregate Consideration to be delivered to PFC Shareholders pursuant to Section 2.3(b) of this Plan of Arrangement.
- (b) Upon surrender to the Depository for cancellation of a certificate that immediately prior to the Effective Time represented outstanding PFC Shares that were transferred pursuant to Section 2.3(b), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of PFC Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder, the Consideration which such holder has the right to receive under the Arrangement for such PFC Shares less any amounts withheld pursuant to Section 4.4, and any certificate so surrendered shall forthwith be cancelled.
- (c) After the Effective Time and until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented PFC Shares shall represent only the right to receive upon such surrender payment of

the Consideration as contemplated in this Section 4.1, less any amounts required to be withheld pursuant to Section 4.4. Any such certificate formerly representing PFC Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former PFC Shareholder of any kind or nature against or in PFC or Power. On such date, all Consideration to which such former PFC Shareholder was entitled shall be deemed to have been surrendered to Power or PFC, as applicable, and shall be transferred by the Depositary to Power, or as directed by Power, and certificates representing Power Shares so transferred shall be cancelled by Power.

- (d) Subject to Section 3.1, no PFC Shareholder shall be entitled to receive any consideration with respect to their PFC Shares other than the Consideration to which such holder is entitled to receive in accordance with this Plan of Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date.
- (e) An Eligible Holder whose PFC Shares are exchanged for the Consideration pursuant to this Arrangement shall be eligible to make a joint income tax election with Power, pursuant to subsection 85(1) (or, in the case of a partnership, subsection 85(2)) of the Tax Act (and any corresponding provision of provincial income tax law) (a “**Section 85 Election**”) with respect to the disposition of such Eligible Holder’s PFC Shares by providing the necessary information in accordance with the procedures set out in the tax instruction letter on or before 120 days after the Effective Date. Power shall, within 60 days of receipt thereof, sign and return validly completed election forms which are in compliance with the provisions of the Tax Act (and applicable provincial tax law) and the procedures in the tax instruction letter and which are received within 120 days of the Effective Date to the relevant Eligible Holders for filing with the Canada Revenue Agency (or applicable provincial tax authority). Other than the foregoing obligation, neither PFC, Power nor any successor corporation shall be responsible for the proper completion of any election form, nor for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Power or any successor corporation may choose to sign and return an election form received by it more than 120 days following the Effective Date, but will have no obligation to do so.
- (f) Upon receipt of a Letter of Transmittal in which an Eligible Holder has indicated that such holder wishes to receive a tax instruction letter, Power will promptly deliver a tax instruction letter to such holder. The tax instruction letter will provide general instructions on how to make the Section 85 Election with Power in order to obtain a full or partial tax-deferred rollover for Canadian income tax purposes (subject to the applicable provisions of the Tax Act and applicable provincial tax law) in respect of the sale of the Eligible Holder’s PFC Shares to Power.

4.2 Fractional Shares

In no event shall any holder of PFC Shares be entitled to a fractional Power Share. Where the aggregate number of Power Shares to be issued to a PFC Shareholder as consideration under

or as a result of the Arrangement would result in a fraction of a Power Share being issuable, the number of Power Shares to be received by such PFC Shareholder shall be rounded down to the nearest whole Power Share and, in lieu of a fractional Power Share, the PFC Shareholder shall receive a cash payment from Power (rounded down to the nearest cent) equal to (i) the fraction of a Power Share otherwise issuable, multiplied by (ii) the volume weighted average trading price of Power Shares on the TSX for the five trading days on which such shares trade on the TSX immediately preceding the Effective Date. For greater certainty, holders will be entitled to receive the portion of the Consideration payable in cash equal to \$0.01 per PFC Share in cash without rounding.

4.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding PFC Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will pay to such holder, in exchange for such lost, stolen or destroyed certificate, the consideration which such holder has the right to receive under the Arrangement for such PFC Shares, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to PFC, Power and the Depositary, each acting reasonably, in such sum as Power may direct, or otherwise indemnify Power and PFC in a manner satisfactory to Power and PFC, each acting reasonably, against any claim that may be made against Power or PFC with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles and by-laws of PFC.

4.4 Withholding Rights

Power, PFC and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any PFC Shareholders under this Plan of Arrangement such amounts as Power, PFC or the Depositary, as applicable, are required or reasonably believe, after considering the advice of counsel, are required to be deducted and withheld from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to this Plan of Arrangement, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity in accordance with applicable Law, they will be treated for all purposes under this Agreement as having been paid to PFC Shareholders in respect of which such deduction, withholding and remittance was made.

4.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.6 Paramourty

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all PFC Shares and PFC Options issued or outstanding prior to the Effective Time, (b) the rights and obligations of each of the PFC Shareholders, the holders of PFC Options, PFC, Power, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall

be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any PFC Shares or PFC Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

4.7 Calculations

All calculations and determinations made by Power, PFC or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final, and binding.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) PFC and Power may amend, modify and/or supplement this Plan of Arrangement in accordance with Arrangement Agreement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by PFC and Power, each acting reasonably (iii) filed with the Court and, if made following the PFC Meeting, approved by the Court, and (iv) be communicated to PFC Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement made in accordance with the Arrangement Agreement may be proposed by PFC at any time prior to or at the PFC Meeting (provided that Power shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at PFC Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the PFC Meeting shall be effective only if (i) it is consented to in writing by each of PFC and Power (in each case, acting reasonably) and (ii) if required by the Court, it is consented to by PFC Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Power, provided that it concerns a matter which, in the reasonable opinion of Power, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

**ARTICLE 6
FURTHER ASSURANCES**

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED;

AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE;
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF POWER FINANCIAL CORPORATION

POWER FINANCIAL CORPORATION, APPLICANT

Court File No. CV-20-00633830-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

ORDER OF THE APPLICANT
(Final Order)

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Matter No: 1205889