POWER FINANCIAL CORPORATION

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

To the holders of Common Shares:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of POWER FINANCIAL CORPORATION will be held at the Shangri-La Hotel, 188 University Avenue, Toronto, Ontario, Canada on Thursday, May 14, 2015, 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, 2014 and the auditors' report thereon; and

[4] 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 18, 2015

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,

Corporation Financière Power
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 Financial Corporation ("Power Financial", "PFC" or the "Corporation") of proxies for use at the Annual Meeting of Shareholders of the Corporation to be held on Thursday, May 14, 2015 (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 Corporation of Canada	Power
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
Management Proxy Circular of Power in connection with its May 15, 2015 Meeting	Management Proxy Circular of Power

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On March 18, 2015, there were outstanding 713,238,680 common shares (the "Common Shares") of the Corporation. Each holder of Common 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 20, 2015 (the "Record Date"). The final 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 2016 is December 18, 2015. To the knowledge of the Directors and officers of the Corporation, as of March 18, 2015, the Desmarais Family Residuary Trust exercised, indirectly through Power, control over 467,839,296 Common Shares in the aggregate, representing 65.59 per cent of the outstanding shares of such class. 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 Desmarais family member trustees determine how to vote the shares of Power controlled by the Desmarais Family Residuary Trust.

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 Common Shares, in which case a share certificate will have been issued to the shareholder which indicates the shareholder's name and the number of Common Shares owned by the shareholder. Registered holders of Common Shares will receive with this Management Proxy Circular a form of proxy from Computershare representing the Common Shares held by the registered shareholder.

IF A REGISTERED SHAREHOLDER DOES NOT WISH TO ATTEND THE MEETING

In order to be voted at the Meeting, or any adjournment 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 5:00 p.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.

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

In accordance with *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 Common 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 Common 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 IN PERSON AT THE MEETING

Since Power Financial 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 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.

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/or 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 Common Shares represented by such form in accordance with the instructions of the shareholder as indicated on such form on any ballot that may be called for and, if the shareholder has specified a choice with respect to any matter to be acted on, the Common Shares will be voted for, against or withheld from voting, accordingly. In the absence of such instructions, Common 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; and for the appointment of Deloitte LLP as auditors of the Corporation.

The proxy confers discretionary authority in respect of amendments to matters identified in the Notice of 2015 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 3 and not more than 20 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 nominees 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 nominees named 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 2014 Annual Meeting of Shareholders ("2014 AGM"), the number of shares and deferred share units ("DSUs") of the Corporation and its affiliates, performance-based vesting deferred share units ("PDSUs") and performance share units ("PSUs") of the Corporation and its affiliates beneficially owned, or controlled or directed, directly or indirectly, by each of them, and an assessment of whether each nominee meets or is on track to meet the Corporation's minimum equity ownership requirements for Directors.

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, 2014, 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.

Marc A. Bibeau, QUÉBEC, CANADA

Mr. Bibeau is President and Chief Executive Officer of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties, a position he has held since 1996. He previously held a number of other positions with that company.

Mr. Bibeau is a Director of IGM, Investors Group Inc. and Mackenzie Inc. He was previously a Director of Lifeco, Great-West, London Life, Canada Life Financial Corporation and Canada Life until May 2009.

Mr. Bibeau is also a member of the Board of Directors of Tennis Canada.

AGE: 56 DIRECTOR SINCE May 2009	BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
	Board Audit Commitee	5/5 4/4	Votes For: 99.58%

SECURITIES HELD	
Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
Nil	28,116 DSUs of the Corporation [2] 2,655 DSUs of Lifeco 16,803 DSUs of IGM

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
28,116	$1,047,321	✓

AGE: 58

DIRECTOR SINCE
May 1988

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

Mr. Desmarais is Executive Co-Chairman of the Corporation, and Deputy Chairman, President and Co-Chief Executive Officer of Power. Prior to joining Power 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 Power in 1996.

Mr. Desmarais is a Director of many Power Financial group 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. He is also a Director of Power. He is 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 National Order of 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	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 90.42%
Governance and Nominating Committee	1/1	

SECURITIES HELD[6]

Shares (# as at March 18, 2015)		DSUs (# as at March 18, 2015)	
43,200	Common Shares of the Corporation	64,685	DSUs of the Corporation[2]
831,818	Subordinate Voting Shares of Power	66,501	DSUs of Power
350,000	Common Shares of Lifeco	124,565	DSUs of Lifeco
		44,748	DSUs of IGM

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
107,885	$4,018,716	✓

AGE: 60

DIRECTOR SINCE
April 1983

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

Mr. Desmarais is Executive Co-Chairman of the Corporation and Chairman and Co-Chief Executive Officer of Power. He joined Power in 1981 and assumed the position of Vice-President the following year. Mr. Desmarais served as Vice-President of the Corporation 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 Power from 1991 to 1996. He was named Chairman and Co-Chief Executive Officer of Power 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 Power, Lifeco, Great-West, Great-West Life & Annuity 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, Lafarge SA 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 Chairman of the Canadian Council of Chief Executives. He is also active on a number of philanthropic advisory councils.

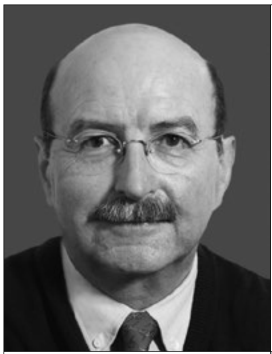
In 2005, he was named an Officer of the Order of Canada, in 2009, an Officer of the Ordre national du Québec and, in 2012, Chevalier de la Légion d'honneur in France. He has received a number of honorary doctorates. Mr. Desmarais is a trustee of the Desmarais Family Residuary Trust.[5]

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 90.40%
Governance and Nominating Committee	1/1	

SECURITIES HELD [6]

Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
76,045 Subordinate Voting Shares of Power	44,487 DSUs of the Corporation [2]
100,000 Common Shares of Lifeco	46,171 DSUs of Power
	26,211 DSUs of Lifeco
	22,009 DSUs of IGM

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
44,487	$1,657,141	✓



Gérald Frère, HAINAUT, BELGIUM

Mr. Frère is Managing Director of Frère-Bourgeois S.A., a financial group based in Belgium.

Mr. Frère is Chairman of the Board of Loverval Finance SA (formerly Compagnie Nationale à Portefeuille S.A.) and Vice-Chairman of Pargesa. He is also a Director of ERBE. From 1993 to December 2011, he was Managing Director of Groupe Bruxelles Lambert of which he also became Chairman of the Board on January 1, 2012. He was a Director of Electrabel S.A. from April 2010 to April 2014, of Pernod Ricard from November 2009 to November 2012 and of Lafarge SA from May 2008 to November 2011.

Mr. Frère is also Regent of the National Bank of Belgium.

AGE: 63

DIRECTOR SINCE
May 1990

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	4/5	Votes For: 98.18%
Compensation Committee	4/4	
Related Party and Conduct Review Committee	1/1	

SECURITIES HELD	
Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
Nil	41,269 DSUs of the Corporation[2]

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
41,269	$1,537,270	✓

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 Power.

Mr. Graham serves on the Boards of George Weston Limited, Loblaw Companies Limited, Graymont Limited, Brown Thomas Group Limited, Holt Renfrew & Co., Limited, Selfridges & Co. Ltd. and President’s Choice Bank, of which he served as Chairman from February 1999 to May 2014. Mr. Graham also serves as Chairman of the Ontario Arts Foundation and the Shaw Festival Theatre Endowment Foundation. He is also 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.

AGE: 58

DIRECTOR SINCE
May 2001

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	4/5	Votes For: 98.84%
Governance and Nominating Committee	1/1	

SECURITIES HELD	
Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
25,000 Common Shares of the Corporation 25,000 Subordinate Voting Shares of Power	43,111 DSUs of the Corporation[2] 51,707 DSUs of Power

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
68,111	$2,537,135	✓

AGE: 62

DIRECTOR SINCE
May 2009

V. Peter Harder, LL.D. [7], ONTARIO, CANADA

Mr. Harder is a Senior Policy Adviser to the law firm Dentons Canada LLP and President of the Canada China Business Council, an association that seeks to facilitate and to promote trade and investment between Canada and China. He is former Deputy Minister of Foreign Affairs, a position that he held from 2003 to 2007. Prior to that, he served as Deputy Minister in a number of other Government of Canada departments.

Mr. Harder is a Director of IGM, Investors Group Inc. and Mackenzie Inc. He was a Director of Lifeco and Great-West from May 2007 to May 2009.

Mr. Harder is also a Director of Energizer Resources Inc., Northland Power Inc. and Magna International Inc. He is also a member of the United Church Foundation, of the Board of the Institute for Research on Public Policy, of the Commonwealth Games Foundation and Chair of the National Arts Center Governance and Ethics Committee. In 2000, the Governor General presented Mr. Harder with the Prime Minister's Outstanding Achievement Award for public service leadership. In 2002, Mr. Harder was awarded the Queen Elizabeth II Jubilee Medal for public service. In December 2012, the Governor General presented him with the Queen Elizabeth II Diamond Jubilee Medal in recognition of his significant public contributions to Canada. In 2007, he was awarded an Honorary Doctorate (LL.D.) by the University of Waterloo.

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board Compensation Committee Related Party and Conduct Review Committee	5/5 4/4 1/1	Votes For: 98.10%

SECURITIES HELD	
Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
Nil	31,275 DSUs of the Corporation [2] 4,529 DSUs of Lifeco 15,920 DSUs of IGM

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
31,275	$1,164,994	✓

AGE: 68

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 a Director of Power and of several Power Financial group companies in North America, including 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	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 99.81%

SECURITIES HELD	
Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
2,512 Subordinate Voting Shares of Power 5,514 Common Shares of IGM	3,307 DSUs of the Corporation [2] 4,081 DSUs of Power 2,759 DSUs of Lifeco

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
3,307	$123,186	✓

R. Jeffrey Orr, QUÉBEC, CANADA

Mr. Orr is President and Chief Executive Officer of the Corporation, 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 Power 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 Capital Corporation, 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.

AGE: 56
DIRECTOR SINCE
May 2005

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 98.01%

SECURITIES HELD

Shares (# as at March 18, 2015)	DSUs, PDSUs & PSUs (# as at March 18, 2015)
400,400 Common Shares of the Corporation	42,290 DSUs of the Corporation [2]
20,000 Subordinate Voting Shares of Power	142,388 PDSUs of the Corporation [8]
20,000 Common Shares of Lifeco	75,830 PSUs of the Corporation [8]
120,000 Common Shares of IGM	42,553 DSUs of Power
	121,998 DSUs of Lifeco
	56,942 DSUs of IGM

Total Common Shares, DSUs, PDSUs and PSUs of the Corporation (#)	Total Market Value [3]			Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
	Common Shares	DSUs, PDSUs and PSUs of the Corporation	Common Shares & DSUs, PDSUs and PSUs of the Corporation	
660,908	$14,914,900	$9,703,923	$24,618,823	✓

Louise Roy, O.C., O.Q., QUÉBEC, CANADA

Mrs. Roy is an invited Fellow at CIRANO, the *Centre interuniversitaire de recherche en analyse des organisations* since 2003 and, in 2012, she was nominated Chair of the Board. She is also a consultant. She was President of the *Conseil des arts de Montréal* from 2006 to 2012.

Mrs. Roy serves as a Director of Intact Financial Corporation, Montréal International and the Université de Montréal, where she has acted as Chancellor and Chair of the Board since 2007. She also serves as a Director of the Institute of Corporate Directors. During her career, she has been a Director of Provigo Inc. until 1992, the Laurentian Bank of Canada until 1993, Videotron Ltée until 1997, and Domtar Corporation until 2007. She was President and Chief Executive Officer of the Montreal Urban Community Transport Commission until 1992, Executive Vice-President of Air France until 1997, President and Chief Executive Officer of Telemedia Communications Inc. until 2000 and Senior Vice-President of the International Air Transport Association until 2003. She has participated in several fundraising campaigns, including the Université de Montréal and of several other cultural organizations. She was named an Officer of the National Order of Québec in 2009 and of the Order of Canada in 2012.

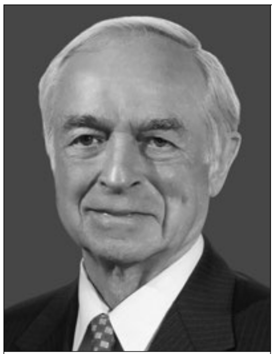
AGE: 67
DIRECTOR SINCE
May 2010

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 99.61%

SECURITIES HELD

Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
Nil	20,232 DSUs of the Corporation [2]

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
20,232	$753,642	✓



AGE: 76

DIRECTOR SINCE
December 1986

Raymond Royer, O.C., O.Q., FCPA, FCA, QUÉBEC, CANADA

Mr. Royer is a Company Director. He was, from 1996 until 2008, President and Chief Executive Officer of Domtar Corporation, a pulp and paper company based in Montréal. Prior thereto, he was President and Chief Operating Officer of Bombardier Inc.

Mr. Royer is a Director of several Power Financial group companies in North America, including Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life and Putnam Investments, LLC.

Mr. Royer was a Director of Shell Canada Limited until 2007 and of Domtar Corporation until 2009. He is Chairman of the Board of the Research Institute of the McGill University Health Centre and Member of the International Advisory Board of École des hautes études commerciales of Montréal. He is an Officer of the Order of Canada and of the National Order of Québec.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	5/5	Votes For: 99.44%
Audit Committee	4/4	
Compensation Committee	4/4	
Governance and Nominating Committee	1/1	
Related Party and Conduct Review Committee	1/1	

SECURITIES HELD

Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
174,000 Common Shares of the Corporation	94,026 DSUs of the Corporation[2]
15,000 Common Shares of Lifeco	47,303 DSUs of Lifeco

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
268,026	$9,983,969	✓

AGE: 69

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 Power, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation and Canada Life, having previously served as a director of the Corporation and of Power 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. and Santander Bank, N.A. 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 National Intelligence Council from 2007 to 2011.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board	2/3*	Votes For: 99.78%

SECURITIES HELD

Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
2,304 Common Shares of the Corporation	1,157 DSUs of Lifeco
2,934 Subordinate Voting Shares of Power	

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
2,304	$85,824	✓

* Mr. Ryan was elected to the Board on May 14, 2014. He was also previously a Director of the Corporation from May 12, 2011 to May 14, 2013, but did not stand for re-election at the 2013 Annual Meeting of Shareholders.

AGE: 71

DIRECTOR SINCE
May 1999

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

Dr. Szathmáry became President Emeritus of the University of Manitoba in 2008. She was named 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 Power and of many Power Financial group companies in North America, including 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 six 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.

BOARD/COMMITTEE MEMBERSHIP [1]	ATTENDANCE	2014 AGM VOTING RESULTS
Board Audit Committee	5/5 4/4	Votes For: 99.70%

SECURITIES HELD

Shares (# as at March 18, 2015)	DSUs (# as at March 18, 2015)
3,000 Common Shares of the Corporation	29,618 DSUs of the Corporation [2] 34,882 DSUs of Power 26,942 DSUs of Lifeco

Total Common Shares & DSUs of the Corporation (#)	Total Market Value of Common Shares & DSUs of the Corporation [3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet [4]
32,618	$1,215,021	✓

[1] Director is currently a member of each Committee 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 Common Shares of the Corporation. See "Compensation of Directors – Deferred Share Unit Plan and Directors Share Purchase Plan".

[3] Calculated based on March 18, 2015 closing price on the TSX of $37.25 per Common Share of the Corporation. The value of a DSU and, in the case of Mr. Orr, PDSU and PSUs of the Corporation, are equal to the value of a Common Share. Unvested PDSUs and PSUs are valued on the basis of 100 per cent vesting.

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

[5] Voting control of the Corporation is held by Power. See "Voting Shares and Principal Holders Thereof".

[6] The securities described as held by Messrs. André Desmarais and Paul Desmarais, Jr. do not include securities controlled by the Desmarais Family Residuary Trust, of which they are trustees. 467,839,296 Common Shares of the Corporation are controlled, indirectly through Power (see also note 5), by the Desmarais Family Residuary Trust. The security holdings of 171263 Canada Inc. constitute at least 10 per cent of the voting rights attached to all voting securities of the Corporation, and Power owns all of the outstanding shares of 171263 Canada Inc. 48,363,392 Subordinate Voting Shares and 48,603,392 Participating Preferred Shares of Power are controlled, indirectly, by the Desmarais Family Residuary Trust. The security holdings of Gelco Enterprises Ltd., controlled by the Desmarais Family Residuary Trust, constitute at least 10 per cent of the voting rights attached to all voting securities of Power. 709,305,452 Common Shares of Lifeco and 157,224,843 Common Shares of IGM are controlled, indirectly through subsidiaries of the Corporation, by the Desmarais Family Residuary Trust.

[7] Mr. Harder was a Director of ARISE Technologies Corporation until June 24, 2011, which was approximately six months prior to the date such issuer filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act (Canada)* and approximately nine months prior to the date on which such issuer was deemed to have made an assignment in bankruptcy.

[8] Certain employees of the Corporation receive a portion of their long-term incentive compensation from the Corporation in the form of PSUs or PDSUs granted under the Corporation's Performance Share Unit Plan. See "Executive Compensation – Compensation Discussion and Analysis – Components of Executive Compensation – Long-Term Incentives".

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, 2014.

RETAINERS AND FEES

For the financial year ended December 31, 2014, the retainers and fees payable to all Directors were as follows, unchanged from the prior financial year:

RETAINERS AND FEES	
Annual Retainer	$100,000
Additional Retainer – Member of Committees, except Audit	$5,000
Additional Retainer – Member of Audit Committee	$6,000
Additional Retainer – Chairmen of Committees, except Audit	$15,000
Additional Retainer – Chairman of Audit Committee	$25,000
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 Common 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 Common 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 Common 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 Common 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 Common 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, 2014.

COMPENSATION OF DIRECTORS [1,2,3]

DIRECTOR	FEES EARNED [4] [$]	SHARE-BASED AWARDS [5,6] [$]	ALL OTHER COMPENSATION [$]	TOTAL COMPENSATION [$]
Marc A. Bibeau	74,000	50,000	–	124,000
Gérald Frère	78,000	50,000	–	128,000
Anthony R. Graham	65,000	50,000	–	115,000
V. Peter Harder	90,000	50,000	–	140,000
J. David A. Jackson	60,000	50,000	–	110,000
Louise Roy	60,000	50,000	–	110,000
Raymond Royer	130,000	50,000	–	180,000
T. Timothy Ryan, Jr. [7]	41,500	37,500	–	79,000
Emőke J.E. Szathmáry	74,000	50,000	–	124,000

[1] Table does not include any amounts paid as reimbursement for expenses.

[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: Marc A. Bibeau is also a Director of IGM and certain of its subsidiaries; V. Peter Harder is also a Director of IGM and certain of its subsidiaries; J. David A. Jackson is also a Director of Lifeco and certain of its subsidiaries; Raymond Royer is also a Director of Lifeco and certain of its subsidiaries; T. Timothy Ryan, Jr. is also a Director of Lifeco and certain of its subsidiaries; and Emőke J.E. Szathmáry is also a Director of Lifeco and certain of its subsidiaries. See Lifeco's Management Proxy Circular dated February 24, 2015 and IGM's Management Proxy Circular dated February 27, 2015, 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: Marc A. Bibeau: $74,000; Anthony R. Graham: $55,000; V. Peter Harder: $90,000; J. David A. Jackson: $10,000; Louise Roy: $60,000, and Raymond Royer: $130,000. T. Timothy Ryan, Jr. elected to receive $41,500 in the form of Common 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 Common 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 Common 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 Common Shares so acquired in the market.

[7] T. Timothy Ryan, Jr. was elected to the Board of the Corporation on May 14, 2014.

DIRECTOR OUTSTANDING OPTIONS

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

DIRECTOR COMPENSATION EQUITY HOLDINGS AT DECEMBER 31, 2014

The following table shows equity holdings as at December 31, 2014 for each Director (other than NEOs) in respect of DSUs and Common Shares received as compensation under the Corporation's DSU Plan or DSP Plan in 2014 and prior years.

DIRECTOR	NUMBER OF DSP PLAN SHARES AS AT DECEMBER 31, 2014 [1] [#]	NUMBER OF DSUS HELD UNDER THE DSU PLAN AS AT DECEMBER 31, 2014 [2] [#]	TOTAL VALUE OF DSP PLAN SHARES AND DSUs [3] AS AT DECEMBER 31, 2014 [4] [$]
Marc A. Bibeau	Nil	27,836	1,007,106
Gérald Frère	Nil	40,859	1,478,279
Anthony R. Graham	Nil	42,682	1,544,235
V. Peter Harder	Nil	30,965	1,120,314
J. David A. Jackson	Nil	3,275	118,490
Louise Roy	Nil	20,031	724,722
Raymond Royer	Nil	93,093	3,368,105
T. Timothy Ryan, Jr.	2,291	Nil	82,888
Emőke J.E. Szathmáry	Nil	29,324	1,060,942

[1] Amount includes shares representing the dedicated portion of the annual board retainer, as well as fees Directors elected to receive in Common 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 31, 2014 closing price of $36.18 per Common Share of the Corporation on the TSX.

The foregoing table does not disclose all 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, entering into speculative transactions or transactions designed to hedge or offset a decrease in market value of equity securities granted by the Corporation as compensation to the Director. Directors 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; [iii] purchase any other financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) which are designed to hedge or offset a decrease in the market value of the security; or [iv] 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 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 Common 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* describe the total compensation paid, awarded or earned by each of the NEOs for services rendered in all capacities to the Corporation and, except to the extent indicated in Note 9, its subsidiaries during the financial years indicated.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY [$]	SHARE-BASED AWARDS [1] [$]	OPTION-BASED AWARDS [2] [$]
R. Jeffrey Orr President and Chief Executive Officer	2014	4,237,000	2,272,160	1,821,329 [4]
	2013	4,134,000	2,197,673	1,960,569
	2012	4,034,000	2,637,500	1,200,001
Paul Desmarais, Jr. [5] Executive Co-Chairman	2014	562,500 [5]	137,500	1,301,804 [6]
	2013	550,000	137,500	–
	2012	537,500	137,500	–
André Desmarais [8] Executive Co-Chairman	2014	562,500 [8]	137,500	1,301,804 [6]
	2013	550,000	137,500	–
	2012	537,500	137,500	–
Gregory D. Tretiak [8,9] Executive Vice-President and Chief Financial Officer	2014	263,000 [8]	87,500	127,208 [6]
	2013	256,500	87,500	111,340
	2012	157,694	57,813	112,513
Raymond L. McFeetors [11] Vice-Chairman	2014	733,000	63,382	Nil [12]
	2013	715,000	87,500	Nil [12]
	2012	698,000	112,500	Nil [12]

* Footnotes to this table appear on pages 20 and 21.

In the case of Messrs. André Desmarais and Gregory D. Tretiak, who are also officers of Power, the amounts shown below under "Salary", "Annual Incentive Plans" and "Pension Value" represent inter-company reimbursements from the Corporation to Power, and do not represent additional compensation paid or credited to these officers by the Corporation, over and above the amounts paid or credited to them by Power, as disclosed in the Management Proxy Circular of Power.

NON-EQUITY INCENTIVE PLAN COMPENSATION				
ANNUAL INCENTIVE PLANS [$]	LONG-TERM INCENTIVE PLANS AND OTHER INCENTIVE PAYMENTS [$]	PENSION VALUE [$]	ALL OTHER COMPENSATION [3] [$]	TOTAL COMPENSATION [$]
–	Nil	1,801,506	487,250	10,619,245
–	500,000	1,949,000	440,202	11,181,444
–	Nil	1,790,000	416,000	10,077,501
875,000 [5]	–	-160,689 [5,7]	363,631	3,079,746 [5]
875,000	–	575,940	396,056	2,534,496
500,000	–	Nil	344,729	1,519,729
875,000 [8]	–	-102,444 [7,8]	380,168	3,154,528 [8]
875,000	–	412,020	388,375	2,362,895
500,000	–	Nil	358,750	1,533,750
350,000 [8]	–	126,410 [8]	392,324	1,346,442 [8]
350,000	–	117,000	355,990	1,278,330
207,500	–	2,576,000 [10]	187,180	3,298,700 [10]
240,000	–	34,000 [13]	251,412	1,321,794
640,000	–	35,000	479,818	1,957,318
360,000	–	34,000	457,691	1,662,191

[1] Share-based awards in 2014 includes PDSU and PSU grants by the Corporation having a grant date fair value of $2,134,660 for Mr. Orr. 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 Common 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 "Compensation Discussion and Analysis – Components of Compensation – Long-Term Incentives" below. This amount also includes for all NEOs the portion of the annual board retainer that, under the DSU Plan and DSP Plan of the Corporation, and similar plans of the Corporation's subsidiaries, is required to be paid to NEOs in DSUs or shares in their capacity as Directors of the Corporation or its subsidiaries. See "Compensation of Directors – Deferred Share Unit Plan and Directors Share Purchase Plan" above, Lifeco's Management Proxy Circular dated February 24, 2015 and IGM's Management Proxy Circular dated February 27, 2015, 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. These amounts were $137,500 for Mr. Orr, $137,500 for Mr. Paul Desmarais, Jr., $137,500 for Mr. André Desmarais, $87,500 for Mr. Tretiak and $63,382 for Mr. McFeetors. DSU awards are granted by the Corporation 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 Common Shares of the Corporation on the last five trading days of the preceding fiscal quarter. The grant date fair value of a DSP Plan award granted by the Corporation is equal to the aggregate price of the Common Shares of the Corporation so acquired in the market.

[2] The grant date fair value of options awarded by the Corporation in respect of 2014 has been calculated using the Black-Scholes method. The use of this methodology is also consistent with the method used by its external compensation adviser when valuing the equity-based awards of other companies for competitive total compensation comparison purposes. The grant date fair value for these options is the same as that determined for accounting purposes for options awarded in 2014.

[3] A substantial portion of this compensation represents board fees paid in cash or, at the election of the NEO, in DSUs or DSP Plan shares for services as a Director of the Corporation and its subsidiaries. Amounts for 2014 include the following board fees: Mr. Orr: $487,250; Mr. Paul Desmarais, Jr.: $322,250; Mr. André Desmarais: $339,250; Mr. Tretiak: $384,434; and Mr. McFeetors: $229,422. This compensation also includes the amounts contributed by the Corporation, if any, to proportionately supplement contributions by employees to acquire shares of Power under Power'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 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.

[4] The grant date fair value for options awarded by the Corporation to Mr. Orr in 2014 was calculated using the Black-Scholes method. The Black-Scholes factor has been determined using a 9-year average volatility of 19.73 per cent at the date of grant, a 3-year dividend yield of 4.79 per cent and a risk free interest rate of 1.94 per cent 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. Based on these assumptions, the Black-Scholes factor was approximately 9 per cent of the exercise price.

[5] Mr. Paul Desmarais, Jr. is also an executive officer of Power. His compensation as an executive officer of the Corporation is paid or credited by the Corporation, but, other than options awarded by the Corporation, is determined by the Compensation Committee of Power, which is constituted entirely with Directors who are independent of Power and the Corporation. Such compensation was not determined by the Compensation Committee of the Corporation. This amount is also included in the compensation disclosure for Mr. Paul Desmarais, Jr. set out in the Management Proxy Circular of Power. The amounts shown under "Total Compensation" for Mr. Paul Desmarais, Jr. in the table above is also included in the "Total Compensation" column of the Summary Compensation Table of the Management Proxy Circular of Power.

[6] The grant date fair value for options awarded by the Corporation to Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak in 2014 was calculated using the Black-Scholes method. The Black-Scholes factor has been determined using a 9-year average volatility of 19.79 per cent at the date of grant, a 3-year dividend yield of 4.84 per cent, and a risk free interest rate of 2.16 per cent 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. Based on these assumptions, the Black-Scholes factor was approximately 10 per cent of the exercise price.

[7] Messrs. Paul Desmarais, Jr. and André Desmarais have each attained the maximum pension accrual. As each of their actual earnings in 2014 were lower than initially projected for pension benefit purposes, their compensatory change for the 2014 accrued benefit obligation results in a negative amount.

[8] These officers are also executive officers of Power. Other than the options awarded by the Corporation to Messrs. André Desmarais and Tretiak, their compensation was determined by the Compensation Committee of Power, which is constituted entirely with Directors who are independent of Power and the Corporation. Such compensation of such officers was not determined by the Compensation Committee of the Corporation. The Corporation paid to Power (and not to the individuals) the amounts indicated under "Salary", "Annual Incentive Plans" and "Pension Value" above in respect of these officers. These amounts are also included in the compensation disclosure for the applicable NEOs set out in the Management Proxy Circular of Power. The amounts shown under "Total Compensation" for these officers in the table above are also included in the "Total Compensation" column of the Summary Compensation Table of the Management Proxy Circular of Power.

[9] Mr. Tretiak was appointed Executive Vice-President and Chief Financial Officer of the Corporation on May 14, 2012 and of Power on May 15, 2012. Previously, Mr. Tretiak had been Executive Vice-President and Chief Financial Officer of IGM. Information regarding compensation paid, awarded or earned by Mr. Tretiak from IGM and its subsidiaries in 2012 is disclosed in IGM's Management Proxy Circular dated February 28, 2013 and has not been included in the amounts disclosed in the table above.

[10] Includes a one-time adjustment of $2,515,000, which amount represents the value of that portion of the benefits to be provided by Power under Mr. Tretiak's pension benefit arrangement with Power, with respect to past service with IGM that exceeds the benefit accrued under the IGM pension plan at the time Mr. Tretiak joined the Corporation.

[11] Mr. McFeetors retired on December 31, 2014.

[12] No options were granted to Mr. McFeetors by the Corporation during the financial years ended December 31, 2012, 2013 and 2014.

[13] Mr. McFeetors participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation or Power.

INCENTIVE PLAN AWARDS

The table below* shows information for each NEO, for all unexercised options for the Corporation and Power as at December 31, 2014 and all DSP Plan shares and DSUs of the Corporation and, except to the extent indicated in Note 12, its subsidiaries, held by NEOs as at December 31, 2014 (as well as PDSUs and PSUs of the Corporation in the case of Mr. Orr). Certain officers of the Corporation are also officers of Power and receive compensation from Power including, from time to time, the grant of options under the Power Executive Stock Option Plan, and PDSUs and PSUs under the Power Performance

OPTION AWARDS

	POWER FINANCIAL CORPORATION					
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]		OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [2] [$]	
NAME	VESTED	UNVESTED			VESTED	UNVESTED [7]
R. Jeffrey Orr [8]		563,879 [9]	34.415	August 12, 2024		995,246
	140,543	562,170	32.575	August 7, 2023	506,658	2,026,623
	239,330	358,995	25.07	August 8, 2022	2,658,956	3,988,434
	445,848	297,232	26.37	August 8, 2021	4,373,769	2,915,846
	543,620	135,905	28.13	August 10, 2020	4,376,141	1,094,035
	800,000		29.625	July 15, 2018	5,244,000	
	1,515,000		32.235	May 11, 2015	5,976,675	
					23,136,199	11,020,184 [7]
					Total: 34,156,383	
Paul Desmarais, Jr.[10]		395,685 [9]	34.01	May 20, 2024		858,636 [7]
André Desmarais[10]		395,685 [9]	34.01	May 20, 2024		858,636 [7]
Gregory D. Tretiak[10, 12]		38,665 [9]	34.01	May 20, 2024		83,903
		41,857	30.64	May 20, 2023		231,888
		47,880	26.11	May 22, 2022		482,152
					Total: 797,943 [7]	
Raymond L. McFeetors[8, 10]	136,182		26.215	July 14, 2019	1,357,054	
	514,484		31.585	August 4, 2018	2,364,054	
					Total: 3,721,108	

* Footnotes to this table appear on page 24.

Share Unit Plan, in respect of their services to Power. Grants to Power NEOs under the Power Executive Stock Option Plan and the Power Performance Share Unit Plan are described in the Management Proxy Circular of Power. 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.

POWER CORPORATION OF CANADA						SHARE-BASED AWARDS[1]		
NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]		OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS[2] [$]		NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED[3] [#]	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED[4] [$]	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRI-BUTED[5,6] [$]
VESTED	UNVESTED			VESTED	UNVESTED[7]			
–	–	–	–	–	–	216,051	7,838,330	8,216,920
	450,000[11]	29.905	May 20, 2024		834,750	Nil	Nil	3,480,431
	1,020,000	28.24	May 20, 2023		3,590,400			
	975,000	27.245	March 18, 2022		4,402,125			
225,000	225,000	27.60	March 14, 2021	936,000	936,000			
450,000		30.065	March 15, 2020	762,750				
364,000		18.52	March 15, 2019	4,819,360				
346,275		29.89	March 17, 2018	647,534				
268,550		37.07	March 25, 2017	Nil				
290,125		33.285	April 2, 2016	Nil				
263,000		32.025	March 23, 2015	Nil				
				7,165,644	9,763,275[7]			
				Total: 16,928,919				
	450,000[11]	29.905	May 20, 2024		834,750	Nil	Nil	8,547,514
	1,020,000	28.24	May 20, 2023		3,590,400			
	975,000	27.245	March 18, 2022		4,402,125			
225,000	225,000	27.60	March 14, 2021	936,000	936,000			
450,000		30.065	March 15, 2020	762,750				
364,000		18.52	March 15, 2019	4,819,360				
346,275		29.89	March 17, 2018	647,534				
268,550		37.07	March 25, 2017	Nil				
290,125		33.285	April 2, 2016	Nil				
263,000		32.025	March 23, 2015	Nil				
				7,165,644	9,763,275[7]			
				Total: 16,928,919				
	43,973[11]	29.905	May 20, 2024		81,570	Nil	Nil	354,859
	34,061	28.24	May 20, 2023		119,895			
	52,690	23.725	May 22, 2022		423,364			
				Total: 624,829[7]				
–	–	–	–	–	–	Nil	Nil	6,989,305

[1] Does not include DSP Plan shares and DSUs paid by Power under its DSP Plan and DSU Plan and PDSUs and PSUs granted by Power under its Performance Share Unit Plan. See the Management Proxy Circular of Power.

[2] Calculated based on December 31, 2014 closing prices on the TSX of $36.18 per Common Share of the Corporation and $31.76 per Subordinate Voting Share of Power. In accordance with the CSA requirements, the total amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

[3] Represents the number of PDSUs and PSUs of the Corporation that were not vested as at December 31, 2014.

[4] Represents unvested PDSUs and PSUs. The fair value of a PDSU and PSU is equal to the five-day average closing price on the TSX of Common Shares immediately preceding December 31, 2014, being $36.28 per Common Share. The PDSUs and PSUs 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 amount shown assumes 100 per cent vesting, but as such PDSUs and PSUs are unvested, the amount shown is not available to the NEOs. See "Compensation Discussion and Analysis – Components of Compensation – Long-Term Incentives" below.

[5] 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 31, 2014 closing prices on the TSX: the Corporation's Common Shares: $36.18, Lifeco Common Shares: $33.59 and IGM Common Shares: $46.31. No PDSUs of the Corporation were vested as at December 31, 2014.

[6] 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 another corporation related to the Corporation) 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. No PDSUs of the Corporation were vested as at December 31, 2014.

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

[8] Messrs. Orr and McFeetors do not participate in Power's Executive Stock Option Plan. Mr. McFeetors retired on December 31, 2014.

[9] Options awarded to Messrs. Orr, Paul Desmarais, Jr., André Desmarais and Tretiak by the Corporation during the financial year ended December 31, 2014 have a 10-year term. Options awarded to Mr. Orr in 2014 vest at the rate of 20 per cent per year starting at the first anniversary of the award. In the case of the options awarded to Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak in 2014, 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.

[10] These NEOs did not hold any PSUs or PDSUs of the Corporation as at December 31, 2014.

[11] For an explanation of the terms and vesting conditions for options awarded to NEOs by Power during the financial year ended December 31, 2014, see the Management Proxy Circular of Power.

[12] 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 27, 2015.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The table below shows information for each NEO for the year ended December 31, 2014.

NAME	EMPLOYEE STOCK OPTION PLAN OF THE CORPORATION – OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR [1] [$]	POWER EXECUTIVE STOCK OPTION PLAN – OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR [1] [$]	SHARE BASED AWARDS – VALUE VESTED DURING THE YEAR [2] [$]	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR [3] [$]
R. Jeffrey Orr	3,497,479	–	Nil	Nil
Paul Desmarais, Jr.	Nil	472,500	Nil	875,000
André Desmarais	Nil	472,500	Nil	875,000 [4]
Gregory D. Tretiak [5]	Nil	Nil	Nil	350,000 [4]
Raymond L. McFeetors [6]	Nil	–	Nil	Nil

[1] Summarizes for each of the NEOs the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended December 31, 2014.

[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, 2014. Vested PDSUs are redeemable at the time the NEO's employment on behalf of the Corporation (or another corporation related to the Corporation) 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. No PDSUs and PSUs vested during the financial year ended December 31, 2014.

[3] These are the same amounts as disclosed under "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table earlier in this Management Proxy Circular.

[4] This amount represents an inter-company reimbursement from the Corporation to Power. This amount does not represent a direct payment by the Corporation to the NEOs.

[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, 2014. See disclosure in IGM's Management Proxy Circular dated February 27, 2015.

[6] Mr. McFeetors retired on December 31, 2014.

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 Employee Stock Option Plan.

AT DECEMBER 31, 2014	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	8,630,477	$31.18	5,241,123
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	8,630,477	$31.18	5,241,123

EQUITY COMPENSATION PLANS

The Employee Stock Option Plan was accepted by the TSX and was approved by shareholders on December 4, 1986. Amendments to the number of shares available for issuance under the Employee 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 Employee Stock Option Plan, as at March 18, 2015.

	NUMBER OF COMMON SHARES	% OF OUTSTANDING COMMON SHARES OF THE CORPORATION
(a) Issuable pursuant to options outstanding	7,418,589	1.04%
(b) Issuable pursuant to options available for granting	4,938,011	0.69%
(c) Reserved for issuance (a+b)	12,356,600	1.73% [1]
Issuable pursuant to options granted during year ended December 31, 2014	1,961,203	0.28% [2]

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

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

The Employee Stock Option Plan provides for the grant of options to certain officers, key employees and key associates of the Corporation and its affiliated entities, as designated by the Compensation Committee. The Compensation Committee determines the number of Common Shares to be covered by each such grant of options and determines, subject to the Employee 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. Generally, options granted vest on a delayed basis over periods beginning no earlier than one year from date of grant and no later than five years from date of grant.

The options granted under the Employee Stock Option Plan permit option holders to purchase Common Shares of the Corporation on payment of the subscription price. The subscription price is not less than the market value of Common Shares on the date of the grant. The market value of Common Shares for this purpose is calculated by taking the average of the high and low prices of Common Shares on the TSX on the immediately preceding trading day, or if two or more sales of Common Shares have not been reported for that day, the average of the bid and ask for the Common 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] 36 months from termination of employment by reason of death; [ii] seven years from termination of employment by retirement; [iii] 12 months from termination of employment other than by reason of death, 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 in the case of an employee with less than one year's service at the date of grant. 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 Employee Stock Option Plan as if the optionee remained the holder thereof.

If options granted under the Employee 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 Common Shares issuable to insiders (as defined under TSX rules for this purpose) at any time under options issued and outstanding pursuant to the Employee 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 Common Shares, and the number of Common Shares issued to insiders within any one year period under options issued and outstanding pursuant to the Employee 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 Common Shares. The number of Common Shares covered by options held by any one optionee shall not exceed 5 per cent of the outstanding Common Shares at any time.

The Board may at any time and from time to time amend, suspend, cancel or terminate the Employee Stock Option Plan or an option granted thereunder, in whole or in part, provided however that approval of the holders of the Common 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 Common Shares that can be issued under the Employee 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 Employee Stock Option Plan;
6. adding non-employee Directors to the categories of participants eligible to participate in the Employee Stock Option Plan;
7. amending the Employee 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 Employee Stock Option Plan (being 10 per cent of the Corporation's total issued and outstanding Common Shares);
9. increasing or deleting the percentage limit on shares reserved for issuance to any one person under the Employee Stock Option Plan (being 5 per cent of the Corporation's total issued and outstanding Common 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 Employee Stock Option Plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There are no change of control provisions in place for the NEOs.

RETIREMENT PLAN BENEFITS

Power has a supplementary executive retirement plan (the "SERP") pursuant to which pension benefits may become payable, in addition to the pension benefits payable from Power's basic pension plan, to certain of the executive officers of Power or any subsidiary of Power (collectively, the "Power Group"), as may be designated for participation by the Compensation Committee of the Board of Directors of Power. Messrs. Paul Desmarais, Jr. and André Desmarais participate in Power's 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 Power 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 Power'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

Mr. Orr participates in Power's basic pension plan and has a supplementary pension benefit arrangement with the Corporation. Under his pension benefit arrangement and Power's basic pension plan, Mr. Orr 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 Power's basic pension plan (the portion in addition to the benefit under Power's basic pension plan being the "supplementary pension"), provided that, in no event will the 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. The supplementary pension is reduced by the amount of the benefits payable under the Canada Pension Plan and the Québec Pension Plan on the date of retirement and the benefit provided to Mr. Orr under the supplementary pension plan of IGM, a subsidiary of the Corporation, for prior service with such subsidiary. Mr. Orr's average compensation is calculated based on salary and certain qualifying bonuses received in respect of all Power Financial positions during his final 10 years of credited service. In the event Power Financial terminates Mr. Orr's employment without cause, a supplementary pension will be payable. In such case, he would be credited with actual credited service under Power's basic pension plan and two additional years, resulting in an increase in the annual benefit payable of $302,000 assuming a December 31, 2014 termination without cause. Pension benefits are generally payable starting at age 62, although Mr. Orr may retire at or after attaining age 56 and elect either to commence receiving his supplementary pension on retirement, in which case the amount of his pension would be subject to a reduction of 10 per cent for each year by which his retirement precedes age 62, or to receive the amount as determined in accordance with the foregoing without such reduction, commencing at age 62.

Under his pension benefit arrangement and Power'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 Power'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 and 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 Power'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. McFeetors, who retired on December 31, 2014, participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation or Power. He also receives pension benefits from Lifeco. Under Power's basic pension plan, Mr. McFeetors is entitled to an annual pension 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, provided that in no event will such pension benefit exceed the maximum lifetime retirement benefit permitted to be provided by a registered pension plan under the Income Tax Act (Canada).

The following table presents information on the pension benefits offered to each NEO calculated as of the end of 2014. In the case of Paul Desmarais, Jr., André Desmarais and Gregory D. Tretiak who are also NEOs of Power, the annual benefits payable and the accrued obligation are shared by the Corporation and Power. Therefore, the amounts shown in the table below represent the portion attributable to the Corporation and do not represent additional years of credited service and benefits payable to these officers by the Corporation over and above the years of credited service and benefits payable to them by Power, as disclosed in the Management Proxy Circular of Power. As of the end of 2014, the percentages attributable to the Corporation are respectively: 62 per cent for Paul Desmarais, Jr., 40 per cent for André Desmarais and 50 per cent for Gregory D. Tretiak.

NAME	NUMBER OF YEARS OF CREDITED SERVICE [1] [#]	ANNUAL BENEFITS PAYABLE [$] AT YEAR-END [2]	ANNUAL BENEFITS PAYABLE [$] AT AGE 65 [2]	ACCRUED OBLIGATION AT START OF YEAR [3,4] [$]	COMPENSATORY CHANGE [5] [$]	NON-COMPENSATORY CHANGE [6] [$]	ACCRUED OBLIGATION AT YEAR-END [3,4] [$]
R. Jeffrey Orr	13.3 [7]	1,465,627	2,328,220	17,254,000	1,801,506	3,834,494	22,890,000
Paul Desmarais, Jr.	37.7 [8]	1,131,140	1,131,140	11,656,260	-160,689	3,881,049	15,376,620
André Desmarais	31.7 [8]	729,768	729,768	8,332,380	-102,444	1,734,064	9,964,000
Gregory D. Tretiak	26.5 [9]	251,805	292,263	3,155,500	126,410	877,090	4,159,000
Raymond L. McFeetors	6.7	20,076 [10]	20,076 [10]	192,000	34,000	68,000	294,000

[1] In respect of Mr. Paul Desmarais, Jr. and Mr. André Desmarais, 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, assuming benefits are fully vested. This estimated pension is calculated based on actual pensionable earnings as at the end of the financial year ended December 31, 2014, excluding amounts which will not be pensionable at normal retirement age under the terms of the retirement arrangements. 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] The accrued obligation represents the value of the projected pension benefits from all pension plans of the Corporation, earned for all service to date.

[4] The estimated accrued obligation values are calculated each year, based on the same method and assumptions used in the Corporation's financial statements. The key assumptions include a discount rate of 4.80 per cent per year to calculate the accrued obligation at start of year and the annual service cost, a discount rate of 3.90 per cent to calculate the accrued obligation at year-end and a rate of increase in future compensation of 3.50 per cent per year (3.00 per cent per year in the case of Mr. Orr).

[5] 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 plan or arrangements, if any.

[6] Includes the impact on the accrued obligation of the change in the discount rate from 4.80 per cent to 3.90 per cent, non-pay related experience such as mortality and retirement, increase in the obligation due to interest and changes in other assumptions, if any.

[7] Mr. Orr's credited service under Power's basic pension plan as at 2014 year-end is 13.6 years (including 4 years of credited service with IGM, a subsidiary of the Corporation, as described below). Credited service under Mr. Orr's pension benefit arrangement as at December 31, 2014 includes 3.66 years of credited service with IGM. The remaining 0.34 year of credited service with IGM, already recognized under Power's basic pension plan, will be recognized under Mr. Orr's pension benefit arrangement in 2015.

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

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

[10] Mr. McFeetors retired on December 31, 2014. The annual benefits payable at year-end and at age 65 represent his pension (under the normal form) payable from Power's basic pension plan. Mr. McFeetors has no other pension arrangement with the Corporation or Power. He also receives pension benefits from Lifeco.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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, 2014, 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, 2014 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, 2014 [$]	AMOUNT OUTSTANDING AS AT FEBRUARY 28, 2015 [$]	FINANCIALLY ASSISTED SECURITIES PURCHASES DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2014 [#]	SECURITY FOR INDEBTEDNESS	AMOUNT FORGIVEN DURING FINANCIAL YEAR ENDED DECEMBER 31, 2014 [$]
Securities Purchase Programs						
–	–	–	–	–	–	–
Other Programs						
Gregory D. Tretiak[1] Executive Vice-President and Chief Financial Officer	Parent company of lender	990,513	947,027	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.

Other than as disclosed in the foregoing table, as at February 28, 2015, no current or former executive officers, directors or employees of the Corporation or any of its subsidiaries (other than Lifeco and IGM and their respective subsidiaries), was indebted to the Corporation or any of 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.

The Compensation Committee of the Board of Power has approved an unsecured, interest-free loan to Gregory D. Tretiak in the amount of $1,000,000. No amounts have yet been disbursed pursuant to the loan. The Corporation will contribute $500,000 to Power for purposes of the loan.

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 24, 2015 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 27, 2015.

COMPENSATION DISCUSSION AND ANALYSIS

Other than the options awarded by the Corporation to Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak, the 2014 compensation of the officers of the Corporation (in such capacity) who are also officers of Power, namely Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak, was determined solely by the Compensation Committee of Power, which is constituted entirely with directors who are independent of Power and the Corporation. The compensation of such persons as officers of the Corporation was not determined by the Compensation Committee of 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 CEO, recommending to the Board for approval) the compensation for the executives of the Corporation, other than executives who are also executives of Power. The Committee also recommends to the Board for approval the compensation arrangements for the Directors, 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 Gérald Frère, V. Peter Harder and Raymond Royer. 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 current Compensation Committee members has many years of experience on the Compensation Committee of the Corporation. The following is a description of the direct experience of each of the members of the Compensation Committee that is relevant to his 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. Frère is Managing Director of Frère-Bourgeois S.A., a financial group based in Belgium. He is Chairman of the Board of Loverval Finance SA (formerly Compagnie Nationale à Portefeuille S.A.) and Vice-Chairman of Pargesa. He is also a Director of ERBE. From 1993 to December 2011, he was Managing Director of Groupe Bruxelles Lambert of which he also became Chairman of the Board on January 1, 2012. He is also Regent of the National Bank of Belgium. He was a Director of Electrabel S.A. from April 2010 to April 2014, of Pernod Ricard from November 2009 to November 2012 and of Lafarge SA from May 2008 to November 2011. He has been a member of the Corporation's Compensation Committee since November 1991.

Mr. Harder is Senior Policy Adviser to the law firm Dentons Canada LLP and President of the Canada China Business Council. He was appointed to the Compensation Committee of the Corporation in May 2009. He also serves on the Compensation Committees of IGM, Investors Group Inc. and Mackenzie Inc. since 2009. He also serves on the Compensation Committees of Magna International Inc. and Northland Power Inc. Mr. Harder served as Secretary of the Treasury Board in the Government of Canada (1995-2000) where he was directly responsible for public sector compensation.

Mr. Royer is a Company Director. He was the President and Chief Executive Officer of Domtar Corporation, a pulp and paper company based in Montréal, from 1996 to 2008. He was previously President and Chief Operating Officer of Bombardier Inc. from 1986 to 1996. He is a Director of several Power Financial group companies. He was also a Director of Domtar Corporation until 2009, of Shell Canada Limited until 2007, of Ballard Power Systems Inc. until 2002 and of National Bank of Canada until 2000. He has been a member of the Corporation's Compensation Committee since November 1991 and the Committee's Chairman since May 2009.

COMPENSATION CONSULTANT

Towers Watson has been retained by the Compensation Committee since 2006 to provide executive compensation-related services. Towers Watson's services typically include advising on compensation policies and assessing compensation consulting market developments for senior executives and directors. The Committee meets alone as required without the compensation adviser and without management. In addition, the Committee consults Towers Watson 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 Towers Watson.

Towers Watson also provides non-executive compensation consulting services to the Corporation, at the request of management, which may be comprised of compensation, retirement and benefit consulting services. On an annual basis, Towers Watson 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 Towers Watson.

Towers Watson's fees for the 2013 and 2014 fiscal years for such services were as follows[1]:

	YEAR ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2014
Executive Compensation-Related Fees [$]	205,147	184,560
All Other Fees [$] [2]	204,981	165,761

[1] If and as required by applicable securities legislation, fees paid to compensation consultants by Lifeco are disclosed in Lifeco's Management Proxy Circular dated February 24, 2015 and fees paid to compensation consultants by IGM are disclosed in IGM's Management Proxy Circular dated February 27, 2015.

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

EXECUTIVE COMPENSATION POLICY

The Corporation'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 Towers Watson, 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, having a controlling shareholder with a long-term focus, 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 and [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 requirement for the CEO, Mr. Orr is 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 the CEO" below), which also mitigates against the President and CEO taking inappropriate or excessive risks to improve short-term performance. Finally, under the Corporation's Policy Concerning Insider Trading, Directors or 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 Lifeco dated February 24, 2015 and to the Management Proxy Circular of IGM dated February 27, 2015, for their disclosure entitled "Compensation Policy Risk Management" and "Compensation Risk Management", respectively.

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, entering into speculative transactions or transactions designed to hedge or offset a decrease in market value of equity securities of the Corporation granted as compensation to the NEO. NEOs 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; [iii] purchase any other financial instruments (including prepaid forward variable contracts, equity swaps, collars or units of exchange funds) which are designed to hedge or offset a decrease in the market value of the security; or [iv] 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 Corporation, 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 2014 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.	●		●		●	
ING North America Insurance Company	●		●		●	
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	●	●	●		●	●
SunLife Financial Services	●	●	●	●		●
SunTrust Banks Inc.	●	●	●		●	
TD Bank Financial Group	●	●	●	●		●
Textron Inc.	●	●			●	●
Thomson Reuters Corporation		●	●	●		●
U.S. Bancorp	●	●	●		●	●
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, other than NEOs who are NEOs of Power (being Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak), as noted above. Except with respect to options granted by the Corporation, compensation of the latter group is determined by Power's Compensation Committee. Except as expressly noted, the discussion below relates to NEOs of the Corporation (being Messrs. Orr and McFeetors) other than NEOs of Power. The Committee's 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 Executive Co-Chairmen in reviewing the compensation of each of the NEOs, 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	May influence non-equity incentives, long-term incentive, pension and some benefits
Incentive Compensation – Non-Equity Incentives	Reflects special contribution during a particular period	May influence pension in certain circumstances
Incentive Compensation – Stock Options, PDSUs and PSUs	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 2014, increases in salary varied between 2.3 per cent and 2.5 per cent. The Committee believes the increases (for the applicable NEOs) were in line with general increases granted in the market 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 AND OTHER NON-EQUITY INCENTIVES (THE "INCENTIVES")

Incentives may be paid to certain NEOs. The amount of such individual Incentives is neither fixed nor defined as a percentage of salary, but rather is determined by reference to a number of factors including:

> financial performance of the Corporation for the year in absolute terms and compared with similar organizations, including some in the reference groups referred to above;

> contribution to the execution of business plans and / or initiation and implementation of long-term strategies;

> specific individual achievements;

> total compensation and alignment with the Corporation's executive compensation policy; and

> competitiveness of the total compensation having regard to the reference groups above, although there is no specific target as to where Incentives should be positioned within the reference group.

Incentives, when paid, are not related to specific, quantifiable performance targets determined prior to or at the beginning of the fiscal year. Incentives may relate to performance for a year or a multi-year period.

The numbers for the Incentives for 2014 for the applicable NEOs, as outlined in the Summary Compensation Table above, reflect a consideration of the above criteria.

[II] LONG-TERM INCENTIVES

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. The material terms of the PSU, PDSU and option grants for 2014 are described below.

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.

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 four years at the rate of 50 per cent after 3 years and the remaining 50 per cent after 4 years, with the exception of Mr. Orr whose options vest at the rate of 20 per cent per year. Option recipients only benefit if shareholder value increases over the long-term.

PSUs and PDSUs are share units, each entitling the NEO to a payment based on the value of a Common Share, subject to performance vesting conditions. The PSUs and PDSUs granted to Mr. Orr for 2014 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 Common 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 PSUs granted by the Corporation to Mr. Orr in 2014 and stock options granted by the Corporation to Messrs. Orr, Paul Desmarais, Jr., André Desmarais and Tretiak in 2014 reflect a consideration of the above criteria. Given that Messrs. Paul Desmarais, Jr., André Desmarais and Tretiak are NEOs of both Power and the Corporation, they were awarded options of both Power and the Corporation in order to promote a balanced alignment of their interests with those of the respective shareholders of the two corporations.

No other PDSUs, PSUs or stock options were granted by the Corporation to NEOs in 2014.

C-RETIREMENT ARRANGEMENTS

Messrs. Paul Desmarais, Jr. and André Desmarais participate in Power's SERP. The main provisions of the SERP are described in more detail earlier in this Management Proxy Circular. The Corporation, and Power in the case of Mr. Tretiak, have also entered into pension benefit arrangements with Messrs. Orr and Tretiak as described above 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;

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

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

Mr. McFeetors retired on December 31, 2014.

There were no changes in 2014 to the terms of Power's 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 the NEOs as well as to all employees of the Corporation under the same program.

E-SHARE PURCHASE PROGRAM

Power offers a share purchase program to all employees of the Corporation, under which the NEOs may purchase Subordinate Voting Shares of Power through payroll deductions. Under the program, Power or the Corporation, as the case may be, 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 Power.

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 THE CEO

The Committee believes that the CEO should own a significant amount of equity of the Corporation to further align his interests with those of the Corporation's shareholders.

Accordingly, the President and CEO is required to hold Shares, DSUs, PDSUs and / or PSUs of the Corporation with at least an aggregate minimum value of $10,000,000, 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). The Committee believes that a minimum share ownership requirement of $10,000,000 is consistent with minimum share ownership requirements for chief executive officers of relevant comparator group companies. The President and CEO of the Corporation currently exceeds this minimum equity ownership requirement. See "Election of Directors – Nominees for Election to the Board" for Mr. Orr's biographical information, including the securities held by him.

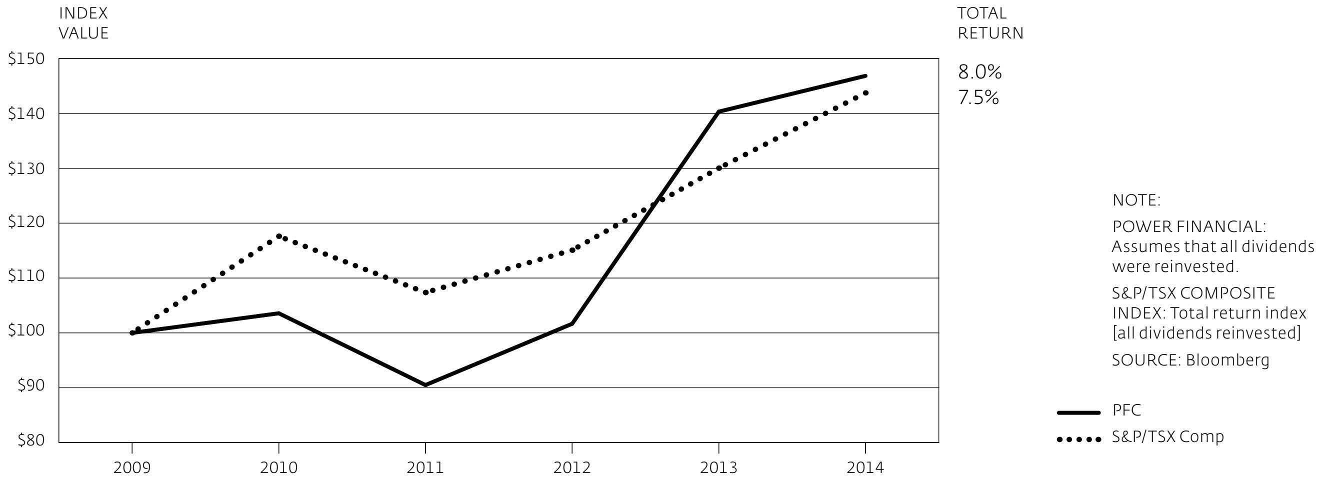
PERFORMANCE GRAPHS

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Common Shares compared with the S&P/TSX Composite Index, over the five-year period ended December 31, 2014.

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, 2009



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 nominees 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.

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 Financial is an international management and holding company. Power has controlled Power Financial since the latter was first organized in 1984. Power Financial 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 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 Power and/or 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 the Corporation, and throughout the Power 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 who are also Directors and/or officers of the Corporation or of the controlling shareholder. These Directors have no relationship with the Corporation other than as directors and shareholders and the full-time job of a number of the officers of the controlling shareholder is to focus on and become knowledgeable about the affairs of the controlling shareholder's subsidiaries, including the Corporation. 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 controlling shareholder from participating fully in the oversight function of the Corporation and its 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". On December 19, 2008, 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 has indicated that it is still considering potential changes to the corporate governance regime. The Corporation encourages the CSA to continue 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. In the Board's view, the following 9 Directors (constituting a 75 per cent majority of the Board), namely Marc A. Bibeau, Gérald Frère, Anthony R. Graham, V. Peter Harder, J. David A. Jackson, Louise Roy, Raymond Royer, 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. The 12 current Directors are the only individuals being herein nominated for election at the Meeting.

R. Jeffrey Orr, President and CEO of the Corporation, being an executive officer of the Corporation, is not independent. Paul Desmarais, Jr. and André Desmarais, Executive Co-Chairmen of the Corporation, who perform executive functions for the Corporation, are not independent.

C–MEETINGS OF INDEPENDENT DIRECTORS

The Executive Co-Chairmen of the Board are 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 Executive Co-Chairmen of the Board. These discussions are currently led by Mr. Royer, who also chairs the Compensation Committee of the Board. All independent Directors are encouraged by the Executive Co-Chairmen of the Board to have open and candid discussions with the Executive Co-Chairmen or with the Corporation's CEO.

The Board has adopted a policy relating to meetings of independent Directors at Board and Committee meetings. Commencing March 18, 2015, the Directors on the Board who are independent of management will meet at every regularly-scheduled Board meeting without members of management present. In 2014, Directors on the Board who were independent of Management were required to meet at least twice a year without members of Management present. There were three such meetings held during 2014. The Audit Committee, the Related Party and Conduct Review Committee and the Compensation Committee are composed entirely of Directors who are independent 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 regular meeting.

D–EXECUTIVE CO-CHAIRMEN OF THE BOARD

The Executive Co-Chairmen of the Board perform executive functions for the Corporation and are therefore not independent under the meaning of the Instruments. The Board has implemented structures and procedures to provide assurance that the Board can act independently of management. 75 per cent of the members of the Board are independent 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 in the Board's view and within the meaning of the Instruments. The Governance and Nominating Committee includes Directors who are independent 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 the Corporation and the interests of Power and/or its controlling shareholder.

The Corporation has established a 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 and who are not related to Power'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 that is required by law to have a conduct review committee that establishes procedures for the review of 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 Power Financial, Power 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 Financial or Power.

For a description of the Board's procedures in respect of transactions involving Directors or officers of the Corporation, 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, other than executives who are also executives of Power, to recommend to the Board compensation arrangements for the Directors and the President and CEO, 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 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 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 "A". 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. 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. These factors are inextricably engrained within the culture of the Corporation and are 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, 2014, 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 affiliates. 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.

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. There are currently two women on the Board, representing 17% of the Directors of the Corporation.

On March 18, 2015, the Board adopted 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 described 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 Financial Corporation 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 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.

After considering the qualifications and attributes that the existing Directors possess and that each potential new nominee would bring to the Board, and after considering the appropriate size of the Board and the level of representation on the Board by Directors who are independent, the Committee identifies candidates and recommends to the Board the nominees to be placed before the shareholders. 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 a majority voting policy. 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 Executive Co-Chairmen 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 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.

EXECUTIVE CO-CHAIRMEN AND CEO POSITION DESCRIPTIONS

The Board has approved written position descriptions for the Executive Co-Chairmen of the Board and for the Chairman of each Board Committee. In general terms, the Executive Co-Chairmen 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 delegated responsibility for overseeing the Corporation's investment in the Pargesa group of companies to the Executive Co-Chairman, Mr. Paul Desmarais, Jr.

The Board has approved a written position description for the President and CEO. His duties include overseeing the Corporation's investments in its public subsidiaries, Lifeco and IGM.

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 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. The Board is committed to selecting the best person to fulfill senior management roles within the Corporation.

Women do not currently occupy any of the executive officer positions with the Corporation. The Corporation has one female officer. Each of 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 19% of the total number of executive officer positions at such entities.

The Diversity Policy adopted on March 18, 2015 (see above) also includes the Corporation's approach to achieve and maintain greater diversity on the Corporation's senior management team. The policy provides that in fulfilling his role of considering candidates for senior management appointments, the President and Chief Executive Officer of the Corporation considers candidates that are highly qualified based on their experience, education, expertise, judgment, personal qualities, and general and sector specific knowledge; and reviews 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 Policy provides that the President and Chief Executive Officer 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 has not adopted a target regarding women in executive officer positions as the Board believes that such arbitrary targets are not in the best interests of the Corporation

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 either of the Executive Co-Chairmen, the CEO 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.

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 are available on its website at www.powerfinancial.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]

Montréal, Québec
March 18, 2015

Stéphane Lemay
Vice-President, General Counsel and Secretary

SCHEDULE A: BOARD OF DIRECTORS CHARTER

POWER FINANCIAL CORPORATION

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 Financial Corporation (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 it shall consider and approve management's strategic initiatives. The Board shall also review and approve the Corporation's annual financial plan.
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 President and Chief Executive Officer (the "Chief Executive Officer"), and review and approve the criteria relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance relative to that criteria, and fix the compensation of the Chief Executive Officer based on such evaluation;
   - [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, and approve compensation policies and guidelines applicable to employees of the Corporation; 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 Governance and Nominating Committee, and a Compensation 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, effectiveness, size 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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