FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Power Corporation of Canada ("**PCC**")
751 Victoria Square
Montréal, PQ H2Y 2J3

Item 2 Date of Material Change

December 12, 2019.

Item 3 News Releases

The news release referenced herein was disseminated over Canada NewsWire on December 13, 2019, is available on PCC's SEDAR profile at www.sedar.com.

Item 4 Summary of Material Change

PCC announced jointly with Power Financial Corporation ("**PFC**") the execution of a definitive agreement (the "**Arrangement Agreement**") to effect a reorganization transaction (the "**Reorganization**") pursuant to which each common share of PFC ("**Common Shares**") held by holders of Common Shares other than PCC and certain of its affiliates (the "**PFC Minority Shareholders**"), will be exchanged for 1.05 subordinate voting shares of PCC ("**Subordinate Voting Shares**") and $0.01 in cash. Upon completion of the Reorganization, PCC will own all of the Common Shares, while PFC preferred shares and debt securities will remain outstanding. The Reorganization will be effected by way of a court-approved plan of arrangement (the "**Plan of Arrangement**") under the *Canada Business Corporations Act* (the "**CBCA**").

The implementation of the Reorganization is subject to the approval at the special meeting (the "**Meeting**") of holders of Common Shares ("**PFC Shareholders**") to be called to consider the Reorganization by at least two-thirds of the votes cast by PFC Shareholders present in person or by proxy and, in accordance with the minority approval requirement of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), by a majority of the votes cast by PFC Shareholders other than PCC and certain of its related parties (as such term is defined in MI 61-101). Each director and executive officer of PFC has entered into voting and support agreements pursuant to which, among other things, he or she has agreed to vote his or her Common Shares in favour of the special resolution approving the Reorganization, subject to certain standard terms and conditions for agreements of this nature. Completion of the Reorganization is also subject to certain customary conditions, including the approval of the Ontario Superior Court of Justice (Commercial List) and certain regulatory approvals. The Arrangement Agreement includes a customary non-solicitation clause and right to match covenants.

Paul Desmarais, Jr. and André Desmarais, Chairman and Co-Chief Executive Officer and Deputy Chairman, President and Co-Chief Executive Officer of PCC, respectively, will retire from their roles as Co-Chief Executive Officers of PCC but will maintain their positions as Chairman and Deputy Chairman of PCC. The Board of Directors of PCC (the "**PCC Board**") has indicated that it will appoint R. Jeffrey Orr, current

President and Chief Executive Officer of PFC, as President and Chief Executive Officer of PCC upon completion of the Reorganization.

Item 5 Full Description of Material Change

On December 13, 2019, based on the recommendation of a special committee of directors (the "**Special Committee**") of PFC comprised of Susan J. McArthur, Marc A. Bibeau and Siim A. Vanaselja, the PFC Board unanimously approved the Reorganization and agreed to unanimously recommend that PFC Minority Shareholders vote in favour of the Reorganization. The PCC Board also unanimously approved the Reorganization.

PCC and PFC entered into the Arrangement Agreement, which was negotiated at arm's length between the Special Committee and PCC, to effect the Reorganization pursuant to which each Common Share, other than Common Shares controlled by PCC, will be exchanged for 1.05 Subordinate Voting Shares and $0.01 in cash. The Reorganization will be effected by way of a court-approved arrangement under the CBCA. PFC Minority Shareholders will own in aggregate approximately 37% of PCC's voting shares upon completion of the Reorganization and issuance of participating preferred shares of PCC ("**Participating Preferred Shares**") under the Pre-Emptive Right (as defined herein). As contemplated by the Arrangement Agreement, the board of directors of PCC declared a quarterly dividend of 40.50 cents per share on Participating Preferred Shares and Subordinate Voting Shares payable March 31, 2020 to shareholders of record on February 5, 2020.

The implementation of the Reorganization is subject to the approval at the Meeting by at least two-thirds of the votes cast by PFC Shareholders present in person or by proxy and, in accordance with the minority approval requirement of MI 61-101, by a majority of the votes cast by PFC Shareholders other than PCC and certain of its related parties (as such term is defined in MI 61-101). Each director and executive officer of PFC has entered into voting and support agreements pursuant to which, among other things, he or she has agreed to vote his or her Common Shares in favour of the special resolution approving the Reorganization, subject to certain standard terms and conditions for agreements of this nature. Completion of the Reorganization is also subject to certain customary conditions, including the approval of the Ontario Superior Court of Justice (Commercial List) and certain regulatory approvals.

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

The PFC Board or an appropriate committee thereof has agreed to adopt such resolutions or take such other actions as may be required to effect and/or procure the following treatment of deferred share units, performance-based vesting deferred share units and performance share units granted by PFC (the "**PFC Equity Awards**"). Each PFC Equity Award that as of the Effective Time is outstanding shall be continued on the same terms and conditions as were applicable immediately prior to the Effective Time except that the terms of the PFC Equity Awards shall be amended so as to (i) equitably adjust the performance vesting conditions attached to any PFC Equity Awards that are subject to such vesting conditions to give effect to the transactions contemplated by the Arrangement Agreement; (ii) adjust the number of PFC Equity Awards by multiplying each PFC Equity Award by 1.05; and (iii) substitute Subordinate Voting Shares for Common Shares, but subject to any adjustment required to that award by the relevant equity plan governing such PFC Equity Award or grant documentation as a result of the Arrangement Agreement or the Reorganization.

Pursuant to the Arrangement Agreement, PFC agreed to non-solicitation restrictions whereby it will not, among other things, directly or indirectly solicit any inquiry, proposal or offer to acquire PFC. However, the directors of PFC may, prior to the approval of the Reorganization by PFC Shareholders, consider an unsolicited third-party proposal that is reasonably likely to lead to a Superior Proposal (as defined in the Arrangement Agreement). If the PFC Board determines that a proposal received constitutes a Superior Proposal, the PFC Board may only accept or recommend such Superior Proposal to the PFC **S**hareholders if, among other things, PCC has been provided with certain information concerning such Superior Proposal and been given at least five business days to match the terms of the Superior Proposal and PCC has elected not to do so. There is no break fee or termination fee payable by either party under the Agreement, and in the event the Agreement is terminated, each of PCC and PFC has agreed to be responsible for its own expenses.

RBC Capital Markets ("**RBC**") has provided its opinion (the "**Fairness Opinion**") to the Special Committee that, as of December 12, 2019, and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by PFC Minority Shareholders under the Reorganization is fair from a financial point of view to the PFC Minority Shareholders. RBC also prepared a formal valuation of the Common Shares (the "**PFC Valuation**") and the Subordinate Voting Shares (the "**PCC Valuation**") as required under MI 61-101. RBC concluded that, as of December 12, 2019, and subject to the respective assumptions, limitations and qualifications contained in the PFC Valuation and the PCC Valuation, that the value of the Common Shares on an en bloc basis was in the range of $46.50 to $55.00 per share and the value of the Subordinate Voting Shares, pro forma the completion of the Reorganization, on an expected trading value basis, was in the range of $32.75 to $33.75 per share. As required under MI 61-101, RBC prepared the PFC Valuation on an en bloc basis, without including a downward adjustment to reflect the liquidity of the Common Shares, the effect of the Reorganization on the Common Shares or the fact that the Common Shares do not form part of a controlling interest. RBC did not consider it appropriate to value the Subordinate Voting Shares on an en bloc basis as PFC Minority Shareholders receiving Subordinate Voting Shares under the Reorganization would not be able to effect a sale of 100% of PCC, making it inappropriate to assess the value of the Subordinate Voting Shares that are based on a change of control transaction.

In preparing the Fairness Opinion, given that approximately (i) 88% of PCC’s Net Asset Value is represented by its ownership of 64.1% of PFC’s Common Shares and (ii) upon completion of the Reorganization, PFC Minority Shareholders will continue to own a slightly higher percentage of the current assets and liabilities of PFC than they currently own, and will also own that same percentage of PCC’s assets and liabilities other than the Common Shares currently owned by PCC, RBC did not consider it appropriate to compare the value of the consideration to be received by PFC Minority Shareholders under the Reorganization (i.e., the PCC Valuation multiplied by 1.05 plus $0.01) to the range of values in the PFC Valuation, which were determined on an en bloc basis as required by MI 61-101. RBC viewed the Reorganization as economically equivalent to PFC acquiring the assets and liabilities of PCC other than the Common Shares held by PCC and compared the consideration paid by PFC for such assets and liabilities to the value of such assets and liabilities. RBC also compared the value of the consideration to be received by the PFC Minority Shareholders (the PCC Valuation multiplied by 1.05 plus $0.01) to recent trading levels of the Common Shares.

A copy of the Fairness Opinion, PFC Valuation and PCC Valuation, the factors considered by the Special Committee and the PFC Board and other relevant background information will be included in the management information circular and related documents (the “**Meeting Materials**”) to be sent to PFC Shareholders in connection with the Meeting. The Meeting Materials are expected to be mailed to PFC Shareholders, filed with applicable Canadian securities regulatory authorities and made available on PFC's SEDAR profile at www.sedar.com, and posted on PFC's website at www.PowerFinancial.com, in mid-January 2020.

Paul Desmarais, Jr. and André Desmarais, Chairman and Co-Chief Executive Officer and Deputy Chairman, President and Co-Chief Executive Officer of PCC, respectively, will retire from their roles as Co-Chief Executive Officers of PCC but will maintain their positions as Chairman and Deputy Chairman of PCC. The PCC Board has indicated that it will appoint R. Jeffrey Orr, current President and Chief Executive Officer of PFC, as President and Chief Executive Officer of PCC upon completion of the Reorganization.

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

In accordance with the pre-emptive right (the "**Pre-Emptive Right**") in favour of holders of Participating Preferred Shares included in PCC's articles, PCC will make an offer to holders of Participating Preferred Shares of record as at 5:00 p.m. (Montréal time) on December 27, 2019 to acquire, on a *pro rata* basis, such number of Participating Preferred Shares that is equal to 12.0% of the number of Subordinate Voting Shares proposed to be issued pursuant to the Reorganization for a consideration per share that is equal to the stated capital amount per share for which the Subordinate Voting Shares are to be issued. The PCC Board has determined that the stated capital amount per share for which the Subordinate Voting Shares are to be issued will be equal to the quotient obtained when (i) the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the effective date of the Arrangement minus $0.01, is divided by (ii) 1.05.

A notice of offer (the "**Offer**") detailing, among other things, the terms and conditions of the Offer and how holders of Participating Preferred Shares may elect to exercise their Pre-Emptive Right is expected to be mailed to such holders and filed with applicable Canadian securities regulatory authorities and made available on PCC's SEDAR profile at www.sedar.com, and posted on PCC's website at www.PowerCorporation.com, in mid-January 2020.

Pansolo Holding Inc., a holding company controlled by the Desmarais Family Residuary Trust, has indicated that it intends to purchase, and has entered into a voting and support agreement dated December 12, 2019 with PFC and PCC pursuant to which it has agreed, among other things, to purchase, 5 million to 6 million of the 30 million Participating Preferred Shares it is entitled to purchase pursuant to the Pre-Emptive Right, so as to own approximately 48.4 million Subordinate Voting Shares and 53.7 million to 54.7 million Participating Preferred Shares to which the attached votes would represent in aggregate 50.2% to 50.6% of the total votes of all PCC shares to be outstanding.

PCC expects the Reorganization to be completed in February 2020, subject to receipt of all required approvals. PCC expects that the Common Shares will be delisted from the TSX promptly following the completion of the Reorganization. PFC's First Preferred Shares will remain shares of PFC and listed on the TSX following the completion of the Reorganization and PFC's 6.9% debentures due March 11, 2033 will remain outstanding as obligations of PFC. As a result of such securities remaining outstanding, PCC currently anticipates that PFC will remain a reporting issuer in each of the provinces and territories of Canada.

The foregoing discussion of the terms of the Arrangement Agreement and voting and support agreements is only a summary and does not purport to be complete. References to the terms of the Arrangement Agreement, and voting and support agreements are subject to, and qualified in their entirety by, reference to the Arrangement Agreement and voting and support agreements. A copy of the Arrangement Agreement is available under PFC's profile on SEDAR at www.sedar.com.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

Stéphane Lemay, Vice President, General Counsel and Secretary
(514) 286-7400

Item 9 Date of Report

December 18, 2019.